

Debate

Conflict of Interest in Government Roles

Issue: Should government officials be allowed to pursue outside interests that appear to conflict with their jobs as lawmakers—even if they do not violate any ethical standards?

In the United States working hard is greatly admired. Many of the most respected individuals work long hours and may juggle two or more jobs to make their dreams a reality. But what happens if one of the jobs appears to conflict with the other? This is the case faced by the House Committee on Ethics as it investigated former U.S. Congressman Alan Grayson from Florida, a Democrat who sat on the House Foreign Affairs Committee. Today he is attempting to secure a seat on the Senate.

In 2015 the House Committee on Ethics received two complaints alleging that Grayson had violated House rules by running a hedge fund while serving in Congress. The House Committee on Ethics conducted an investigation. It released a 74-page report that found Grayson guilty of violating half a dozen ethics rules.

The types of alleged violations involved the following:

- Using his name to promote a professional service that owed a fiduciary responsibility to investors while serving as a lawmaker. This is not allowed under House rules
- Mixing his duties as a lawmaker with his business interests. For instance, the committee claims that Grayson used a House staff member to handle matters related to his personal business, even sending her emails on her government account
- Holding an outside job that violated income generation limits. Lawmakers are banned from having outside jobs that bring in any more than \$27,495
- Using his status as a Congressman to promote his outside business to investors
- Compromising his responsibilities as a lawmaker to focus on his hedge fund. For instance, Grayson has been accused of allowing planned legislation to fall by the wayside because global economic turmoil forced him to put all his energies behind his hedge fund responsibilities
- Investing in countries that he was visiting that were paid for by the government in his role as a congressman.

Alan Grayson vehemently denies the charges. He claims that although he did use his name, Grayson Hedge Fund, this did not violate the rules because his hedge fund did not have fiduciary responsibilities to investors. He also claims he did not violate the \$27,495 limit because he did not report any earned income from the funds. Finally, Grayson maintains that he did not invest in countries that he was visiting as an official delegate or use his knowledge of those countries to aid him in his investments.

This brings up an interesting question. Even if Grayson is correct, and he did not violate any of these rules, is his involvement with a hedge fund during his time as a congressman ethical? Some of Grayson's campaign supporters urged him to divest himself of the fund because of the perception it would create once the public found out. Should people in positions of authority adhere to higher standards than necessary to avoid the illusion of a conflict of interest?

This material was developed by Jennifer Sawayda under the direction of Harry Van Buren and John Reed. It was produced with funding from the Daniels Fund Ethics Initiative and is intended for classroom discussion rather than to illustrate effective or ineffective handling of administrative, ethical, or legal decisions by management. Users of this material are prohibited from claiming this material as their own, emailing it to others, or placing it on the Internet. Please contact 505-277-6471 for more information. (2016)

It is clear that this issue is a gray one. On the one hand, it might be argued that lawmakers should have the right to pursue outside interests that can earn them income *as long as* it does not interfere with their duties as lawmakers or violate any ethics rules. According to Alan Grayson, this is exactly what his involvement with the hedge fund entailed. On the other hand, the public puts their faith in their lawmakers, and any potential conflict of interest that could interfere with their duties or benefit them personally could undermine that confidence. At the very least, it provides fodder for the competition. Grayson's rival Republican Patrick Murphy used the report to cast doubt on Grayson's character and publicly wondered about whether he was hiding anything else.

There are two sides to every issue:

- 1. It is acceptable for lawmakers to participate in outside professional services as long as they ensure that these services do not violate ethics rules or hinder their jobs as lawmakers.**
 - 2. It is unacceptable for lawmakers to participate in any outside professional service that appears to conflict with their status as lawmakers because of the duties they owe to their constituents.**
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Sources:

- Eric Lipton, "Alan Grayson's Double Life: Congressman and Hedge Fund Manager," *The New York Times*, February 11, 2016, http://www.nytimes.com/2016/02/12/us/politics/alan-graysons-double-life-congressman-and-hedge-fund-manager.html?_r=0 (accessed June 3, 2016).
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- Kristen M. Clark, "Patrick Murphy continues attacks on Alan Grayson over his hedge funds," *Tampa Bay Times*, June 3, 2016, <http://www.tampabay.com/blogs/the-buzz-florida-politics/patrick-murphy-continues-attacks-on-alan-grayson-over-his-hedge-funds/2280119> (accessed June 3, 2016).