

Frameworks for Understanding Local Government Corruption:

Deconstructing the Case of Bell, California

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Paper prepared for presentation at the 2017 Western Political Science
Association's Annual Convention in Vancouver, Canada, April 12-April 15, 2017

Introduction

While the vast majority of public officials are honest public servants, corruption involving city, county, and state officials, is not uncommon. In 2012, more than a thousand public officials across the country were convicted of bribery, fraud, perjury, and/or theft. The preceding 20 years saw an average of 1,013 public corruption convictions every year (DePangher, 2014). One of the most astonishing stories of municipal corruption in the past few decades recently occurred in a small city in southern California. Bell, California is one of the smallest, poorest cities in Los Angeles County, but until the beginning of the decade, its top city administrator had a pay, and benefits package worth \$1.5 million a year. In the largely immigrant city where many residents did not speak English, the municipal government stopped serving the people and started helping itself in a case of “corruption on steroids,” according to the Los Angeles County district attorney (Gottlieb, Vives & Leonard, 2010). Widespread abuse included everything from multimillion-dollar capital projects, funded but never built, to shakedowns of business owners and people who had their cars towed. The corruption nearly bankrupted the small, blue-collar city and burdened Bell residents with a massive debt that they still bear today. The result: A poor community that got poorer while city bureaucrats enriched themselves.

Was the corruption in Bell an outlier? An extreme case of municipal corruption? What can we learn from what occurred in this city and prevent other Bells from happening? It has been suggested that Bell was vulnerable because of its disengaged public, lack of media coverage of government, and poor or non-existent governing practices. Yet this still fails to fully explain how such large-scale corruption could have occurred. More specifically, how did such rampant corruption emerge in a system—the council-manager form of government—that was specifically

designed to combat corruption and promote good governance? And how did so many officials and employees conspire to participate in or overlook the ongoing corruption?

In order to deconstruct the corruption in Bell, I examine four frameworks: Political Monopolies, Revenue Extraction, Geographic Contagion, and Public Sector Ethics. These four frameworks for corruption allow an understanding how corruption on this scale is possible. This literature review examines the research on corruption including these four frameworks. Specifically, how they are interrelated, inseparable, and related to measuring and predicting corruption as an outcome. The frameworks examined in this case address some of the gaps in the literature on corruption in the hopes of moving research forward by examining the process holistically, thereby combatting the inherent complexity of local corruption. The article concludes with suggestions on preventing corruption in other municipalities.

Bell, California

Bell is a 2.81 square-mile municipality of just over 35,000 residents, located southeast of downtown Los Angeles. It is one of the poorest cities in L. A. County, with an average annual family income of \$28,000 a year. About 90% of the city is Latino and a sizable number of residents are not in the country legally (City of Bell, 2011). In July 2010, *Los Angeles Times* reporters Jeff Gottlieb and Ruben Vives received a tip: Some Bell city officials seemed to be enjoying some unusually high salaries. The result was a Pulitzer Prize-winning series that exposed an astonishing level of corruption orchestrated by the city's chief Administrator officer, Robert (Bob) Rizzo, and Angela Spaccia, his assistant.

At the time, Rizzo was making no less than \$787,000 (\$1.5 million in total compensation) annually. The rest of the administrators received less than Rizzo, but significantly more than most public administrators. This included Four of the city's five Councilmembers

earning nearly \$100,000 per year, California law allows \$400 per month compensation for part-time council members. Meanwhile, the property tax burden for Bell's mostly low-income residents had soared to the second highest in L.A. County. In the wake of media accounts and its own investigation, the L.A. District Attorney's Office indicted eight Bell officials, followed by numerous investigations by—among others—the California Attorney General's office, the U.S. Securities and Exchange Commission, the State Controller and the IRS.

Even discounting the enormous sums involved, this was no ordinary failure of governance. The picture that emerged from years of federal, state, and local investigations, trials, depositions, and media accounts is of an elaborate culture of corruption led by not only Rizzo, but also multiple employees, consultants, and branches of government who became complicit in years of lucrative self-dealing on a huge scale. Rizzo maintained this massive theft—and the silence that concealed it—by removing or co-opting those who opposed him. He targeted municipal institutions, diluting or dismantling the checks and balances that built in to the council-manager form of government. Rizzo further increased his authority by converting Bell into a charter city, convincing the Council to support the move via a special election in 2005. The measure passed (336 to 54), less than 1 percent of voters turned out and absentee voters filed most of the ballots (239).

Through all this, Rizzo and his staff went to great lengths to hide much of their doings from the public. They operated with virtually no written policies or procedures. He created a complex network of phantom agencies in order to conceal his, and the council's salaries, an incomprehensible, and highly opaque, system for conducting city businesses. There was no way to track and understand expenses incurred or what city officials were doing. When concerned

residents sought answers or clarification, he lied; when staff members and the city attorney questioned his actions, he bullied them into silence.

In order to finance the bloated salaries and benefits enjoyed by a few, Rizzo extracted revenues from poor and otherwise vulnerable parties. He raised property taxes, issued bonds for imaginary capital improvement projects, and created huge debt for city residents. He had his police force and code enforcement officers target poor and suspected unlicensed and undocumented citizens and their families to meet quotas. The city impounded cars and charged a rate to recover them that was triple that of neighboring cities, including Los Angeles.

Merely increasing the price of government services for Bell's citizens was not enough. Businesses were subject to new additional taxes and targeted arbitrarily for minor code violations, tactics ultimately resulting in a large exodus of businesses from the city. After the whole scheme crashed, Rizzo pleaded guilty to state charges and no contest to federal charges. He received a 12-year state prison sentence, was ordered to pay \$8.8 million in restitution, and served federal prison time concurrently with his state term. The two leaders of the "Bell 8," Rizzo and Spaccia, are still behind bars, while the others have served their official punishment. Newly elected Council members and their officials—with some help from the county and state governments—are trying to put their damaged city back together. They're hoping that new elected representatives, new professional staffers, new businesses, and a new resolve by citizens to stay engaged in their local government will gradually assure outsiders—and themselves—that the conditions that unleashed such massive corruption no longer prevail in a little town that is still battling a big, bad reputation.

Literature Review: Public Corruption

Corruption, the misuse of public office for private gain (Treisman, 2000), can have multiple definitions (Cordis & Milyo, 2016; Seldadyo, 2008), it can be legal – campaign contributions and endorsements in exchange for explicit or implicit public benefit, or illegal – private gains of cash or gifts in exchange for specified private benefits. When benefits are for private individuals, or groups, and the gains go to a specific official it is illegal. When benefits are public and the gains less specific to one person, it is generally not illegal, even if unethical (Dincer & Johnston, 2014). Corruption, even if not illegal, has an impact on civil society through higher public debt (Liu, Moldogaziev, & Mikesell, 2017), lower levels of investment (Mauro, 1995), increased perceptions of corruption, and lower conceptions of integrity (Bean, 2008; Masters & Graycar, 2016; Stevens, 2016). A higher perception of corruption can negatively influence social capital with its many effects on participation and engagement, or ‘civicness’ (Bean, 2008; Masters & Graycar, 2016; Putnam, 2000; 1993).

Measuring and quantifying corruption is problematic. There have been numerous indices concentrating on corruption including: perceptions of, convictions, stringency of laws, capital markets, red tape, and bureaucratic efficiency (Center for Strategic & International Studies (CSIS), 2006; Cordis & Milyo, 2016; Enten, 2015; Hassan & Bashir, 2017; Mauro, 1995; Putnam, 1993; Seldadyo, 2008). These indices measure actual corruption with varying levels of accuracy. At best, they offer a general idea of corruption levels and, at worst, a misconception of what has been measured (Cordis & Milyo, 2016; Seldadyo, 2008). Successful corruption can go on for many years without a hint of wrongdoing, such as in Bell, and thereby evade any measurement (Reilly, 2016).

Hassan and Bashir (2017) following Mauro (1995), and after Putnam (1993), examine the level of ‘Red Tape’ in a system, he points to the complexity of the relationship between red tape and corruption; finding there is a middle ground between none and a complex tangle of inscrutable regulations. Mauro (1995), in his measurement of bureaucratic efficiency and honesty, also supports a middle ground where the ‘correct’ amount of regulation is a primary factor in levels of corruption.

Hassan and Bashir (2017) link levels of professionalism and ethical behavior, of those working in public administration, with the concept of bureaucratic efficiency and honesty, or integrity. Menzel (2015) points to gaps in the literature surrounding ethics competency and training including new ethical concerns in networking and public-private partnerships. One of the primary tools to combat corruption, on the local level, is the council-manager system of local government (Reilly, 2016). This depends on a staff of professional administrators acting under guidance of elected officials, familiar with ethical standards such as those from the International City/County Management Association (ICMA) and the American Society for Public Administration (ASPA). Although many administrators in governmental positions, including those outlined in Bell, are part of the ICMA there is no requirement for training or competency in ethical codes. Individual administrators follow such guidelines according to their own moral judgment.

Roberts (2012) examines the Supreme Court’s ruling in *Skilling v. United States* (2010) where the court ruled holding public officials accountable for corruption, beyond bribes and kickbacks would require congress to pass new legislation defining what constitutes those corrupt acts. Adding further complexity to corruption prosecution “So-called honest services fraud” can no longer be prosecuted under the, frequently employed, mail-fraud statute (Roberts, 2012, p.

399). The court also placed a limitation, in a unanimous decision, on the definition of corruption from the Hobbs Act, which allowed prosecution for benefits not due officials by performance of regular duties or acquired under “Color of Right” (Cordis & Milyo, 2016; Gilchrist, 2016). In *McDonnell v. United States*, and the *Skilling* decision, the court clarified there must be a *quid pro quo*, and the ‘quo’ cannot be broadly defined; it must be obvious what the official received in return. In *McDonnell*, the Governor of Virginia and his wife, both convicted of “conspir[ing] to lend the prestige of the governor’s office” to a pharmaceutical representative’s requested policy, received lavish gifts in return for setting up meetings and attending events (Helderman & Zapotosky, 2014). Since they only advocated for policy, their actions, labeled ‘distasteful’ by Chief Justice Roberts, were not unlawful; instead, the lower court’s definition of corrupt acts was too broad to implicate those actions as corruption (Gilchrist, 2016).

Beyond attempts to combat corruption legally are tactics employed globally to limit the effects of corruption including audits, grassroots monitoring, and whistleblower facilitation; strict auditing (100%) and participatory democracy have been found to be most effective (CSIS, 2006). However, both tactics require buy-in from those profiting from corruption. The Center for Strategic & International Studies (CSIS), the Center for Social Development (CSD), and United Cities and Local Governments (UCLG), are amongst the numerous NGOs around the world working to gather experts to aid in the fight against corruption. However, Salbu (2000) presented three big questions regarding transnational bribery. The third of which, should NGOs supplant government in the fight against corruption, is answered by Dunfee and Hess (2001) who claim NGOs alone cannot combat corruption; there must be the correct mix, a ‘portfolio of strategies’ combatting corruption from all sides.

