
Ethics Session

2022 NACCTFO Annual Conference

Schedule

The Ethics of Investing

- Main Concepts
- Activity
- Discussion
- Break (2:45-3:00)

Conflicts of Interest

- Main Concepts
- Activity
- Discussion

Ethics & Profits



- The Profit Principle: Forget ethics, just do what makes the most money!
 - No one consistently believes this
- But doesn't weighing ethical considerations mean less money?
 - No (Sparkes 1994, ERIS 1999, Cummings 2000)

Not Investing in Evil Companies



- Some companies do evil, directly or indirectly (Irvine 1987)
- Why shouldn't you invest in them?
 - Direct Argument: These investments make the world worse
 - Indirect Argument: These investments make you complicit in evil

Investing in companies that do good



- Direct Argument: This makes the world a better place
- Indirect Argument: Companies themselves have obligations to help the world
 - Uniquely position to do so
 - Compensation for externalities
 - Giving back for societal benefits

Activity

- 1) Find your team
 - 2) Choose a spokesperson
 - 3) Rank the following companies from worst to least bad to invest in, from an ethical perspective.
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Ranking Evil Companies

Worst: Vehicle (4) Clara (8) Frank (2)

2nd Worst:

3rd Worst:

4th Worst:

Best (or least bad): Vehicle(1) Frank (5) Theresa (4) Stan

Fiduciary Relationships



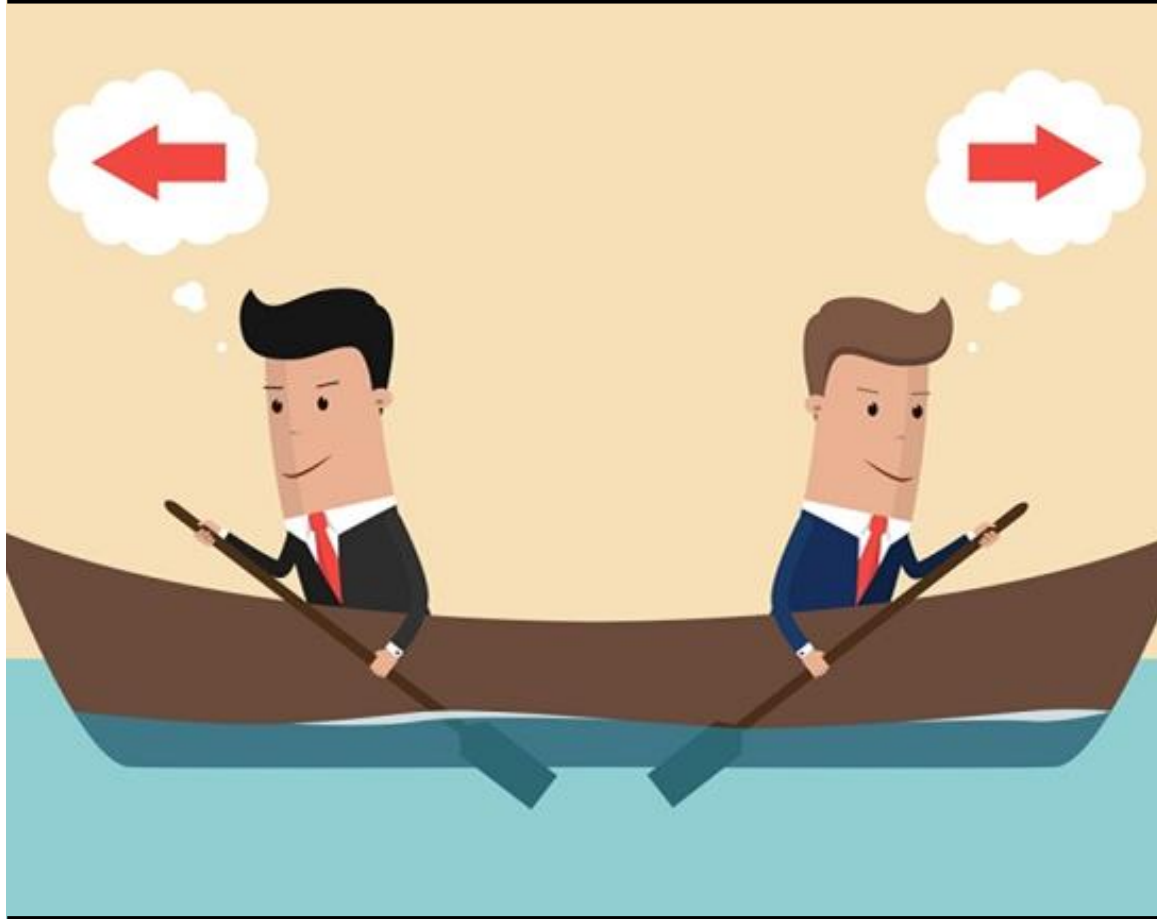
- One person (the agent) acts on behalf of or in the interest of another (the principal)
- Examples: Doctors/patients, lawyers/clients,
- This relationship always involves trust

