



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 6, Issue 5

June 2003

"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

Notes from the Director

I am very pleased to announce the appointment of Mr. Waheed Haq "Rana" to the Board of Ethics. (See corresponding article.) The Board has been short one member since Ms. Kathy Burnette resigned in October 2002 to become an assistant district attorney. The Board is now back to its full seven-member capacity. We welcome Mr. Rana to the Board.

In other news, the Board will hold a general business meeting beginning at approximately 10:00 a.m. on Friday, July 18, in Room 2087, second floor of the Department of Administration Building in downtown Raleigh, 116 West Jones Street. Among other things, the Board will address all outstanding complaints against Public Officials and will review preliminary advisory opinions pursuant to its recently-amended Internal Operating Procedures. Interested parties and members of the public are welcome.

Perry Y. Newson

Update your Statement of Economic Interest NOW.

All covered Officials must file an **updated Statement by May 15 each year.** See section 9 (b) of the Order. If you have any questions relating to the Statement, please call the Board's offices at 733-2780 and ask for Millie.

Governor Easley Appoints New Board of Ethics Member

On May 6, 2003, Governor Easley appointed Mr. **Waheed Haq "Rana"** to fill a vacant position on the Board of Ethics. His term expires January 31, 2007.

Mr. Rana is the president of Associated Environmental Consultants & Engineers in Raleigh, a company he co-founded in 1991. It has grown from the original two founders to a staff of 20. A native of Pakistan, he received his undergraduate degree from Quaid-E-Azam University in Islamabad and his masters in engineering from North Carolina State University in 1988. He became a naturalized American citizen in 2002.

Mr. Rana is the quintessential "American success story." He came to the United States in 1985 with very little money in his pocket. After paying tuition at NC State and his first month's rent, he only had a few hundred dollars left to his name. He says he would not have made it but for the incredible kindness of strangers, and part of what attracts him to public service is his desire to "give something back" to the people of North Carolina. He said this country has given him so many opportunities, and he considers himself "the luckiest man in the world." Mr. Rana is also actively engaged in other community organizations, especially those directed to youth education and environmental awareness.

Mr. Rana is married to Nighat Waheed and has two sons. Ali, a senior, and Umar, a junior, are both pursuing bachelor of science degrees in business administration at North Carolina State University. Ali will be participating in the summer intern program with the North Carolina Attorney General's office.

Meet the Board Members

George F. Bason was appointed chairman of the Board of Ethics by Governor Jim Hunt in 1993. He has served in that capacity ever since. Mr. Bason came to the Board after a long and illustrious career in public service. After practicing law in Wake County, he became a District Court Judge in 1968. He served as Chief District Court Judge for the Tenth Judicial District until his retirement in 1991. From 1996 until 2001, he served as chairman of the State Alcoholic Beverage Control Commission. He is a former president of the N.C. Association of District Court Judges and chairman of the N.C. Conference of Chief District Judges. Judge Bason served on the N.C. Episcopal Church Foundation and the Commission on the Future of Justice and Courts of North Carolina. Other volunteer activities have included service on the Board of Planned Parenthood, the Governor's Crime Commission, Family Services of Wake County, and Haven House, Inc. Some of his numerous awards include being named National Juvenile Court Judge of the Year by the National CASA Association; Outstanding Child Advocate by the N.C. Child Advocacy Institute; and Outstanding Advocate of the Year by the Friends of Black Children of North Carolina. In December 2000, Governor Hunt awarded him the "Order of the Long Leaf Pine" in recognition of his 30 plus years of dedicated service to the State.

Jane Flowers Finch was appointed by Governor Hunt in 1993 and was elected Vice Chair by fellow Board members. She is a graduate of Peace College, UNC-Greensboro, and NC Central University School of Law (1978). She was a partner in the Raleigh offices of the New York-based law firm of LeBeouf, Lamb, Leiby and MacRae, specializing in litigation. After graduation from law school, she served as clerk for the Honorable Harry C. Martin on the North Carolina Court of Appeals. Ms. Finch was elected and served as a director of the Wake County Bar Association and the Tenth Judicial District Bar. She also served a two-year term on the Grievance Committee. She has been a speaker and author at Continuing Legal Education seminars. She has served on the Board of Visitors of Peace College and the Board of Directors of the Carolina Ballet.