Finally, analyzing complex, intractable, systems like corruption is difficult (Dunfee & Hess, 2001; Hassan & Bashir, 2017; Kaptein, Huberts, Avelino & Lasthuizen, 2005; Lancaster & Montinola, 2001; Menzel, 2015; Stevens, 2016). Statistically advanced methods help, but when the indicators only give an idea of the state of corruption, as opposed to an actual count of instances, the resulting predictions are important but the quality of measurement limits their value. Surveys offer points in time, but often are unsustainable and offer only snapshots without follow up, not allowing prediction (Cordis & Milyo, 2016; Kaptein et al., 2005). Qualitative cases offer greater detail regarding instances of corruption, including who, when, how much, how things happened. While methods for comparing qualitative cases offer glimpses into how similar cases progressed (Lancaster & Montinola, 2001; Stevens, 2016), each qualitative case is essentially unique. Qualitative comparisons can assist quantitative studies, but generally cannot offer solutions on their own (Kaptein et al., 2005). Moreover, as Cordis and Milyo (2016) point out, it is imperative that researchers understand the failings of earlier research, often due to incorrect data, and re-examine old questions with new and improved data, as it is available, instead of relying on conclusions without further investigation into the restrictions faced by those researchers.

The story of the corruption in Bell is presented through the prism of the following four theoretical frameworks: political monopolies; geographic corruption contagion; the corruption effects of fiscal systems that enable revenue extraction; and a professional public-sector ethics lens.

Theoretical Frameworks

Political Monopoly

The two primary forms of local governance that have emerged in the United States are best characterized as the strong-mayor (or mayor-council) and the council-manager form of government. The strong-mayor form of government dominated cities through the first half of the 20th century. In this form, an elected mayor serves as CEO and holds overall authority to appoint and dismiss department heads. The largest cities in the U.S commonly use this type of government. However, in response to the history of widespread corruption in many large cities, progressive reformers in the early 1900s introduced new approaches to governance, instead of an elected ‘CEO’ councils appointed non-partisan city managers, a professional to oversee operations. While not as popular in cities with populations over 500,000, the council-manager form remains the most common today.

Trounstine (2008) suggests these two forms of government, separated into “machine” versus “reform” in public administration research, are simply alternative power structures with the council-manager form equally able to form a “political monopoly.” The major challenge facing practitioners in both forms is that of reelection. In fact, elections – though rife with their own problems – are what tend to keep local government leadership honest. As Trounstine found, “When politicians cease to worry about reelection, they become free to pursue government policy that does not reflect constituent preferences. They acquire the ability to enrich themselves and their supporters or pursue policies that would otherwise lead to their electoral defeat” (Trounstine, 2008, p. 8).

A regular topic of research in political power and corruption centers on the level of public support, “How can citizens support corrupt governments?” In many cases, it is a circular system

of paternalistic support where civil society becomes dependent on the monopolistic regime in a clientelist network (De Alba-Ulloa & Arellanes-Arellanes, 2017; Manzetti & Wilson, 2007; Moini & Pizzo, 2017). The situation in Bell was different, instead of a civil society dependent on a paternalistic Rizzo; there was a disengaged and confused civil society. The systems of governance were incomprehensible for business and the large immigrant population was less likely to participate in elections, and the governance process. Education and social capital build strong connected communities engaged with their government, and its officials (Bean, 2008; Putnam, 2000). Rizzo took advantage of an uneducated community, where social capital was at a negative ebb. Public participation, civic understanding, and engagement were nonfactors in Bell.

Political corruption results when politicians or officials uphold democratic norms in public but violate them in private (CSIS, 2006). The “political monopolies” concept is a key to understanding what happened in Bell. Rizzo operated in a nontransparent manner, during his tenure, he controlled who came onto the Council; he appointed candidates or they ran unopposed (Reilly, 2016). When vacancies occurred, Rizzo would interview and select who would fill them (Hogen-Esch, 2015; *People v. Hernandez*, 2011, p. 85). He essentially removed the threat of losing elections or of having to contend with Council members who might challenge him. Thus, Rizzo, Spaccia, and the Council placed self-interest over the public interest disenfranchising the public.

Rizzo’s two main techniques were to remove those who opposed him and co-opt those around him. It is worth noting while the Council as a whole was not highly educated; while Rizzo and his senior staff were well schooled and trained. He and several others held master’s degrees in public administration. In addition, although Rizzo discouraged Bell officials from participating in professional organizations and attending conferences, many were members of

professional organizations like the ICMA and the Los Angeles County Police Association; such memberships require loyalty to a professional code of ethics and conferences reinforce their ethical training.

Rizzo carefully drew others into the of web corruption. He rewarded those who played along and removed those who got in his way. He did so by placing certain individuals in key positions, and ensuring that other individuals and groups became complicit in illegal activities. Rizzo made many municipal workers easier to terminate removing their civil service status to become at-will employees. One example was his weakening of the union presence for police and other municipal employees, the police union was the only active union in Bell. When the scandal broke, the three bargaining units in Bell had no memorandum of understanding (MOU); two of the three units never had an MOU (Aleshire & Taylor, 2015).

Rizzo created loyalty among his top officials by means of pay and perks. He paid them high salaries, allowed them to buy credits in the retirement system with taxpayer dollars, and accrue sick and vacation leave at extraordinary high amounts. He then oversaw a loan program in which the majority of city employees benefited from using their sick and vacation leave accruals as collateral for the loans. The outrageous \$100,000 salary, paid from phantom agencies that rarely if ever met, tied the (part-time) Council members to the corruption.

Rizzo broke down the council-manager systems traditional checks and balances. *L.A. Times* reporter Gottlieb said, “Council members were either part of the scam or too dumb to realize Rizzo worked for them, not the other way around” (Gottlieb, 2015). The gaps in checks and balances began with Rizzo’s ability to conceal his former misdeeds in other cities. Former Councilman George Bass said 17 years later that he regretted that he and his fellow Council members did not diligently investigate Rizzo’s background before hiring him (Pringle, Knoll, &

Murphy, 2010). However, due to Rizzo's aptitude for manipulating systems and gaining loyalty, very little negative information was available. Looking more closely at those past assignments, one finds the same predispositions toward cultivating, accumulating, and wielding political power for personal gain.

In addition to intimidation and deception, Rizzo also used confusion, creating a system for approving city business that was completely incomprehensible. He manipulated Council meeting agendas, choosing items for the consent agenda and often listing items with misleading titles, incorrect backup, or no backup at all. When he needed attorney approval, Rizzo would often use a cover sheet bearing the city attorney's signature, and place it on items—or simply switch signatures with different items. This combined to create an indecipherable process for conducting City business.

Geographic Contagion

A relatively new area of research explores the contagious effect of corruption. Similar to the study of a contagious disease, researchers seek to describe a cascading effect of corruption, whether vertically within an organization or geographically from one neighboring region to another. It is assumed a minimal threshold of corruption already exists before it spreads and becomes the social norm; this process is influenced by a variety of factors such as cultural norms, a lack of transparency, weak or nonexistent check-and-balance systems and inadequate regulations and laws. Much of the research on the geographical spread of corruption has focused on how one county's corrupt practices spread to another. A variety of factors can be drive this spread including trade, tourism, and immigration (Quaz, Langley, Tlii, 2013).

These studies have found that corruption is indeed contagious between some neighboring counties, but that it diminishes as the distance between the counties grows (Das & DiRienzo,

2012; Quaz et al., 2013). The regional-diffusion model posits governments in the same geographic region, which share physical borders, influence the adoption of policy innovation (Berry & Berry, 1990; Grinstein-Weiss, Wagner & Edwards, 2005). There is a good deal of empirical evidence of regional diffusion across jurisdictions, and scholars have used this framework to identify both intra-state and interstate influences on policy adoption (Berry & Berry, 1990, Mooney & Lee, 1995; Stream, 1999).

The studies of the geospatial connections in corruption are subject to the same problems inherent in the measurement of corruption (Cordis & Milyo, 2016) on top of measurement issues there are advanced statistical techniques required to properly address spatial heterogeneity and other issues particular to spatial analyses (Fotheringham, Brunson & Charlton, 2002; Seldadyo, 2008). The research on geographic contagion parallels the literature on policy adoption, as far as geographic contexts are concerned (Center for Social Development (CSD), 2005; Clemens, Crespino & Finocchiaro, 2015).

In the past few decades, the southeastern Los Angeles county cities of South Gate, Bell, Cudahy, Maywood, Vernon, Huntington Park and Lynwood, and two water districts—Maywood Water Company and Central Basin Municipal Water District—have been embroiled in corruption scandals. Is there a “culture of corruption” in this area? If, as research shows, corruption can be contagious among neighboring countries, driven primarily by the factors outlined by Quaz et al. (2013), then the regional-diffusion model, focusing on adoption of policy innovation, may address the effects of corrupting influences among southeast Los Angeles county cities sharing borders; adding a contagion effect to the model.

Are corrupt practices in some of the southeastern county cities spilling over into their neighbors’ public operations? Some of the players in the Bell scandal were involved in

neighboring cities. George Cole, elected in 1984 as a reformer after the Bell poker corruption scandal, remained on the Council for 24 years including rotations as Mayor. He held numerous contractual relationships with many of neighboring cities through the Steelworkers' Oldtimers Foundation. Former Mayor and now councilmember Nestor Valencia insists Cole was the true mastermind of the corruption in Bell because of his connections across the region.

Some urban planners have recommended merging some of these cities into one larger governmental entity to achieve a larger tax base, economies of scale and stronger oversight (Flores, 2013). Combining police, fire, and other city services might also deliver services more efficiently, and better position the region for economic development and regional planning (Reilly & Tekniepe, 2011). As noted above, the Bell scandal broke when reporters were examining a proposal being discussed to form a regional police force by combining the forces of Bell, Maywood, and other small cities. This is an idea worth pursuing. Public safety costs for local governments are devouring larger and larger portions of municipal revenues, while the need for every city, particularly smaller ones, to have its own police and fire departments is questionable.

Similarly, some have suggested that there are simply too many local governments in California for the public to be able to track. The total includes 58 counties, nearly 500 cities, more than 1,000 school districts and upwards of 4,500 special districts (Matthews, 2015). It may in fact be time to rethink how municipal services are being delivered. The number of complex, large-scale, cross-boundary problems is on the rise, and traditional city governments are often ill-equipped to deal with them. Regional governance structures and shared services may be better suited to tackle these issues—while also providing the kind of additional oversight so sorely lacking in Bell (Laslo & Judd, 2006). Proposals for the consolidation or disincorporation of some

southeastern Gateway cities have their fair share of critics. Notably, suggesting that the mostly Latino and working class cities in Los Angeles County cannot govern themselves—while more affluent cities should retain their autonomy—can make talk of consolidation challenging .

Revenue Extraction

A number of economic theories explore the economic consequences of corruption for the growth and development of municipal economies. These include rent-seeking behavior—where rewards flow to those who have inside connections within private business and/or public officials (Silve, 2014); the role of corruption in distorting policy choices (Cain & Rotella, 1990), and how corruption raises transaction costs (Liu et al., 2017). The mainstream view is that corruption diverts resources from productive activities, and “that extra costs arising from paying commissions to politicians/bureaucrats for big contracts or bribing local officials for licenses/permits, utilities connections, police protection, tax assessment, etc., raise the overall costs of doing business, lower profitability of investment and breed inefficiencies” (Liu et al., 2017). Rizzo used multiple techniques to extract revenues from the city and its residents. He raised property taxes and issued bonds for imaginary capital improvements, imposing a huge burden of debt on Bell residents. He used the police force and city code inspectors to drain more money from individuals and businesses.

Public officials are attracted to municipal corruption; these theories posit, primarily by the opportunity engage in revenue extraction—the appropriation of material wealth from citizens. When revenue is extracted by illegal means, it is considered graft. However, Rebecca Mendes (2013) notes that a powerful limit to municipal corruption is the “...ability of wealth to leave the city...A corrupt government can only steal if the wealth both exists and cannot escape” (p. 3). She notes that many U.S. cities survived corruption during the Progressive Era (1890-

1920) because city officials balanced graft with investment in the city. They could not afford to drive businesses out of their municipalities (Mendes, 2013).

McGuire and Olson's (1996) theory of the "stationary" and "rover" bandit governments reinforce Mendes' (2013) claims. The stationary bandit government pursues economic development so it can extract more wealth from its wealthier citizens. The officials may act purely out of self-interest, but still provide a surprisingly high level of public goods and services. The problem arises when a dishonest official operates with only a short-term horizon, becoming a roving bandit unconcerned with investing in the city and interested only in extracting public resources (McGuire & Olson, 1996). Generating revenues through extraction can be accomplished in a variety of ways, such as property tax increases, the shakedown of businesses, and encouraging large and unnecessary infrastructure projects that are easier to skim from.

Under their theory, a stationary bandit thinks long term. He/she engages in various forms of graft at the expense of residents and businesses, but realizes that the illicit activities must stop short of driving wealth out of the city. That is, the stationary bandit realizes that businesses are mobile and can leave for conditions that are more favorable. L.A. County, for example, has 88 cities in close proximity fiercely competing to attract businesses, which enhances their tax base.

The stationary bandit, while acting dishonestly, will also engage in economic development and other investment activities to ensure that businesses and their accompanying wealth do not leave. This may entail some revenue extraction from businesses, but it usually also includes agreements that, in exchange for the graft, might allow the business to by-pass regulatory requirements or other bureaucratic hurdles—in other words, allow the business to operate more profitably. The rover bandit, by contrast, fixates on siphoning money from the city, its residents and businesses with no regard for the future impact of his/her actions.

It could be argued that Rizzo initially operated from a stationary bandit perspective. Early in his tenure, he restructured bonds, invested in infrastructure, improved police and graffiti abatement response time, and made measurable improvements in municipal services—all while engaging in arbitrary payment schemes to extract money from businesses. He seemed to abandon this perspective when he brought on Spaccia and they began conspiring to increase their salaries and build up their retirement payouts. In essence, they became short-term or rover bandits.

Another tactic employed for personal gain was issuing debt, in order to skim from the large sums of money from large projects with many different line items in the budget. This type of extraction is difficult to discover without a dedicated search for the exact amounts and items (Liu et al., 2017). The city of Bell issued millions of USD in bonds for a never built sports complex. Various other bond issues loomed for Bell, after the scandal broke and the primaries convicted. However, the vast spread of money, in illegal payments, contracts, and compensation for third parties and former officials meant the city of Bell needed time and attorneys to untangle its obligations; even if corrupt acts lead to those obligations (Reilly, 2016).

Seven years after the \$70 million bond issue for Bell's Sports Complex, there was almost nothing to show for it. The issuance of the bond provided short-term cash for Rizzo and the Councilmembers to hide their salaries, pensions and other spending. The contract required Bell to make biannual interest payments and to pay off the principal, \$35 million, by November 2010. Bell could do neither. By August 2010, the city's bond rating fell to junk status (Christensen & Gold, 2010). From 2006 to 2010, the municipal property tax rate doubled, giving Bell the second-highest rate of the county's 88 cities (Christiansen, & Esquivel, 2010). Rizzo's shakedowns of businesses drove many from the city—the impact of the exodus can still be felt today.

Revenue can also be extracted, from poor and otherwise vulnerable parties, through the abuse of code enforcement and police stops and citations. A recent example is Ferguson, Missouri, which gained national notoriety following the August 2014 shooting of Michael Brown by a Ferguson police officer. The U.S. Department of Justice (DOJ) investigated the city's police department and municipal court. The DOJ's 2015 report described a consistent pattern of revenue-orientated city practices, including policing, code enforcement and court processes, mostly targeting poor and minority residents. The report concluded, "The City budgets for sizeable increases in municipal fines and fees each year, exhorts police and court staff to deliver those revenue increases, and closely monitors whether those increases are achieved" (DOJ, 2015, p. 2). The report found that, under direction from city leadership, the finance director communicated to both the city court and police department to increase their revenue by specified percentages. The city leadership used this anticipated revenue in budgeting and planning decisions.

