

# N.C. BOARD



# OF ETHICS

GEORGE F. BASON  
CHAIRMAN

1324 MAIL SERVICE CENTER  
RALEIGH, NORTH CAROLINA 27699-1324  
(919) 733-2780 FAX (919) 733-2785

PERRY Y. NEWSON  
EXECUTIVE DIRECTOR

Volume 4, Issue 2

March 2001

*"WHEREAS, THE PEOPLE OF NORTH CAROLINA ENTRUST PUBLIC POWER TO ELECTED AND APPOINTED OFFICIALS FOR THE PURPOSE OF FURTHERING THE PUBLIC, NOT PRIVATE OR PERSONAL, INTEREST..."*  
*EXECUTIVE ORDER NO. ONE*

## ANNUAL REPORT

Both former Executive Order 127 and the current Executive Order Number One direct the Board of Ethics to submit an annual report to the Governor not only on its own activities but also generally on the subject of public disclosure, ethics, and conflicts of interest. This issue of our newsletter focuses primarily on the Board's annual report for the 2000 calendar year. This report was prepared and submitted pursuant to Executive Order 127.

The dramatic increase in the number of basic ethics education and awareness presentations by the executive director continued during the year 2000. He addressed 54 entities and reached over 2000 individuals. With out-of-town travel restricted due to the current budget situation, it will be hard to repeat those numbers, but we hope to use other means of educating covered Public Officials about the applicable rules (such as these newsletters published on our web site) and thereby help them avoid conflicts of interest or appearances of conflict.

## ETHICS EDUCATION

Due to the current State budgetary situation, we are temporarily unable to travel outside of the Raleigh area to make basic ethics education and awareness presentations.

If your board or agency is meeting in the area and you would like such a presentation, please call the Board's offices to make the necessary arrangements.

In the meantime, Board staff is always available for telephone consultations and conflict of interest questions.

## ATTENTION "AGENCY HEADS"

Help us help you. We depend on **you** to let us know who the exempt employees, appointees to non-advisory "boards," and other "Public Officials" under section 3 of Executive Order One are so that we can make sure they receive the necessary financial disclosure forms and other important information.

We will be glad to help you comply with sections 4 and 6 of the Order, but we need to know whom to contact. We are only as good as our database in this respect.

Thanks for your help.

## "Statements of Economic Interest" Due

All **new** employees or appointees who are covered by Executive Order Number One must file their Statement as soon as reasonably possible, the intent being to have a conflict evaluation prior to or contemporaneous with the commencement of public service where feasible.

All **currently serving** Public Officials who submitted a Statement under former Executive Order 127 must resubmit a **new Statement** on or before **May 15, 2001**. See section 9 (e).

Thereafter, all covered Officials must file an **updated Statement** between **April 15 and May 15** each year. See section 9 (b).

If you have any questions relating to the Statement, please call the Board's offices at 733-2780.

## BOARD NEWS

At the Board's December 15, 2000, meeting, Perry Newson, on behalf of Governor Hunt, presented Chairman George F. Bason, with the Order of the Long Leaf Pine in honor of Judge Bason's many years of state service. The Order of the Long Leaf Pine is an award presented to individuals who have a proven record of service to the State. Contributions to their community, extra effort in their career, and many years of service to their organization are some of the guidelines by which recipients are selected for the award. The Order of the Long Leaf Pine is among the most prestigious awards presented by the Governor of North Carolina.

After a distinguished judicial career spanning 23 years, Judge Bason retired as Chief District Court Judge in 1991. He received numerous awards for both his professional and volunteer efforts. Among other awards, he was named Outstanding Child Advocate and National Juvenile Court Judge of the Year. In addition, he served as Chairman of the NC Conference of Chief District Judges and President of the NC Association of District Court Judges. In 1993, Judge Bason was appointed Chairman of the Board of Ethics. In 1996, he was appointed Chairman of the ABC Commission. Judge Bason continues to serve in these dual roles.

Also at the Board's December 15, 2000 meeting, Board members, Joe T. Jones, Mary "Penny" Craver, Dr. Rajendra S. Chhabra, Jane Flowers Finch and Mittie R. Smith, in abstention, were presented with Certificates of Appreciation by Perry Newson, on behalf of Governor Hunt, in honor of their many years of dedicated service to the Board of Ethics.

## 2000 ANNUAL REPORT

The following is a summary of the Board's 2000 annual report to the Governor.<sup>1</sup>

### I. BACKGROUND INFORMATION

Governor James B. Hunt, Jr. established the North Carolina Board of Ethics in 1977 by Executive Order Number 1. Every Governor has continued it by executive order since that time.

The Board's overall mission is to protect the public interest and maintain the public trust by helping Public Officials and the boards and commissions on which they sit avoid conflicts of interest and appearances of conflict of interest as they perform their public duties. The Board pursues its goals primarily through education, evaluation, and enforcement.

In reestablishing the Board in early 1998, Governor Hunt increased the Board's powers and scope of responsibility in all three areas. For example, the new Order charged the Board with developing and implementing an ethics education and awareness program for covered Public Officials. In addition to producing periodic newsletters and making ethics presentations, the Board issues advisory opinions on prospective ethics questions, including conflict of interest and the appearance of conflict. To identify areas of possible ethical concern, the Board reviews and evaluates statements of economic interest filed by persons

---

<sup>1</sup> This report was issued under former Executive Order 127, as amended by Executive Order 131.

subject to the Order to determine whether the financial interests and other information reported reveals an actual or potential conflict of interest. Finally, the Board was given broader powers to investigate complaints and issue sanctions in appropriate cases.

