Journal of Forensic and Investigative Accounting
Volume 15: Issue 1, January–June 2023

Impact on Corruption from Enforcement Around Personal Financial Disclosure

Renee Flasher
Mark Myring
*Chubo Peng**

Introduction

Corruption exists in the United States (U.S.) and abroad. The World Economic Forum estimates that the global cost of corruption is at least $2.6 trillion, or five percent of the global gross domestic product (United Nations, 2018). In the U.S., there are occurrences of corruption at the federal, state, and local government levels. Cordis and Milyo (2016) document more than 16,000 convictions for corruption in the U.S. for the years 1986–2014. Transparency International's 2021 Corruption Perceptions Index rating of the U.S. results in it falling out of the Top 25 least corrupt countries, suggesting that corruption is increasing in the U.S. relative to other nations (Transparency International, 2021).

In reaction to past corruption scandals and related events involving government entities, voters have supported the creation of ethics commissions as part of their state government structures (Bullock, 1994). Laws have been passed to create and empower state ethics commissions with a variety of regulatory rules to increase transparency and reduce corruption. A common control used to increase transparency is required personal financial disclosures designed to illuminate potential conflicts of interest. Such disclosures are intended to heighten the accountability of an official's actions within their public roles to make transparent their personal interests when promoting public policy. The disclosures also highlight the interactions and dependencies between governments and private businesses which may result in conflicts of interest and opportunities for self-enrichment.

In this article we explore the impact of cross-state variations around the enforcement of personal financial disclosure requirements on individuals' compliance with these requirements. We build on research exploring the relationship between ethics commissions and corruption by examining the structures around required financial disclosures. We complement prior empirical research on ethics commission effectiveness (Crider and Milyo, 2013; Prato, 2018) and leverage prior literature around deterrence effects of enforcement (Bergman and Nevarez, 2006).

Our hypothesis is developed using deterrence, punishment avoidance, and social learning theory (Meier and Johnson, 1977; Akers and Jennings, 2019; Bandura, 1969). The punishment avoidance literature provides the framework for examining the impact of enforcement of filing behavior. We hypothesize that there is a general deterrence impact from the enforcement of the filing requirements similar to the role of audits in the context of tax and other required filings (e.g., Bergman and Nevarez, 2006). Specifically, we examine whether more prevalent and robust enforcement actions result in greater adherence to personal financial disclosure requirements.

Consistent with punishment avoidance learning, people within government positions may try to avoid submitting the required disclosures or submitting incomplete disclosures. However, enforcement can be a key element of a deterrence scheme as it relates to the probability of punishment for not complying with requirements. In our setting, an enforcement action by an ethics commission against an individual would represent a specific deterrent to that person.

More broadly, such events may result in general deterrence as others observe consequences arising from the enforcement action for failure to comply with filing regulations. Alternatively, as governmental personnel enact mechanisms

*The authors are, respectively: Assistant Professor of Accounting at Penn State Harrisburg; Director and Professor of Accounting at Florida International University; and a proud alumnus of Penn State Harrisburg and Wake Forest University.

Acknowledgements: We thank Brian Peterson for his research assistance with the project. We also appreciate the comments from the 2020 and 2021 Forensic Accounting Section Research Conferences.

to "police" themselves, the process could result in little or no impact on corruption within the government. We explore the relationship between general deterrence, as proxied by financial disclosure enforcement, and corruption.

We begin with an exploration of the historical perspective on personal financial disclosure regulations and the overall ability of governmental entities to enforce compliance with the requirement. This analysis allows for the parsimonious selection of variables for the model we use to explore the impact of enforcement around personal financial disclosure filings on corruption. Next, we examine the presence of a relationship between enforcement around the filings, including failure to file the disclosures, and corruption.

We leverage the Council of State Government's *COGEL Blue Book* for survey data of various ethics state commissions to determine the composition of the personal financial disclosure regimes that exist around the country. To determine if aspects of these regimes impact corruption, we derive a measure based on the state corruption rankings compiled by Cordis and Milyo (2016). This study utilizes court cases relating to corruption from 1986–2014 to rank the 50 states. Specifically, it provides a ranking of all states in terms of corruption cases prosecuted at the federal, state, and local levels. We use this data to examine the relationship between state specific enforcement levels and corruption.