How Conflicts of Interest Arise



- Two principals have conflicting interests
- The principal's interests conflict with the agents
- The agent has two conflicting roles with regard to one principal

Why Conflicts of Interest are Bad



- Can create dilemmas where the agent cannot fulfill all obligations
- Can cause the agent to have bad judgment
- Undermines trust

What to Do About Them



- Avoid, if possible
- If you cannot avoid, be transparent
- Try to exercise impartial judgment

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Conflict of Interest Activity

Examples taken from: <https://www.mass.gov/service-details/municipal-treasurers-and-collectors-explanation-of-the-conflict-of-interest-law>

- 1) You apply for a mortgage from a bank in which the county has deposited funds. The bank offers to waive the \$125 application fee citing your business relationship but has charged you the customary mortgage rate and points. Is it morally permissible to accept their offer? Why or why not?

- 2) You are on the Board of Directors of a nonprofit corporation. The corporation is delinquent in its payment of real estate taxes in your town. Is it morally permissible for you, as Collector, arrange a monthly payment schedule? Why or why not?

- 3) You are a part-time Treasurer; you also work part-time for a computer company. Is it morally permissible for you represent the company in its negotiations with the School Department to provide computers and maintenance for a new school program? Why or why not?

- 4) You want to serve on the county's Parks and Recreation Committee. May you hold both positions as full-time Treasurer and part-time committee member? Why or why not?

5) A local bank is about to foreclose on your brother's property. You presently are negotiating with the bank concerning a deposit of a large sum of county money. Is it morally permissible for you to call the president of the bank and intervene on behalf of your brother? Why or why not?

6) Your cousin is delinquent in his payment of real estate taxes. As Collector, is it morally permissible to set up a customary repayment schedule? Why or why not?

7) You have resigned as Treasurer and now work for a bank which has a major portion of the county's business. Is it morally permissible to represent the bank in its dealings with the new Treasurer? Why or why not?

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Evil Companies Activity

Rank the following companies from worst to least bad to invest in, from an ethical perspective. (Assume that all the companies act legally).

Clara's Chemical Company dumps as much toxic waste as they are legally allowed to in a nearby river, causing serious environmental damage

Frank's Fast Food Company pays its employees low wages, offers no benefits, and creates hazardous and stressful work environments

Stan's Shampoo Company uses animal testing to determine if their products are toxic. Their methods include force feeding shampoo to rabbits to determine how much shampoo a rabbit can ingest before dying.

Theresa's Tobacco Company manufactures cigarettes which are an addictive product, known to cause serious health problems

Vaughn's Vehicle Company cuts corners in the manufacturing of cars so that it can sell a cheaper product to consumers. As a result, accidents involving its cars cause deaths that could have been prevented with more rigorous safety standards.

Worst Company: _____

Why is it the worst?:

2nd Worst Company: _____

Why 2nd worst?:

3rd Worst Company: _____

Why 3rd worst?: _____

4th Worst Company: _____

Why 4th worst?: _____

Best (or least bad) Company: _____

Why best (or least bad)?:
