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# Walking the Line Between Economic Development Deals and Corruption

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January 4, 2024

Ah, corruption in economic development!

Not the average blog post you were expecting from me, eh? Perhaps. And yet, if I were to add another chapter to our book, it would be dedicated to Ethics.

I live in the Greater Cincinnati region. In the past 2-3 years, public corruption scandals tied to critical economic development deals have engulfed my community at the local and state levels. In Cincinnati, three sitting council members – PG Sittenfeld, Tamaya Dennard, and Jeff Pastor – were caught accepting bribes or PAC donations by undercover FBI agents. While two of them were first-time council members, PG Sittenfeld was a seasoned pro and favored to become Cincinnati's next Mayor. All three funneled funds in various ways to avoid detection. Still, the result was the same – all were found guilty of accepting bribes on significant economic development deals in exchange for favorable votes, violating the public trust, and sentenced to prison ([link](#)).

At the state level, the Speaker of the House in Ohio (Larry Householder), the top state Energy regulator (Sam Randazzo, appointed by Governor Mike DeWine), and many others were indicted & convicted\* (some still process) of accepting bribes to sway legislation as part of a \$1 billion bailout to FirstEnergy. Ohio is still dealing with the repercussions of this debacle ([link](#)), but one thing is for sure – the voters' trust in our elected officials fell to all-time lows, and the state ended up with a black eye.

Of course, unelected bureaucrats are just as susceptible. Locally, I've seen the Treasurer of our Local Tourist Board ([link](#)) go to jail for embezzling millions, and even two employees of my former employer ([link](#)) go to jail for embezzling public funds, including the former Finance Director. Most started small, and as it became a habit, they started doing it more often.

My point is this: when money is involved, people are susceptible—all of us, even the ones you would never expect. Therefore, we must take steps yearly to train ourselves, our staff, and our colleagues to counteract this.

Economic development practitioners work in a field where we walk a fine line in ethics. We constantly work with companies, public officials, and interest groups, providing incentives and

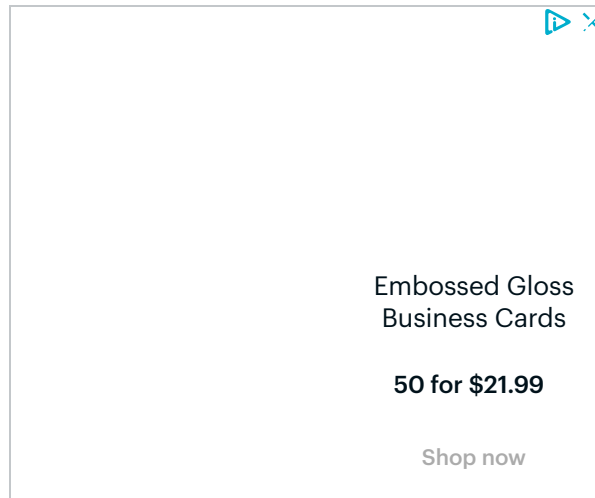
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correct thing, but many of us aren't even sure about the local ethics laws. Personally, here are some situations that I have grappled with previously:

- If I go out to dinner with a developer, can (or should) I accept their payment for the meal?
- If I have a property near the proposed project that could provide me with a monetary gain due to landing that development deal, how early should I disclose it? Better yet, should I even work on that economic development project?
- If a non-profit economic development partner organization sends me a Christmas gift of sweets because I work with them regularly, should I put it on the office table?

The answers to these questions aren't always clear, even for seasoned pros. I adopted my mentor's "strict" mindset, never accepting gifts and always disclosing everything (to the point of over-disclosing). But even within local ethics laws, there is wiggle room, and different people make different choices.

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Now, think about your public officials. Some have never held public office or served in any prior elected or appointed capacity. Navigating economic development deals entangles even the most seasoned public officials! If you learn anything from my examples above, corruption crosses party affiliation, demographics, level of government, and tenure.

As we start a new year, we should all take the time to undergo ethics training and urge our spheres of influence to do the same. We should want our colleagues and policymakers to be there as we walk through real-life case study examples, get questions answered, and make sure we understand the consequences of getting it wrong.

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If you are looking for a few next steps, here's some starters:

- If you are in a local or regional government, contact your Law Department to request Ethics training and review any adopted Ethics Laws.
- If you are an economic development organization, consider having your team attend an International Economic Development Council ethics workshop ([link](#)).
- If you are a state or regional EDO, include ethics training in annual meetings, trainings, etc.
- If you are a public official, ask your legal department to provide a refresher on ethics, particularly navigating economic development projects, voting, interest groups, and campaigning.

The start of a new year is always a time to reflect on your progress and prepare for the upcoming year. As such, it's a perfect time for all organizations and teams to re-train on ethics, update disclosures, discuss complicated situations they may have experienced over the past year, and remember how to report or ask questions when experiencing new situations.

Once a year may seem excessive, but the costs are too significant. To your organization. To the public's trust. To your career.

And with that, I wish your organization the best of success in 2024!

## 2 responses to “Walking the Line Between Economic Development Deals and Corruption”



1. **Mark Litten** says:

January 4, 2024 at 4:29 pm

Ross,

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Very good advice on ethics, but I will point out that those publicly elected officials that were caught embezzling funds or receiving kickbacks that had something to do with an economic development “project”, did not involve any economic development professionals. I’m originally from Ohio (most recently Sandusky/Erie County) and grew up in Eastern Ohio, moved to Florida in August, 2022, and was aware of most of the folks who are now serving prison terms. They were politicians and tried to get rich quick.

Nonetheless, being trained on ethics, having personal integrity, and being transparent in your dealings with people is ALWAYS the best course of action.

I’ve been doing economic development for 32 years in mostly Ohio, Michigan and now Florida and proudly say, not one time has my integrity or credibility ever been questioned.

Thanks for sharing your blog post!

~Mark

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o **Ross Patten** says:

January 4, 2024 at 5:54 pm

Good point, Mark. Thanks for commenting! You’re correct that most of my local examples didn’t have economic development practitioners charged, but I remember examples of economic developers doing this too!

While not a local example, Peter Bang was an economic development official in Montgomery County Maryland that embezzled \$6.7 million over 6 years to fund his gambling addiction. Interestingly, he set up an economic development shell company to embezzle county funds, and it escaped the notice of his employer until it was flagged by the IRS. That was 2019. But I agree, we all need to be regularly trained on ethics and improving our personal integrity!

(<https://www.washingtonpost.com/local/md-politics/ex-montgomery-official-gets-4-years-in-federal-prison-for-67m-embezzling-scheme/2019/02/22/125096bc-3552->

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