

Cowboy Ethics

Lessons for Wall Street & Capitol Street
&

Ethics in the News



Dan Olds

SPEE Luncheon

April Fools' Day, 2015



Cowboy Ethics

What Wall Street Can Learn
from the Code of the West –
James P. Owen

COWBOY ETHICS

What Wall Street Can Learn from the Code of the West

James P. Owen



PHOTOGRAPHY BY DAVID R. STOECKLEIN

Live Each Day with Courage

- Put aside your fear when there's work to be done.

Take Pride in Your Work

- Anything worth doing is worth doing well.

Always Finish What You Start

- Cowboys hate quitters, whiners, and complainers.

Do What Has to be Done

- The true test of a man's honor was how much he would risk to keep it intact.

Be Tough, But Fair

- Demand fairness in all dealings.

When You Make A Promise, Keep It.

- Your word should be your bond.

Ride For The Brand

- This principle is often misunderstood. The cowboy was obliged to put the outfit's needs ahead of his own .
- **BUT** .
- Riding for the brand did not mean blind, unquestioning allegiance
- Give allegiance and respect where it is deserved and returned.

Talk Less and Say More

- Say what you mean.

Remember That Some Things Aren't For Sale

- Don't cheapen and dishonor the things you stand for.

Know Where to Draw the Line

- It doesn't take a big fall from grace for men to lose their integrity. It most happens by degrees, as corners are cut and minor misdeeds rationalized, each small step leading to another.

- Owen's ten point "Code of the West" is the focus of his book, but his most relevant comment in the whole book is this:

- *“ the fundamental problem is that we have confused rules with principles. Rules can always be bent, but principles cannot. So while bureaucratic rules may reinforce the ways we ought to behave, they are no substitute for personal principles.”*

- *“ the fundamental problem is that we have confused rules with principles. **Rules can always be bent, but principles cannot.** So while bureaucratic rules may reinforce the ways we ought to behave, they are no substitute for personal principles.”*

Discussion of a Principle versus a Rule

SEC Five Year PUDs

(ii) Undrilled locations can be classified as having undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within five years, unless the specific circumstances, justify a longer time.

(d) Explain the reasons why material amounts of proved undeveloped reserves in individual fields or countries remain undeveloped for five years or more after disclosure as proved undeveloped reserves.

Well, what shall I talk about? I ain't got anything funny to say. All I know is what I read in the papers.

Will Rogers

- *Ethical Lapses*

- Ethics – related to the philosophy behind a moral outcome
- Morality – an adopted code of conduct within an environment

- *Pathological Lying*

- Compulsive lying; stories to present one's self favorable; chronic; the stories are plausible.

- *Outright Stupidity*

Senator Ted Stevens - Alaska

- 40 Years as Senator from Alaska
- Indicted for failing to report gifts from VECO Corp. in violation of the “Ethics in Government Act”
- Convicted of all seven counts

Excerpts from FoxNews report of 10/20/2008

- The Senate's longest-serving Republican, Stevens is charged with lying on Senate financial disclosure forms about \$250,000 in renovations and other gifts he received from oil services contractor VECO Corp.
- Stevens has said he never sought gifts and wouldn't even accept a free lunch, much less expensive remodeling services. But prosecutors say he had a history of accepting gifts —including an expensive massage chair from a friend — and omitting them from the financial disclosure forms.
- He said he considered that chair a loan.

Fox News, continued 10/20/2008

- "And the chair is still at your house?" prosecutor Brenda Morris asked.
- "Yes," Stevens said.
- "How is that not a gift?"
- "He bought that chair as a gift, but I refused it as a gift," Stevens said. "He put it there and said it was my chair. I told him I would not accept it as a gift. We have lots of things in our house that don't belong to us."

Fox News, continued 10/20/2008

- Playing to the jury, Morris appeared confused.
- "So, if you say it's not a gift, it's not a gift?" she said.
- "I refused it as a gift," Stevens replied. "I let him put it in our basement at his request."

*But wait,
there's more ..*

the rest of the story

- Steven's conviction overturned by US Attorney General due to "serious prosecutorial misconduct" by prosecutors' apparent withholding of exculpatory evidence
- Exculpatory: evidence which tends to justify or exonerate an accused person's actions and tends to show that they had a lack of criminal intent.



Rep. Eddie Bernice Johnson - Dallas

- Was given \$10,000 annually by the Congressional Black Caucus Foundation to hand out as scholarships to award to needy students who:
 - Had a 2.5 grade-point average
 - Live or study in her congressional district
 - Are not related to a caucus member or their employees or others connected with the foundation.

- Johnson awarded 23 scholarships worth over \$25,000 to two grandsons, two great-nephews, and an aide's two children from 2005 through 2009.
- None of the recipients lived or studied in the congresswoman's district.
- Johnson apparently asked the foundation to send the checks directly to her relatives, rather than to their universities, as specified in the scholarship rules.

Johnson's Responses

- “I recognized the names when I saw them. And I knew that they had a need just like any other kid that would apply for one.”
- Had there been more “very worthy applicants in my district,” she added, “then I probably wouldn't have given it” (to the relatives).