Rizzo extracted revenue by targeting the city's poor and otherwise vulnerable residents by misusing code enforcement, and setting quotas for police stops, citations and impounding of cars. Knowing that as many as a third of the residents of Bell and surrounding communities were not in the U.S. legally, he exhorted the police to target immigrant populations for police stops and impounding of cars. Police were told to specifically target cars and trucks carrying lawn maintenance or painting materials, figuring that the occupants or their family members might not be legal residents. Few challenged the citations and impounds. At the height of this activity, police were impounding up to eight vehicles a day

Rizzo and Spaccia had planned to retire on June 30, 2008 and be long gone before the money ran out and residents began to figure out why (People v. Spaccia, 2013). The two let this

end-date pass without bailing out. Was it greed that extended their original termination date? Did they fear exposure because of the potentially explosive failures looming in the corrupt fiscal systems they designed? Rizzo's ability to extract revenue became increasingly limited. His administration began to resemble a house of cards. Bell's shaky foundation was about to crumble.

Public Sector Ethics

Public sector ethics refers to principles evaluating whether the behavior of those who work in the public sector is right or wrong . It is not limited to elected officials, but encompasses any position included in governance and the public administration field. It includes the political level, where policies are formulated, and the administrative level that implements them. It is useful to distinguish descriptive ethics, the empirical study of moral beliefs and practices, from normative ethics, the study of the principles, rules, and theories that guide actions. For example, descriptive ethics tries to determine what proportion of the population believe that killing is always wrong; normative ethics attempts to determine whether it is correct to hold such a belief. When examining ethical behavior, there are two prominent theories that advance different criteria for evaluating whether an act or practice is acceptable. One is teleological ethics, which examines the consequences of an act; the other is deontological ethics, which evaluates the extent to which an act would confirm to certain universally accepted guiding principles (Bowditch, Buono & Stewart, 2008). Deontological ethics looks at the adherence to principle, and disregards the consequences of an act in determining moral worth.

Each approach has both benefits and drawbacks; however, they have been used together to create guidance to public sector workers (Svara, 2007). The practice of corruption and unethical behavior has been evaluated from both these perspectives, and there exists strong

consensus that corruption is ethically indefensible. While there are arguably many principles in operation when referring to public-sector ethics, Niamh Kinchin (2007) suggests there are five basic virtues: transparency, fairness, efficiency, responsibility and no conflict-interest.

Both scholars and practitioners have attempted to identify the ethical responsibilities of public leaders and to offer frameworks for use (Cooper, 2006; Denhardt & Denhardt, 2000; Johnston, 2010; Svara, 2007). The common method has been the promulgation of codes of ethics, guidance standards, ethics training, organizational guidelines, and enforcement mechanisms (Condrey, 2005). Codes of ethics vary widely in terms of content and enforceability; they also are often vague and difficult to apply to specific situations.

Typically, public sector organizations, such as the ICMA and ASPA provide formal ethics training primarily focusing on skill building to deal with current laws and policies. Likewise, organizations frequently adopt an array of guidelines and policies to create an internal culture of ethical behavior (Svara, 2014). Establishing standards and policies to guide ethical behavior is challenging; the existence of these within organizations, although important, will not necessarily prevent an elected or public official from debasing professional standards and undermining the ethical behaviors of others (Cooper, 2006; Janjua & Shehzad, 2016).

One study, focusing on the impact of ethical regulation on politicians, examined the Ethical Framework in England, which included a model code of conduct and processes for investigating/adjudicating conduct complaints (Cowell, Down & Morgan, 2014). They offer three findings; initially politicians offered no overt resistance and conduct denunciations became a tool against opponents, not a smear on their own records. In addition, dominant individuals, or groups, used the Ethical Framework to preserve their positions. Finally, towards the end of the program, politicians successfully argued that the ethical framework imposed restrictions on their

ability to represent their constituents and therefore usurped the electoral mandate, alongside an argument against the costs of all the investigations (Cowell et al., 2014, pp. 24-26). The other concept brought forth in this study was a discussion of Foucault's concepts of power and resistance, examining how 'strategic games' of power undercut and even reverse ethical competency as 'romanticized' resistance to entrenched power structures (Cowell et al., 2014).

Janjua and Shehzad (2016), following Cooper (2006), examine how organizational structure, both formal and informal can cause, or at least fail to hinder, corruption; they find, "the root cause of corruption is in policies, structures and historical traditions [the organizations follow]...[more so in the public sector due to] the use of old-school, traditional, and vague policies and structures" (p. 46). It is the hope of the public administration field to combat these practices with professionally trained administrators. However, as is clear in the case of Bell, unless there are checks and balances in a system, professionals can also abuse public trust. Janjua and Shehzad (2016) point out where anti-corruption laws may help, but point to the role of politics and tradition in the ongoing rise of corruption.

In general, many bureaucracies have failed to encourage ethical behavior, and have even created barriers to doing the right thing (Cooper, 2004). So how can organizations seek to promote ethical conduct? Typically, they create organizational ethical policies or guidelines and encourage adherence to various professional organizations' codes of ethics; they provide guidance and preventive measures by offering ethics training; and they install enforcement mechanisms. Governments should not have only rule-based, or compliance-based structures, these can tempt employees to operate on the edge of misconduct adhering only to minimal standards. Instead, governments should promote ethical awareness and a set of behaviors employees can conform to or aspire to.