The Board had a staff of three and a budget of just over \$200,000 with which to assist and oversee over 250 boards and commissions and approximately 2500 actual or prospective appointees.

## II. REPORT ON ACTIVITIES FOR 2000

Section 4(j) of Executive Order 127 requires the Board to submit a report annually to the Governor on the Board's activities and on the subject of public disclosure, ethics, and conflicts of interest. The Board may also include recommendations for administrative and legislative action. The Board's report is as follows:

The Board had two meetings in 2000.

The Board investigated and resolved five formal complaints.

The Board issued nine advisory opinions.<sup>2</sup>

The Board's Executive Director made ethics education and awareness presentations to 54 entities reaching over 2000 individuals.

Board staff handled numerous telephone inquiries concerning the Order and Statement of Economic Interest filing requirements and general conflict of interest/appearance of conflict issues.

The Board published four newsletters that were mailed to public officials subject to the Order, staff directors for boards subject to the Order, and other interested persons.

In addition to reviewing supplemental statements of economic interest, Board staff evaluated **275 new** statements of economic interest. Governor Hunt, his Department Heads, exempt employees in those departments, and the Public Officials listed in section III below are covered by the Order and file statements of economic interest. Our findings for the **new** statements of economic interest were:

No actual, potential, or appearance of conflict of interest	152
Potential for conflict of interest	122
Actual conflict of interest	0
Appearance of conflict of interest	1
Total New Statements Evaluated:	275

<sup>2</sup> Complaints and advisory opinions are initiated by third parties and thus their numbers are outside the Board's control.

### **III. OTHER PRINCIPAL STATE AGENCIES AND LEGISLATIVE OFFICIALS WHO ARE VOLUNTARILY SUBJECT TO THE ORDER AND FILE STATEMENTS OF ECONOMIC INTEREST**

Section 9 of Executive Order 127<sup>3</sup> invites each of the elected heads of the Council of State agencies<sup>4</sup>, the Board of Governors of the University of North Carolina System, the President Pro Tempore of the North Carolina Senate, and the Speaker of the House of Representatives to voluntarily participate in the Order. Those desirous of participating may specify those appointees and exempt employees who must submit a Statement of Economic Interest for evaluation by the Board of Ethics. All services available to Public Officials under the Order are available to those brought within the coverage of the Order voluntarily.

Lt. Governor Dennis Wicker, Speaker of the House of Representatives Jim Black, and President Pro Tem of the Senate Marc Basnight covered their appointees to boards that are not advisory under the Order. The President, Vice Presidents, Chancellors, and Vice Chancellors are covered by the Order. The State Controller, Executive Director of the Housing Finance Agency, and Director of State Personnel are covered by the Order. Exempt employees in the offices of the Lt. Governor, Attorney General, State Treasurer, and State Superintendent of Public Instruction are covered by the Order. The Commissioner of Agriculture, Commissioner of Labor, State Auditor, Attorney General, Lt. Governor, Commissioner of Labor, and State Superintendent of Public Instruction are covered by the Order.

### **IV. GOALS FOR 2001**

We will continue our work as mentioned in section II above. We will continue to emphasize ethics education and conflict prevention, primarily through education and awareness presentations, periodic newsletters, and advisory opinions.<sup>5</sup>

---

<sup>3</sup> Now section 4 of Governor Easley's Executive Order Number One.

<sup>4</sup> The Lieutenant Governor, the Secretary of State, the State Auditor, the State Treasurer, the State Superintendent of Public Instruction, the Attorney General, the Commissioner of Agriculture, the Commissioner of Labor, and the Commissioner of Insurance.

<sup>5</sup> As mentioned at the beginning of this newsletter, State budget restrictions will have an impact on the location and therefore number of ethics education and awareness presentations Board staff is able to make at least for the first half of calendar year 2000. Accordingly, staff will emphasize "local" presentations (those in or around Raleigh), increased telephone or electronic communication, and the publication of educational materials on the Board's web site.

## IMPORTANT INFORMATION ON-LINE

The Board of Ethics' **newsletters** and other key information is available **on-line** at the Board's web site:

**[www.doa.state.nc.us/doa/ethics](http://www.doa.state.nc.us/doa/ethics)**.

Alternatively, you can access the Board's web site through the North Carolina home page. Just click on "NC Agencies" at the top of the page and "go" to the Department of Administration "Quick Link." Then select "Boards and Commissions" where you will find the Board of Ethics listed. The Board of Ethics' "home page" will give you access to Executive Order Number One, the Board's Rules and Regulations, Statement of Economic Interest forms, and all newsletters. Eventually, advisory opinions will be available through the site as well.

WE ARE ALWAYS AVAILABLE FOR TELEPHONE CONSULTATION IF NECESSARY.

## Important Definitions

The following terms have special meaning under Executive Order Number One (the Order):

**"Boards"** – This term includes all boards, commissions, councils, committees, task forces, authorities, or similar public bodies, however denominated, which are located within the executive branch of State government. See section 3 (f) of the Order.

**"Heads of State Agencies"** – This term includes the chair of each board subject to the Order. See section 6 (a) of the Order.

**"Public Officials"** – This term includes, but is not limited to, all department heads and their chief deputies or chief administrative assistants, certain exempt employees, gubernatorial appointees to non-advisory "boards," and those individuals who voluntarily come under the Board of Ethics' jurisdiction pursuant to section 4 of the Order. See section 3 of the Order.