

## Conflicted About Conflicts

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With the election of a prominent businessman as president, commentators have asked a lot of questions about exactly what the new president must do to prevent conflicts of interest with his complex international web of business activities.

Businesspeople who become high government officials, such as the mayor of New York City, traditionally place their holdings in a blind trust. That way, other people make decisions about the company and the government official can't really know what's going on, so they can't use their official role to help out their company. In the case of the former mayor, it helped that the business interests in question consisted primarily of a single, large media company that did not, as a cornerstone of the business, negotiate lots of long-term real estate deals with government authorities around the world.

The case of the new president is more complicated. His business assets consist of real property and a range of operating companies all over the country and the world. Many of those investments rely, in a fundamental way, on agreements with governmental authorities. They have complex income streams and ownership structures involving lots of entities and other investors. All these assets are highly identified with him and, to a lesser extent, his family. His brand consists of himself, for better or worse, played out throughout an empire. It's not so easy to pack it all up in a box and let other people deal with it. And the likelihood that those other people will screw it up is much higher than in the case of a professionally managed and institutional media company of the type owned by the former mayor.

The new president has suggested that he has confidence in his children to run his business on his behalf. He says he'll leave them alone, but the commentators don't believe him. They think he'll still have a terrible conflict, terrible potential to use his public role to benefit his private business. Even if he has no conflict, his pre-presidential business will distract him bigly.

Instead, commentators have helpfully suggested that the only way to solve the new president's conflict problem is to sell his empire. That process is not so easy, given the nature and scope of the assets. It's not clear that, in the hands of buyers, the empire would have the same value or generate the same results. A sale would also probably leave the former owner of the empire – now somehow president of the United States – with a portfolio that has nothing to do with the business he created. That replacement portfolio would probably consist of asset types for which he has little expertise or management skill.

Whether the new president establishes a blind trust or is forced to sell all his businesses, it's a huge sacrifice to ask him to make. Critics would argue that if anyone wants to hold public office, they just have to be ready to make that sacrifice and it's just too bad.

If that's true, then it's also too bad for the country. It means people who are wildly successful in the private sector will shun public service because the price is too high. But those people may have a lot to add. They have a mindset very different from people who have been in politics all their life. If we drive the most successful business people away from public service, then government loses their potential knowledge and experience. We are more likely to be left with government officials who have little, if any experience, in the private sector, and very likely view government as the only sector that really matters.

The divestiture campaign against the new president implies that any successful business person who runs complex operating companies (and doesn't just have passive income, such as investments) must pay a tremendous price to become a government official. In contrast, someone who has always been in public life – for example, whose career has consisted of community organizing, writing, teaching and politics – won't have any problem because they won't have substantial and complex assets that may lose value outside the control of their owner.

Perhaps we should rethink our assumptions on how to deal with conflicts of interest for high government officials. Maybe some middle ground exists where a successful businessperson doesn't have to make the huge sacrifice implied by divestiture or even, in some cases, a blind trust. Maybe by demanding absolute purity and separation, we make it impossible for some types of successful businesspeople to take public office. Regardless of one's views of the new president, surely there is something to be said for making it easier – by not creating huge disincentives – for a diverse range of successful people to hold public office.

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