These standards should arise from both on a deontological and a teleological perspective. The former mandates standards that are universally applied—such as to place the public interest over personal interest, follow the rule of law, be fair and efficient, and avoid conflicts of interest. The latter, teleological, perspective is concerned with outcomes, or the consequences of a decision—such as maximizing the benefits to the greatest number of citizens. Using one perspective over another can create problems. However, employing them together can create a good balance of ethical behaviors to guide public employees and officials (Benavides, Dicke & Maleckaire, 2012; Svava, 2007).

There were obviously serious breakdowns of ethical standards in Bell. Rizzo—quite apart from his lack of ethical leadership—actively created a culture of corruption in the City. There was no evidence of any policies or guidelines on ethics available to employees; it was reported that Rizzo discouraged employees from attending national conferences, where they could be exposed to various codes of ethics. Further, his lack of tolerance for dissent and his retribution against those who challenged him created a chilling environment for those wanting to do the right thing.

While there seemed to be no ethics training available to employees, a comprehensive ethics training session was provided to the Council by Tom Brown, with Rizzo and Spaccia in attendance. In fact, the prosecution used the fact of this training as evidence that Rizzo, Spaccia and the Council knew they were doing wrong. Perhaps more of an applied framework, or the practitioner-philosopher approach used by the Center for Business Ethics at Bentley College, would have resonated more with Councilmembers, employees and contractors. The following six simple questions were incorporated into their training programs:

1. *Is it right?* (based on the deontological theory of moral rights)

2. *Is it fair?* (based on the deontological theory of justice)
3. *Who gets hurt?* (based on the utilitarian notion of the greatest good for the greatest number of people)
4. *Would you be comfortable if the details of your decision were reported on the front page of your local newspaper?* (based on the universalist principle of disclosure)
5. *What would you tell your child to do?* (based on the deontological principle of reversibility)
6. *How does it smell?* (based on the “gut principle,” that—using ethical theory or not—we usually have a sense of whether something “feels” right) (Bowditch et al., 2008, p. 4).

Conclusion: Preventing Other Bells

Steve Cooley, District Attorney for Los Angeles from November 2000 until 2012, led the prosecution of Rizzo, Spaccia and five former Bell Council members described the Bell corruption case as “well, it is corruption on steroids” (Gottlieb, Vives & Leonard, 2010). Cooley, and the other legal experts involved in Chapman University’s City of Bell Scandal Revisited agreed if you want to prevent, deter and expose public corruption, four elements are required: an engaged and informed electorate, a robust media, transparency, and effective and skilled investigators and prosecutors. (Chapman University, 2015). This section examines some of those recommendations, specifically a robust media, an engaged electorate, and transparency through consolidation/disincorporation and ways to address the problem of a city manager acting as a boss, instead of an employee.

Robust media

Understanding what is happening in local governments can be challenging and complex. The bureaucracy can be difficult for citizens to navigate through. Often agenda items have detailed backup materials and the discussion and deliberations can carry over from meeting to meeting. The local government budget can be intimidating to understand for the average citizen who may not have a background in accounting or a familiarity with budgeting. Consistent coverage by an informed press is essential for effective governance. “The press is, in fact, the

last hope for the flow of information necessary for democratic governance, and the press is being systematically eroded and weakened, especially in its capacity to cover local government,” noted Terry Cooper, Professor at the USC School of Policy, Planning, and Development (Lytal, 2010). The disappearance of local news media was one of the most important systemic breakdowns that allowed the corruption in Bell to escalate undetected.

With the rapid decline of print journalism and shrinking budgets for reporters, news media coverage of Bell’s government was cursory at best and nonexistent at worst. The demise of smaller regional papers has left the *L.A. Times* to cover 88 municipalities and 10 million citizens; meanwhile, the newspaper’s metro-area staff is less than half the size it was in 2000 (Waldman & INoC, 2011). Reporters would occasionally call in to Bell meetings for summaries of important matters, but this was rare. The two *LA Times* reporters credited with exposing the corruption only stumbled upon the scandal because of a story they were doing on the city's interactions with Maywood. The absence of local news media left Bell’s uninformed citizens woefully unprepared to take on City Hall.

This dilemma is part of a national trend in which the traditional print news media are becoming increasingly obsolete and being replaced by citizen bloggers. The idea is that small news outlets and blogs will work with traditional news media outlets to monitor local governments. That certainly didn’t happen in Bell, where internet blogs would not reach the many households lacking an Internet connection. Further complicating this paradigm, of local bloggers as news media, is the lack of ethical concepts for bloggers, whom are really just people with opinions and access to broadcast those opinions. Professional journalists, much like professional administrators, have ethical codes there to hold them accountable.

Engaged electorate

To many citizens, their local government is the most tangible form of government, and it is also the layer of government with which they have most contact in their everyday life.

However, citizens participation in local governments remains abysmally low. In general, residents often aren't compelled to weigh in on an issue unless it negatively impacts them. The residents of Bell, like other working-class communities live busy lives, especially those with children, leaving little time to participate in their local government. Many residents of Bell were undocumented and this also contributed to the low participation in city meetings.

In other cases, local governments can create significant barriers for citizen participation including operating in a non-transparent manner. Rizzo and his staff went to great lengths to hide many of his actions from the public by keeping minimal or poorly documented records and/or a lack of recorded minutes from council meeting or non-existent documentation of business transactions. He manipulated Council meeting agendas, choosing items for the consent agenda and often listing items with misleading titles, incorrect backup, or no backup at all. Additionally there were almost no written policies and procedures, contrary to how documentation is supposed to occur in city governments. When citizens attempted to determine what was going on, city employees and elected officials lied to them. Like many jurisdictions, Bell held city meetings during the middle of the day during the week, making participation and public oversight a challenge for many residents.