Mittie Smith was also appointed to the Board by Governor Hunt in 1993. She is a 1980 graduate of the University of North Carolina Law School. She practices law in High Point, concentrating in domestic, criminal and real estate matters. She is originally from Florida, where she was graduated in 1967 from Florida A&M University in Tallahassee. After graduation from college, she spent more than a decade working in various social services areas in Chicago, New York, North Carolina, and Indiana. Her range of experience as a social worker includes counseling, protective services, and work with the mentally retarded. She has been an active volunteer for the Big Sister program and the American Cancer Society.

Penny Craver is another 1993 Governor Hunt appointee. She is the New Hanover County program coordinator for the Drug Treatment Court (DTC), an intensive, community-based program designed to identify and treat offenders whose criminal activities are generally related to substance abuse. A 1972 graduate of UNC-Chapel Hill, she has worked for the State of North Carolina in a number of positions. She was a probation officer with the NC Department of Correction in the Wilmington area from 1996 to 2002. She has also served as economic development coordinator for the now Department of Environment and Natural Resources, working with local governments and the federal Housing and Urban Development (HUD) program to provide funding for projects in towns across North Carolina with fewer than 50,000 residents. She has also served as a resource development specialist with the N.C. Institute for Political Leadership in Wilmington, a non-profit leadership training program that has worked with public officials throughout the state. She was instrumental in opening the Wilmington office for Planned Parenthood of the Capital and Coast.

Joe T. Jones was appointed to the Board by Governor Hunt in 1993. Mr. Jones is retired from the United Textile Workers of American AFL-CIO. He is a graduate of North Buncombe High School in Asheville. Immediately before his retirement he served for six years as an AFL-CIO International Vice President. Mr. Jones became involved in union work as a textile worker at the American Enka Corporation in Asheville, which had 3500 union members working for it in 1959. He became a full-time business agent for the plant and then rose to the rank of international representative of the UTWA, traveling for the union throughout the South. He specialized in arbitration and contract negotiations and continues to serve as an arbitration advocate for different unions in North Carolina. He served as Vice President of the AFL-CIO from 1984 – 1997.

Rajendra S. Chhabra was appointed to the Board by Governor Hunt in 1997. Dr. Chhabra is a Board Certified Toxicologist employed as a staff scientist at the National Institute of Environmental Health Sciences, National Institutes of Health, Research Triangle Park. A native of India, Dr. Chhabra received his education in veterinary medicine at Vikram University and his Ph.D. in pharmacology at the University of London. He became a naturalized U.S. citizen in 1977. As a toxicologist, Dr. Chhabra studies environmental chemicals in air, food, and water and their adverse effects in laboratory animals. The research is used by the Environmental Protection Agency and the Food and Drug Administration.

Waheed Haq "Rana" was appointed by Governor Michael F. Easley in May 2003. Mr. Rana is the president of Associated Environmental Consultants & Engineers in Raleigh, a company he co-founded in 1991. It has grown from the original two founders to a staff of 20. A native of Pakistan, he received his undergraduate degree from Quaid-E-Azam University in Islamabad and his masters in engineering from North Carolina State University in 1988. He became a naturalized U.S. citizen in 2002. Mr. Rana is actively engaged in numerous community organizations, particularly those directed to youth education and environmental awareness. He is married to Nighat Waheed and has two sons.

FUNDAMENTAL ETHICAL BENCHMARKS

In the early 1990s, the American Bar Association's (ABA) Section of Administrative Law and Regulatory Practice commissioned an in-depth study of "the ethical considerations inherent in public service and how best to establish meaningful and effective regulation" for *federal* employees. 45 *Administrative Law Review* 287, "Keeping Faith: Government Ethics & Govern Ethics Regulation (Summer 1993). The members felt it was essential for the ABA to respond to "increasingly disturbing trends adversely affecting government service – namely, that the public's confidence in government was eroding because some government officials failed to observe reasonable ethical standards; that public service was less frequently viewed as a high calling; and that government employees conscientiously doing their jobs were being forced through a maze of unrealistic ethical obstacles or paralyzed by them into inaction." The result was a 54-page report widely endorsed as an integrated, interrelated approach to the regulation of ethics in government service.

