

Culture, Ethics and Corruption

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Defining Corruption

- The word "Corruption" comes from the Latin verb "corruptus" (to break); it literally means broken object.
- Conceptually, corruption is a form of behavior, which departs from ethics, morality, tradition, law and civic virtue.

Fueling Corruption

- Apathy
- Lack of Transparency
- Power/Greed

Just what is Public Corruption?

- Scandal : moral stumbling, or any action or incident, which if exposed, will discredit the person involved. Scandal is not necessarily corruption.
- Public Corruption : abuse of public office in violation of criminal law.

Corrupt Activities

- Bribery
- Fraud
- Blocking Competition (Monopolies)
- Extortion
- Embezzlement
- Conflict of Interest
- Nepotism
- Influence peddling
- Facilitates criminal activity, i.e. drug trafficking, money laundering, gambling and prostitution

Effects of Corruption Business Risk Management

- Raises the costs and risks for doing business
- Has a corrosive impact on market opportunities
- Deters investment
- Stifles economic growth and sustainable development
- Distorts prices
- Undermines legal and judicial systems
- Causes a problem in international business transactions
- Disrupts economic development projects
- Corrupts government procurement activities

Source: U.S. Department of State. *Fighting Global Corruption: Business Risk Management.*

How Corruption survives and becomes systemic

- Lack of motivation at the top to root out corruption
- Weak monitoring and supervision
- Lack of transparency and accountability
- Insufficient education and awareness of citizens
- Inadequate complaint handling mechanisms
- Failing public institutions
- Inadequate checks and balances
- Weak Criminal Justice Systems
- Public programs that are poorly conceived and managed

Why should I think there is corruption in my area?

- “Public money is like holy water; everyone helps himself to it”
 - Italian Proverb
- “I can resist everything except for temptation”
 - Oscar Wilde

Signs of Possible Corruption

- Public officials having excessive meetings with each other and/or entities having City business outside of public meetings (Brown Act)
- Contractors/City Vendors who seem to get an unproportional amount of work
- Public officials living outside their means

“Whatever good things you did for people as governor, and you did some, I am more concerned with the occasions when you wanted to use your powers ... to do things that were only good for yourself,” – Judge James Zagel, Blagojevich Sentencing, 12/6/2011

BEFORE

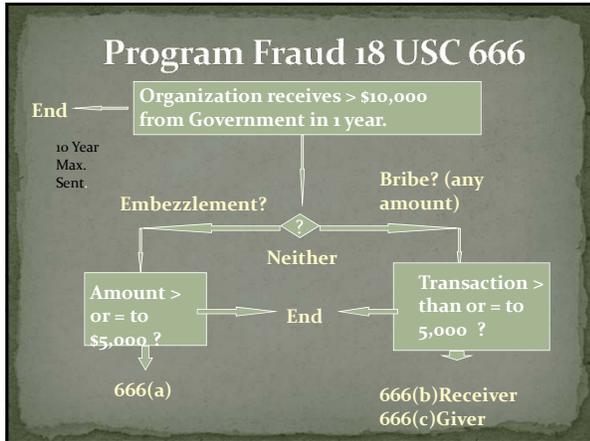


DURING



AFTER





Mail Fraud - 18 U.S.C. § 1341

- **Elements**
 - Scheme or artifice to defraud,
 - Use of the Mail
 - Imprisoned not more than 20 years

Wire Fraud - 18 U.S.C. § 1343

- **Elements**
 - Scheme or artifice to defraud,
 - Use of a Interstate Wire
 - Imprisoned not more than 20 years

HONEST SERVICES FRAUD – 18 USC 1346

- **Elements:**
 - Scheme or artifice to deprive another of the intangible right of honest services.
 - No program requirement
 - **20 year max. sentence**
- **Supreme Court: US v Skilling**
 - **Bribery and/or Kickbacks**

Hobbs Act – 18 USC 1951

- **Elements**
 - Obtaining Property from another, without consent.
 - Induced by wrongful use of actual or threatened force, violence, or fear, or UNDER COLOR OF OFFICIAL RIGHT.
 - De minim us effect on commerce .
 - **20 year Maximum sentence**
- ❖ **Under Color of Official Right**
 - ❖ Obtained payment of which was not entitled
 - ❖ Know payment was made in return for official act.

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