Local governments can do much to increase citizen participation and make interaction with the city easier and more robust. Often times, connecting with residents require stepping outside of city offices and meeting residents on their own turf by holding town hall meetings at parks, fire stations and community facilities. Other cities have relied heavily on social media to

connect with residents and utilized tools such as citizen survey data to both inform and elicit input from citizens. Bell now seems to be engaging many of these effective citizens engagement tools and have moved their meetings to a community center in the evenings which have contributed to a significant increase in residents attending city deliberations.

Consolidation/disincorporation

The LA County recorder runs elections for the entire county, all of the municipal elections are tallied at the county level reported and documented their website. This is a common service for counties, it is one of the main ‘county-level’ services for many regions. LA county is not unique in having numerous incorporated towns with shared borders and, increasingly, sharing services. There are over 90,000 local governments in the United States (Haughey, 2016) . Reilly and Tekniepe (2011) list a number of collaborative regional networked systems, which share services. The most familiar are probably special districts with jurisdictions across incorporated borders, which have grown to encompass an increasing number of services (water, fire, school, even public safety, and business development). However, it is important for local administrators to understand how the need for services stretches beyond their own city limits.

The arguments for consolidation or disincorporation are often replete with the logic of spreading the burden across a larger tax base and engaging a governance infrastructure, which is already successfully handling its responsibilities. In the case of consolidation, where two cities become one, or a county and city, it is usually a matter of more efficiency, equity, and economic development (Schaal, Taylor & Faulk, 2017). Whereas arguments against take the form of an ability to react to local concerns, but are often tied up in pride, and even prejudice or classist concepts, when there is a difference in socioeconomic levels. Peter Abelson (2017), a local politician in and professor in New South Wales, Australia, makes the argument that it is more

important to have the correct level of government handling the correct services, a consolidated government may be better able to handle health care, but a local government might be better able to manage libraries and parks.

Are there just too many local governments and taxing districts? Does every city need its own fire department, police department and animal control services? Merging cities and services into more regional bodies or shared systems of governance may assist in achieving a larger tax base, economies of scale and stronger oversight.

City Manager – The New Boss

Is the City and County Manager the new boss? City managers, in the reform government, are supposed to be a professional employee of the council who implements the policy set forth by the council through a staff of professional employees. The council-manager form, originally designed to stave off corruption, has shown the ability to be co-opted. This co-opting, whether it comes from the control of higher levels of government (i.e.: Guschina & Kononenko, 2017), or from a political monopoly as described in Bell (Reilly, 2016; Trounstone, 2008); suggest that these managers are susceptible to the same corrupting influences as elected officials.

The boundaries between the two traditional forms of municipal government are blurring, which may be a good thing. Council-manager forms can incorporate district voting to increase minority representation; strong-mayor forms can incorporate a professionally trained administrator. Still, basic questions remain: Is dishonesty in local government institutional? Are there aspects of government and politics that inevitably lead to corruption, regardless of who is in power?

Perhaps we should look more closely at what might contribute to corruption in council-manager governments, the dominant municipal form in the U.S. Long-term city managers can

become entrenched and vulnerable to the same corrupting influences as those who occupy elected positions. While term limits have reduced the longevity of some elected offices, term limits for local officials are not as popular as they are for state or federal officials.

The role of the city manager/ city administrator and his/her relationship to the elected council is key. With elected officials terming out in staggered terms, a politically astute city manager can ensure his or her long-term survival. Increasingly, a complementarity relationship between elected and appointed officials is emerging that focuses on reciprocal influence and overlapping responsibilities. Obviously, corrupt or unethical people elected or appointed to public office corrupt local government. And those determined to be corrupt will not be swayed by any amount of ethical training. It follows that the best way to achieve good governance is to elect or hire people to positions of public trust that are honest and conduct themselves in ethical ways.

Still, individuals holding power will always face temptations to abuse it, so strong check-and balance systems are essential. Elected boards should exercise primary oversight by careful selection and evaluations of city managers. Regular legal reviews and audits are essential, with the attorneys and auditors reporting to the Council instead of the city manager. Other important elements go beyond structure and encompass transparency, and engagement by residents, civic groups and businesses.

Even when a traditional check-and-balance system is in place and working, city managers/administrator can wield a good deal of power and influence. He/she must continually balance the interests of the city as a whole with the agendas of his/her bosses, the elected officials. Managers can get caught up in board politics and risk incurring the displeasure of a majority—a sure recipe for unemployment. On the other hand, many elected officials quickly

realize that they must work well with the individual who directly controls city staff and resources. Not doing so could place a board member in danger of not fulfilling campaign promises or of being seen as unresponsive to his/her constituents. A city manager with good communication skills can find ways to make this balance happen, and enjoy strong support from the elected body.

When there is little turnover of elected officials and their city managers, problems can arise. Over time, these relationships can develop into a closed and comfortable system that is difficult for outsiders, including residents to penetrate. This can nurture a culture in which wrongdoing flourishes.

Yet in the end, debates over governmental structures and regional arrangements, while important, somehow fail to satisfy. As noted, events in Bell were influenced by several trends. Some well beyond their control. If such factors indeed help set the stage, all that was needed was someone with the right credentials and the wrong motives to come along. Unfortunately, bad motives, willing cronies and vulnerable populations are not in short supply in LA County or elsewhere. That's why the story of Bell should serve not only as a case study but also as a warning.

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