

The Ethical Challenges Facing Public Officials: The Case of the Former Kentucky Agriculture Commissioner

INTRODUCTION

In less than three decades, Richie Farmer went from being a top-notch basketball player in high school and at the University of Kentucky to a career as Agriculture Commissioner. At the University of Kentucky, Farmer was part of a team nicknamed “The Unforgettables” for their gutsy plays. Now he remains unforgettable for another reason—widespread misconduct in his role as Agriculture Commissioner. This misconduct has led to a 27-month stint at Hazelton federal prison in West Virginia.

THE INVESTIGATION

Richie Farmer first ran for Agriculture Commissioner for the state of Kentucky in 2003. He proved popular with voters and received a landslide victory. This was followed four years later by another landslide victory when he ran for re-election. After serving two terms as Agriculture Commissioner, Farmer decided to run for the position of lieutenant governor of the state. During his campaign, allegations began to surface about misconduct during his tenure as Agriculture Commissioner. The allegations persisted, and in 2012 the new Agriculture Commissioner asked Democratic Auditor Adam Edelen to examine the department. Three months later, Edelen issued a highly negative report about the department’s culture. He accused the department of having a “toxic culture of entitlement,” leading to severe misconduct. Afterwards, a federal investigation was launched into Farmer’s conduct during his tenure. The Executive Branch Ethics Commission in Kentucky, whose mission it is to promote ethical conduct among elected officials, also launched an investigation.

The investigation revealed widespread misconduct involving conflict of interest, possible bribery, and misappropriation of public funds. The Executive Branch Ethics Commission charged Farmer and seven other individuals with violations of the state’s ethics laws. Farmer was charged with 42 counts of violating the law, the largest ever levied against an individual by the Commission.

ALLEGATIONS

If all of the allegations are true, then Farmer used his fiscal responsibilities to secure money and gifts. In other words, he used public funds as his own personal piggy bank. Among the allegations was an accusation that Farmer used state employees to run personal errands for him on the clock. For instance, he is accused of having state workers build a basketball court in his backyard, mow his lawn, take him shopping and hunting, and chauffeur his dog between the cities of Frankfort and Louisville.

This case was prepared by Jennifer Sawayda for and under the direction of O.C. Ferrell and Linda Ferrell. It was prepared for classroom discussion rather than to illustrate either effective or ineffective handling of an administrative, ethical, or legal decision by management. All sources used for this case were obtained through publicly available material ©2014

Additionally, Farmer was accused of misusing gifts and entertainment. According to allegations, during a conference of agriculture commissioners Farmer used state funds to purchase gifts for the commissioners, including rifles, rifle cases, knives, wristwatches, gift cards, and cigars. However, records show that Farmer bought more gifts than the amount of people actually in attendance. It appears he pocketed the extra gifts. He used hotel rooms booked for the attendees for his family. He might also have engaged in bribery. Farmer was accused of trying to get a bribe from an automobile dealership in exchange for a state grant from the Department of Agriculture. The bribe was in the form of three all-terrain vehicles he received for his personal use.

Other allegations included the following:

- Improperly using \$20,000 in funds for Kentucky Proud—a buy local initiative—to sponsor a racing team owned by a relative
- Creating four special assistant positions and staffing them with his friends, including a woman he was having an intimate relationship with at the time. The positions had no job duties, and the employees spent their time running errands for Farmer. The woman he was having an intimate relationship with was paid more than the person previously in her position
- Interfering with the hiring of merit employees in favor of hiring those with personal connections to him
- Soliciting donations from the Southern Association of State Departments of Agriculture in Kentucky. This organization is regulated by the Department of Agriculture, which represents a serious conflict of interest
- Ordering an employee to use a state procurement card to purchase a refrigerator for his former wife that she used outside of a state government job
- Using public funds to buy items for personal use, including 50 shirts, three laptops, and filing cabinets
- Instructing employees to misuse a grant by awarding it to a former University of Kentucky Basketball player outside of its approved use

Finally, Farmer's sister was also accused of participating with him in misconduct. His sister Rhonda Monroe, who worked as assistant executive director of the Kentucky Registry of Finance, was accused of helping him break three ethics laws. The misconduct involved a conspiracy to use false expense reports enabling Farmer to collect \$10,500 in illicit payments from his 2007 re-election campaign. In total, Farmer is believed to have misused \$450,000 in state funds, as well as property.

When the charges first arose, Farmer denied the allegations. However, the evidence suggested otherwise. Although accused employees testified that they were simply doing what they were told to do, the Executive Branch Ethics Commission in Kentucky claims they are still responsible and point out that any concerns reported to the Commission would have been handled confidentially. This demonstrates that obedience to authority does not hold up in a court of law.

On April 22, 2013, Farmer was charged for five counts of misconduct. Four counts involved misappropriating property, while a fifth count alleged he solicited property to influence agricultural department business. His sister was also under investigation. In September 2013, Farmer agreed to a plea deal in which he agreed to plead guilty to two counts of funds misappropriation. He admitted he had created positions for employees that did no or little work, and that he had kept gifts that he had bought for other commissioners. Supposedly, the plea deal was part of an agreement to avoid further charges for his sister. His sister received five years of probation, \$6,000 in penalties, and cannot work for the state during her probation.

After pleading guilty, Farmer was sentenced to 27 months in prison—the maximum allowed under the federal sentencing guidelines. He was also charged \$120,500 in penalties, the largest ever assessed by the Executive Branch Ethics Commission. This was in spite of 29 letters sent to the judge requesting clemency, including one from the University of Louisville basketball coach. Although Farmer admitted misappropriating some funds and expressed regret, he maintained that some of the charges were ridiculous. He believes the charges of which he was convicted do not merit jail time. On March 25, 2014, Farmer reported to prison. The knives and guns he had collected through misappropriating funds were sold at an auction, with the proceeds going toward an urban garden project.

There are many challenges in ethical decision making in the public sector. Often public officials have more discretion to make decisions and less oversight than may be found in the private sector. In the last survey of ethics in the public sector, the Ethics Resource Center found that 60 percent of government employees witness misconduct, with 70 percent choosing to report it. Lying and conflicts of interest are common forms of misconduct observed. State governments face the greatest ethical risks as misconduct is more likely to be committed multiple times and go unreported. In the public sector, elected officials often operate with a set of ethics laws or rules that they are expected to follow. For example, in the U.S. Congress, all elected representatives have to report any gift or gratuity that they receive from constituents or lobbyists. This example illustrates that there has been an attempt to legalize ethical decision making in the public sector.

However, just like the private sector there can never be enough rules and laws to prevent misconduct from those that feel entitled and privileged in their position. The opportunity for misconduct is enormous due to the flexibility that many public officials have in managing their subordinates and utilizing their financial resources. If someone wants to operate outside the ethics laws and rules, there are ways that they can accomplish taking advantage of their position. It is also the responsibility of businesses to maintain an ethical culture where they do not take advantage of public officials through unethical methods to accomplish their objectives. While legitimate lobbying is acceptable in a democracy, paying bribes to public officials is strictly prohibited.

QUESTIONS

1. What types of ethics rules were Richie Farmer accused of violating, and why did this constitute an egregious form of misconduct?
2. Why do you think Richie Farmer took such major risks? Was it because he figured that he would never get caught?

3. If Farmer was only charged with two counts, do you think this merited 27 months of prison?

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