- Johnson, a former chairwoman of the caucus who has served on the board that oversees the foundation, said she wasn't fully aware of the program rules and emphasized that she didn't "personally benefit."
- "But let me just say this: None of these people are my immediate family. Immediate family doesn't include grandchildren."

Johnson has repaid the foundation \$31,000.

- All sources from Dallas Morning News, August 30, 31, & September 26, 2010.

*But wait,
there's more ..*

Dallas Morning News, October 28, 2010

- Johnson is a part owner of two news stands at D/FW airport – which are held in a blind trust.
- The ex-wife of the D/FW VP in charge of minority contracting was once a neighbor of Johnson.

- The D/FW VP in charge of minority contracting has been placed on administrative leave after a tip was received that his daughter was also a scholarship recipient.



Gov. John Kitzhaber - Oregon

- His fiancée Cylvia Hayes (no wedding date yet) frequently referred to herself as the first lady of Oregon as well as the governor's clean energy and economic development advisor.
- She founded and is CEO of 3E Strategies, a consulting firm.
- She was paid \$118k for consulting on clean energy issues over 2 years – info that did not appear on her income tax returns.

Gov. John Kitzhaber - Oregon

- She was paid by “Clean Energy Economy Development Center”, a non-profit organization whose status was revoked after failing to file their taxes for 3 years in a row.
- The governor described her work as a “paid volunteer”.
- Oregon newspapers suggested that her dual roles as first lady and paid advisor to the governor could be considered a conflict of interest.

Gov. John Kitzhaber - Oregon

- In early February, his executive assistant tried to have thousands of his emails deleted.
- On February 13, 2015 he announced his resignation.

- Dartmouth College
- Oregon Health & Science University
- Emergency Room physician 13 years
- House of Representatives 2 years
- Senate 12 years (president of the Senate for 8 years)
- Governor from 1995 – 2003 and then from 2011 to 2013.

Gov. John Kitzhaber - Oregon

- Governor's salary is \$98.6k/year
- Assume \$72k/year after tax;
\$6k/month
- After house note & property taxes,
alimony and child support, he would
be left with about \$1,800 /month.



Gov. Bob McDonnell - Virginia

- He and his wife were indicted on 14 counts of federal corruption charges.
- They accepted more than \$165k of gifts, loans, trips, and other items from the CEO of a company developing a diet drug.
- The CEO wanted the state's endorsement on his dietary supplement.

- The governor failed to disclose loans from the CEO when he tried to re-finance several home loans.
- His wife tried to pass off luxury clothes the CEO purchased for her as a loan from his daughter.
- The governor had two rental beach houses where the rental was not covering the bills, and asked the CEO for \$50k loan.

- Notre Dame – BBA in management on ROTC scholarship, then 4 years in the Army.
- Boston University – MBA
- Regent University – MA & JD
- Member Virginia House of Delegates 14 years.
- Attorney General

- Advocated drilling of the Va. Coast beyond 50 miles as a possible source of revenue for the state.
- OCS lease sale was cancelled due to possible navel operations interference.
- BP oil spill cited as another reason not to drill.
- So he proposed that they just drill for gas and not oil.



Brian Williams - NBC

- In a helicopter in Iraq that was hit by a rocket propelled grenade.
- Was in a hotel in New Orleans during Katrina when armed gangs broke in, brandishing guns and terrorizing guests.
- Accidentally ingested floodwater and got dysentery.

Brian Williams - NBC

- The helicopter that was hit by the RPG had landed a half hour before Williams' chopper arrived.
- There were no reports of armed gangs infiltrating the Ritz Carlton.
- New Orleans had clusters of diarrheal disease, but no reported cases of dysentery.

“I certainly do remember that trip.... I remember landing under sniper fire we just ran with our heads down to get into the vehicles to get to our base.”

“I certainly do remember that trip.... I remember landing under sniper fire we just ran with our heads down to get into the vehicles to get to our base.”

–Hillary Clinton, trip to
Bosnia in 1996

After CBS News showed footage of her walking calmly across the tarmac with her daughter, Chelsea, and being greeted by dignitaries, she admitted that she “misspoke” about the episode.

Rare Civil War photo of Williams with Lincoln, shortly after Williams' horse was hit by a Confederate bullet.



Brian Williams - NBC

- Mother was an amateur stage actress, father was EVP of National Retail Merchants Association in NYC.
- After high school, attended Brookdale Community College, transferred to The Catholic University of America, then to George Washington University. Did not graduate.

Brian Williams - NBC

- Held a variety of broadcasting jobs, working his way up to NBC Nightly News anchor.
- Was applauded for “venting his anger and frustration over the government’s failure to act quickly to help the victims” of Hurricane Katrina.







Anthony Weiner - NYC

- Seven term NYC Congressman.
- Sexting Scandal: sent photos of himself to a women via his public Twitter account.
- Initially denied it, blamed it on hackers, but finally admitted to sending photos to six women over a three year period.
- Two years later, sent photos again under the alias “Carlos Danger”

Anthony Weiner

- Father was a lawyer, mother was a high school math teacher.
- Admitted to one of NYC's Specialized High Schools.
- Graduated SUNY with a BA in Political Science.
- Elected NYC councilman at age 27, youngest ever.