While nearly 10 years old, the study has aged well and still bears reading, particularly for its general observations about public service and ethics regulation. In our May newsletter, we discussed the five essential ethical obligations of anyone who enters government service: (1) *fidelity to the public trust*, (2) *scrupulous integrity*, (3) *competence and diligence*, (4) *discretion*, and (5) *responsiveness*. In this issue, we will briefly discuss **two fundamental ethical benchmarks** arising from the "public trust" metaphor ("Public service is a public trust").

1. *Public power always carries ethical responsibility.*

In our tripartite government structure, each Branch is charged with performing a function different from, though complementary to, the others. Because public power is thus allocated to various officials for varied purposes, it may seem natural to conclude that the standards of appropriate official behavior will also vary. To some degree, this conclusion is valid. What is necessary to fulfill the responsibilities of stewardship depends in part upon the particular tasks the steward is expected to perform.

However, the essential and defining characteristic of stewardship remains constant. This irreducible core of fiduciary responsibility – consisting of the ethical qualities described above [fidelity to the public trust, scrupulous integrity, competence and diligence, discretion, and responsiveness]— attends all elective or appointive government positions, regardless of the specific office. Therefore, any attempt to articulate rules of ethical conduct should at least start from an assumption of government-wide applicability. It may well be that a careful assessment of structure and function will ultimately reveal good reason for additional, or different, rules for some sectors of government. However, this sort of assessment *must* be made before differential treatment can be justified for, as a matter of first principles, ethics is not Branch-specific.

2. *The greater the power, the greater the responsibility.*

The crucial insight of the "public trust" metaphor is that responsibility ineluctably follows power. Hence, the greater the power with which a particular government official has been entrusted, the greater the scope of the duty to act honorably and well. This principle suggests that, in contrast to *inter*-Branch distinctions, *intra*-Branch distinctions in ethical rules will often be appropriate as an acknowledgement of power differentials within the hierarchy of government organization. Senior government officials are justifiably held to more rigorous rules of conduct. In particular, rules that are broad, prophylactic safeguards, rather than tailored prohibitions of clearly wrongful behavior, may be suitable responses to the greater power of high-level personnel *even if* such rules would, on balance, be overbroad when applied to mid- and lower-level personnel.



Did you forget to update your Statement of Economic Interest by **May 15**? If you have not had any material changes since your last filing, you may use the new No-Change Form ("Short Form"). Be sure to sign whichever statement you use, have it notarized, and return it to the Board. But do it **NOW!**

BOARD MEETING SCHEDULED

The Board of Ethics will hold a general business meeting beginning at 10:00 a.m. on Friday, **July 18, 2003**, in Room 2087, Second floor of the Department of Administration Building, 116 West Jones Street, in downtown Raleigh. Among other things, the Board will address all outstanding complaints against Public Officials, review preliminary advisory opinions pursuant to its recently-amended Internal Operating Procedures, and conduct any other business that comes before the Board. Interested parties and members of the public are welcome.

Quotable Wisdom

I count him braver who overcomes his desires than him who conquers his enemies;
for the hardest victory is the victory over self.

Aristotle

The Paradox of Our Time

The paradox of our time in history is that ...

We have taller buildings, but shorter tempers; wider freeways, but narrower viewpoints.

We spend more, but have less. We buy more, but enjoy less.

We have more conveniences, but less time.

We have more knowledge, but less judgment.

We have multiplied our possessions, but reduced our values.

We've learned how to make a living, but not a life.

We've added years to life, but not life to years.

We've conquered the atom, but not our prejudice.

George Carlin
(edited by PYN)

Who Cares About “Ethics”?