Overall, our results provide evidence consistent with enforcement practices impacting the corruption environment. The results provide a strong association between the investigative powers of the governmental entity such as subpoena powers for records and people and a more nuanced impact from the enforcement and investigation of personal financial disclosures. The overall results suggest there is a relationship between the enforcement regime around personal financial disclosures within a state and corruption prosecutions. This result explores more expansively the collective systems in place around personal financial disclosures within state government beyond the existence of an ethics commission.

Our article makes several notable contributions to the literature in this area. We build on prior research that attempts to examine the impact of ethics commissions on state corruption (Crider and Milyo, 2013). In contrast to prior research, we document a sustained impact between one element of ethics commission activities, personal financial disclosures, and corruption. We leverage the idea of general enforcement to argue that the way that financial disclosures are enforced may impact the culture. Examining factors impacting culture is important as the potential for corruption begins when individuals view ethical requirements as voluntary or optional rather than mandatory.

The article proceeds as follows. We first develop our hypothesis based on ethics commission histories and enforcement literature. Next, we discuss the methodology, sample, and results. Our final section includes the conclusion and the implications of our study.

Overview of State Ethics Commissions and Filings Disclosures

The requirement of ethics-related filings can be traced back to the enactment of laws in the 1960s following the Watergate scandal (Rauh, 2015). A common component of these laws was the establishment of ethics commissions. State-level legislation typically provides a variety of powers, enforcement capabilities, jurisdictional responsibilities, and structures to an ethics commission (Smith, 2003). Ethics commissions are typically the regulatory bodies that oversee the requirements around financial disclosures for elected and appointed government officials, although the responsibility can lie within other state government departments or areas.

Our study focuses on the financial disclosure requirements for government officials and employees. Broadly, ethics commissions design these required financial disclosures to illuminate the business interests of the elected official that may unduly influence decision-making related to their government role. The financial disclosures require individuals to include key pieces of information about their finances that reveal where personal conflicts of interest may arise. These disclosures commonly cover income sources and loans along with additional details around lobbying influences or disclosures of gifts received.

The manner in which state legislators and ethics commissions develop and execute requirements of financial disclosures varies significantly across states. State-specific practices are collected annually using a survey administered by the Council of State Government and reported in their annual *Blue Book* publication. We summarize relevant state-level practices at the start of our research period in 1986 in Appendix B. Specifically, the table provides a state-by-state listing reflecting the existence of a state-level responsibility for/ability to execute the following items: required personal financial disclosure, subpoena witnesses, subpoena records, conduct administrative hearings, impose fines and penalties, file independent actions, any field reviews, and unrestricted public access at the start of our research period in 1986 (as defined in Appendix A). Appendix B is separated into those states with a personal financial disclosure requirement and those without such a requirement with the states, listed alphabetically within each category.

Appendix B reflects significant variability across states. Specifically, the majority of states required personal financial disclosure, can conduct administrative hearings, have unrestricted public access, and can subpoena witnesses and records. In contrast, only a limited number of states can impose fines and penalties, file independent actions, and conduct field reviews of any variation. Note that both states with and without a personal financial disclosure requirement can have a function with investigative powers. Also, it is important to note that there were financial disclosure requirements for states that were typically collected by the Secretary of State department (or function responsible for elections) prior to states formally implementing ethics commissions. We leverage these variations to examine if active enforcement at the state level is associated with the state's level of corruption.

Hypothesis Development

The development of our hypothesis relies on both criminology and business research. The criminal justice literature focuses on the effectiveness of the enforcement level as a deterrence. Deterrence can be general, not necessarily specific to an individual, to have an impact on others through an indirect manner as the knowledge of sanctions and legal consequences can restrain some individuals from non-compliant behaviors (Meier and Johnson, 1977). Stafford and Warr (1993) explore the role of general and specific deterrence. Specific deterrence is the deterrence impact of direct punishment or punishment avoidance for committing a past offense. An example of specific deterrence is an individual obeying the speed limit subsequent to receiving a ticket. In contrast, general deterrence refers to the deterrence impact of observed punishment or punishment avoidance of a law or regulation on potential offenders. A general deterrent may reduce non-compliance with regulations or laws because a potential offender observes the negative consequences imposed on others who have not complied. An example of general deterrence is avoiding speeding because you observe others getting tickets.