Anthony Weiner

- Described as an intense and demanding boss.
- Staff was required to be in constant contact by Blackberry.
- Criticized UN diplomats for unpaid parking fines, yet had unpaid fines going back for 3 years.



Huma Abedin

- Deputy Chief of Staff to Hillary Clinton while she was Secretary of State, went from full time employment to special part-time status so she could work for a firm described as political-intelligence and corporate-advisory firm.
- She apparently was also employed by the Clinton Foundation during this time.
- Wife of Anthony Weiner.

Rob Ford

- Mayor of Toronto from 2010 to 2014
- Numerous incidents of substance abuse, intoxicated incidents, etc.
- Used his official stationery to solicit donations for one of his pet projects.
- Found guilty of violating the Municipal Conflict of Interest Act when he voted against sanctions for soliciting the donations.

Rob Ford

- City could not remove him from office, so stripped him of staff and budget.
- Registered to run for office again, but dropped out to enter rehab after a video of him smoking crack cocaine surfaced.
- Lost the election, but won the majority in his home district of Ward 2.

Rob Ford

- Father was an Ontario legislator, died 2006.
- Co-founded Deco Labels. Private company, but owns at least \$10mm in real estate, commercial property, Florida condos, etc.
- Rob is a director of Doug Ford Holdings along with other family members.

Rob Ford

- Attended college for one year.
- Took a sales job at Deco.
- High school football coach, dismissed from two different schools.
- Several domestic dispute calls to his home involving threatening his wife.
- Entered politics.



Teddy Roosevelt

- After running as an independent and failing to win a third presidency in 1912, he went to South America, where he joined an expedition to explore the “River of Doubt”.

Teddy Roosevelt

The River of Doubt was an unexplored tributary of the Amazon. The headwaters had only recently been found, and no one was quite sure where the river went. It passed through uncharted jungles inhabited by unfriendly natives. It was thought to be about 400 miles to the Amazon, but the length of the river was unknown.

Teddy Roosevelt

- Roosevelt's expedition barely made it out alive.
- They spent almost 2 months on the river.
- Three of the party died.
- All almost starved.
- Most suffered various tropical diseases.

Teddy Roosevelt

- Roosevelt injured his leg, was ill with fever, and urged the group to leave him behind so they would have a better chance of getting out.

Teddy Roosevelt

- When the group finally made it back to civilization, many claimed that it was a fraud. The stories of the severe hardships and danger were thought to be gross exaggerations.

Teddy Roosevelt

- In 1927, another expedition followed Roosevelt's route, partly to settle the controversy.
- They found that Roosevelt's maps and descriptions were very accurate.
- When they got out, the expedition leader sent a wire to New York.

Teddy Roosevelt

- The gist of the wire: *It was exactly as Mr. Roosevelt said.*



Edward Snowden

- Hero
- Whistleblower
- Dissident
- Patriot
- Traitor
- *All of the Above*
- *None of the Above*

Edward Snowden

- Revealed government access to Google and Yahoo accounts.
- NSA telephone call database.
- Secret court orders requiring phone companies to hand over call records.
- NSA harvesting email contacts and searching content, tracing cell phones.
- NSA spying on Brazil, France, Mexico, Britain, China, Germany, Spain.

NSA Goals

- Goal to “dramatically increase mastery of the global network”.
- Acquire the capabilities to gather intelligence on anyone, anytime, anywhere.
- “Collect It All, Process It All, Exploit It All, Partner It All, Sniff It All, and Know It All.”

Criminal Charges

- Charged with theft of government property and violating the 1917 Espionage Act
- Snowden has rejected requests to return to the U.S. and face the charges: *"What he (Obama) doesn't say are that the crimes that he's charged me with are crimes that don't allow me to make my case. They don't allow me to defend myself in an open court to the public and convince a jury that what I did was to their benefit. So it's, I would say, illustrative that the President would choose to say someone should face the music when he knows the music is a show trial."*



J. Edgar Hoover

- First Director of the FBI, from 1924 to 1972.
- Accused of:
 - Exceeding the jurisdiction of the FBI.
 - Harassed political dissenters and activists.
 - Kept secret files on political leaders.
 - Collected evidence using illegal methods.

J. Edgar Hoover

Harry Truman: “We want no Gestapo or secret police. The FBI is tending in that direction. They are dabbling in sex-life scandals and plain blackmail. J. Edgar Hoover would give his right eye to take over, and all congressmen and senators are afraid of him.”



To educate a man in mind and
not in morals is to educate a
menace to society

Teddy Roosevelt

Questions to Ponder

- Does power corrupt at every level?
- Is the lure of power stronger than the desire for money?
- Ethical situations are sometimes described as someone having a blind spot when considering their own behavior.
- At what point does ethics end and stupidity begin?

If stupidity got us in
this mess, why can't it
get us out?

Will Rogers

*It's the fellow who knows
when to quit that the
audience wants more of.*

Will Rogers