“Never send to know for whom the bell tolls; it tolls for thee.” -- John Donne

Who cares about ethics? A few short years ago, the vast majority of Americans would not have given that question much serious thought. Today it is a very different story. Enron, WorldCom, Xerox, and a host of others have rocked our collective world in ways no one could have imagined. Corporate bankruptcies, stock market declines, job layoffs, ruined retirements, tainted political careers, civil lawsuits, criminal indictments, and a loss of confidence in our core economic system itself are only a few of the consequences of the seemingly ubiquitous business and accounting scandals of the past few years. For far too long you could not pick up a newspaper or watch the evening news without learning of some new scandal facing corporate America. A June 2002 *Wall Street Journal* headline screamed, “Can You Trust Anyone These Days?” The answer (“The vast majority of companies simply aren’t fudging their numbers”) was probably lost on most people, particularly small investors sick of the litany of corporate abuse and greed coming to light on such a regular basis. While it has calmed down a bit, were it not for the wars (against terrorism, al-Qaeda, and Iraq) this would probably still be the single most prominent issue in America today – and the most important.

Hopefully the obvious answer to the question now is “We *all* should care – a *lot*.” A few examples. Soon after WorldCom revealed that it, with the help of its accountants, Arthur Anderson, had wrongly accounted for nearly \$4 *billion* over the previous five fiscal quarters, it began laying off employees nationwide. This included hundreds of our fellow North Carolinians, most right here in the Triangle. Since that initial disclosure, the accounting fraud has grown to around \$11 billion.

Speaking of Arthur Anderson, the Enron, WorldCom, and other scandals have not only decimated what was once one of the nation’s largest and most prestigious accounting firms but also tarnished the reputation of an entire profession. It may take a long time for the one to recover. The other never will.

In July 2002, Federal Reserve Chairman Alan Greenspan told Congress that “the startling stream of accounting scandals that has rocked Americans’ faith in corporate leaders could weaken the [economic] recovery” and have already contributed to a slide in the stock market. WorldCom’s collapse and bankruptcy alone cost shareholders nearly \$180 billion. For average Americans that translates into unemployment, delayed retirements, more debt to finance our children’s educations, a prolonged job search, or, in the aggregate, an overall lower standard of living.

Many of you are state employees. Last summer the North Carolina state pension fund estimated its WorldCom-related stock losses at \$100 million. In these tight budget times, the pension fund could really use that \$100 million.

Even the local real estate market was not unscathed. Commercial vacancy rates soared, impacting not only revenues but also new construction, and thus job creation.

And no scandal would be complete without political implications. Parties, special interest groups, and individuals began pointing fingers and scrambling for the “moral high ground,” wherever they could find it. The war on terrorism notwithstanding, this could still be a major political issue in the next election.

So who is to blame for this sorry state of affairs, and more importantly what is to be done about it? Alan Greenspan placed the blame squarely at the top: “Manifestations of lax corporate governance ... are largely a symptom of a failed CEO.” Perhaps so. Certainly our leaders must bear their share of responsibility, but President Bush painted with a broader brush when he called for “a new ethic of personal responsibility.” Indeed. The solution lies with *all* of us – individually and collectively; department head and employee; board chair and public member. Leaders must certainly lead, but they cannot do it alone. We *all* must work together to try to change the overall ethical “culture” – both from the top down and from the ground up. “Ethics” has to become something we actually *care* about, not simply provide lip service to after the latest scandal *du jour*. We have to live it on a practical, everyday level.

So does what you do make a difference? You bet it does. Not only in your agency or on your board or commission, but also on a departmental or even statewide level. Using Arthur Anderson as the model, unethical conduct can destroy your board and sully the reputation of your department or appointing authority. To quote John Donne once again, “No man is an island entire of itself.”

Will ethics rules or policies prevent all abuses or violations? Obviously not. Bad people will do bad things, but they are few and far between in public service. The greater danger, and more unfortunate situation, is that uninformed people can innocently do apparently bad things. That is what we need to guard against the most and try to prevent. That is why Public Officials need guidance, training, reminding, and help with any questions they might have. That is what the Board of Ethics can provide, but only if you give us the opportunity.

In the wake of the Enron and WorldCom scandals, President Bush said, “In the long run, there is no capitalism without conscience; there is no wealth without character.” The same can be said of public service.

Perry Y. Newson, Executive Director, NC Board of Ethics

ETHICS EDUCATION

Due to the current State budgetary situation, we are still 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 on conflict of interest questions.