Sometimes what is unethical is also illegal because it violates a state or federal statute. However, more often than not, something that is not illegal may still be very unethical and violate a company’s code of conduct policy. There can often be a fine line. Just because an action is not illegal does not mean it will be any less detrimental. Unethical actions and behavior will undoubtedly end in loss of employment, income, and inability for that employee to use that company as a reference for future employment.

**Best Practices**

- Be keenly aware of situations that may put you at risk.
- Understand what is unethical and what is illegal.
- Do not have the attitude that it is “the way business is done.”
- Do not put yourself in a position where you may be tempted to violate policy or laws in the first place.

**Whistle-Blower Laws**

A *whistle-blower* is someone who observes or has first-hand knowledge of ethical and legal violations and goes to the authorities to report the situation. Below are the various laws that address whistle-blowing:

- Sarbanes-Oxley Act of 2002 (SOX) has a provision for whistle-blower protection.
- Federal False Claims Act (FCA)
- California Whistle-Blower Protection Act (CA WPA)—many other states have similar laws.
- California False Claims Act (CA FCA)
- Dodd-Frank Act (DFA)—three provisions:
  - **Securities and Exchange Commission (SEC) Whistle-Blower:** The SEC must reward whistle-blowers who report corporate fraud exceeding $1 million. The law prohibits employers from retaliating against whistle-blowers.
  - **Commodity Futures, Options, and Derivatives (CFTC) Whistle-Blower:** The CFTC must reward whistle-blowers who report the illegal manipulation of derivatives and options. The law prohibits employers from retaliating against whistle-blowers.
  - **Financial Services Whistle-Blower:** The law prohibits employers from retaliating against employees who report fraud
related to a financial product or service (e.g., mortgages, credit cards, financial advice, etc.).