STATE ETHICS COMMISSION

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January 13, 2017

The Honorable Roy A. Cooper, III
Governor of North Carolina
20301 Mail Service Center
Raleigh, NC 27699-0301

via Email

Re: **Evaluation of Statement of Economic Interest Filed By Michael S. Regan**
Department of Environmental Quality – Prospective Secretary

Dear Governor Cooper:

Our office is in receipt of Michael S. Regan's **2017 Statement of Economic Interest** as your prospective appointee as Secretary of the North Carolina Department of Environmental Quality ("the Department"). We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 138A of the North Carolina General Statutes ("N.C.G.S."), also known as the State Government Ethics Act.

We did not find an actual conflict of interest, but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The State Government Ethics Act establishes ethical standards for certain public servants, including conflict of interest standards. N.C.G.S. §138A-31 prohibits public servants from using their positions for their financial benefit or for the benefit of a member of their extended family or a business with which they are associated. N.C.G.S. §138A-36(a) prohibits public servants from participating in certain official actions from which the public servant, his or her client(s), a member of the public servant's extended family, or a business or non-profit with which the public servant or a member of the public servant's immediate family is associated may receive a reasonably foreseeable financial benefit.

Mr. Regan is your prospective appointee as Secretary of the North Carolina Department of Environmental Quality. He has disclosed that he is the self-employed owner of M. Regan & Associates, LLC, a firm that provides environmental consulting. Mr. Regan has also disclosed that in 2016 he was employed as an Associate Vice-President/Director of the Environmental Defense Fund, an environmental advocacy non-profit. Because of these associations, Mr. Regan should exercise appropriate caution in the performance of his public duties should issues or entities related to his consulting practice, or the Environmental Defense Fund, come before Department for official action or otherwise seek to conduct business with the Department.

In addition to the conflicts standards noted above, N.C.G.S. §138A-32 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant's agency, is regulated or controlled by the

public servant's agency, or has particular financial interests that may be affected by the public servant's official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. §138A-32(e).

Pursuant to N.C.G.S. 138A-15(c), when an actual or potential conflict of interest is cited by the Commission under N.C.G.S. 138A-24(e) with regard to a public servant sitting on a board, the conflict shall be recorded in the minutes of the applicable board and duly brought to the attention of the membership by the board's chair as often as necessary to remind all members of the conflict and to help ensure compliance with the State Government Ethics Act.

Finally, the State Government Ethics Act mandates that all public servants attend an ethics and lobbying education presentation. Please review the attached document for additional information concerning this requirement.

Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the State Government Ethics Act.

Sincerely,



Gretchen D. Aycock
SEI Attorney

cc: Michael S. Regan

Attachment: Ethics Education Flyer