The linkages between compliant or non-compliant behavior of individuals and sanctions are based on social learning theory (Akers and Jennings, 2019; Bandura, 1969). Social learning theory is the mechanism through which an individual is made aware of peer group actions that have an impact on the individual. Thus, the deterrence literature supports that enforcement, irrespective of the amount and form, could produce an overall deterrence impact that may influence the corruption environment. The majority of the deterrence literature around corruption is based on the idea that interventions are put in place to reduce corruption, including enforcement (Goel and Nelson, 2011). Similarly, You, Xu, and Wan (2014) document evidence of peers influencing fraud avoidance in the corporate environment. This research would support a positive influence of enforcement on corruption.

While the literature supports a link between enforcement and compliance, there are circumstances where the relationship may be weaker. For example, in settings where the level of enforcement is minimal, individuals may recognize that enforcement avoidance is possible. This problem may broadly manifest when others recognize this lack of compliance without consequences and therefore, may begin not observing all the filing requirements. In such settings, corruption may become more prevalent within the state. This outcome is consistent with a negative application of social learning theory. Specifically, Stafford and Warr (1993) provide a theoretical framework for this outcome in their concept of indirect learning of punishment avoidance and its indirect impact on deterrence. In such a setting, enforcement may negatively influence corruption as the enforcement becomes a method to appear to be tackling an issue but fundamentally allowing corruption to flourish behind the scenes.

In addition to the criminology literature, business literature has explored the relationship between enforcement and deterrence in the setting of taxes. Specifically, prior research on tax compliance examines the role of an enforcement mechanism (tax audit) on the overall compliance with tax filings. Prior research investigates the relationship between the risk of an audit on tax filings. Bergman and Nevarez (2006) explore enforcement of value-added taxes and find that enforcement has a minimal impact on compliance as the cheaters still cheat and the others still file. Alm and McKee (2006) provide limited evidence supporting a positive relationship between auditing and compliance. In sum, literature examining the relationship between the risk of disclosures being audited and the timeliness of filings is inconclusive for the population overall but does support that individuals who have no intention to comply with the requirements are not impacted by the likelihood of being audited. Thus, the enforcement mechanisms behind the financial disclosures may not impact the overall corruption environment.

In sum, prior research suggests that financial disclosures and enforcement may reduce instances of corruption at the state level. However, this corruption reducing effect may be mitigated in settings where individuals feel that enforcement can be avoided. This fact leads to our hypothesis (in null form):

H1: Personal financial disclosure enforcement has no impact on the state's corruption environment.

Methodology

Ethics commissions uniquely function within state government as there is a self-interest element to potentially create an appearance of propriety over substance as these functions are effectively policing the state government officials and employees (Bullock, 1994; Smith, 2003; Rosenson, 2003). Bullock (1994) identifies several enforcement powers that governmental entities (e.g., ethics commissions) may possess related to financial disclosure. These powers include "authorized to issue subpoenas, initiate an investigation on its own volition, conduct administrative hearings, file independent court actions, impose administrative fines or penalties." (Bullock, 1994, p. 35). Our analysis examines how the state-specific presence or absence of these powers impacts the level of corruption within the state.

We employ both univariate and multivariate models to examine this relationship. First, we examine the structure of the 50 states for tetrachoric correlations between different elements highlighted by Bullock to provide evidence of the complementary natures of these oversight structures.

In our multivariate analysis, we create a dependent variable base on the work of Cordis and Milyo (2016). Cordis and Milyo (2016) rank each state based on corruption cases filed in federal and nonfederal courts, adjusted for the population, from the least to the most corrupt over the 1986–2014 timeframe. They also compile a ranking for the state government corruption on a full-time equivalent basis. Using this data, we create a dichotomous variable, *PositiveRankChng*, to capture if the relative level of a state's overall corruption ranking relative to its state-level corruption ranking is stable or improves. This variable allows for the corruption cases attributed to the state outside of state government to be imputed into the baseline to reflect that the states vary with their overall corruption environment. Our comparison of the overall and state rankings allows us to approximate the effectiveness of corruption mitigation tactics employed at the state level.

We employ logistic regression to examine the impact that financial disclosure related enforcement mechanisms available at the state government level have on its state level corruption ranking. Specifically, we regress our dependent variable, *PositiveRankChng,* on the following explanatory variables (defined in the appendix): *Required Personal Financial Disclosure, State Coverage, Different Party Requirement, Subpoena Witnesses, Any Field Reviews, Unrestricted Public Access, Empowered to Investigate Enforcement, and Local Police*.

We expect that effective ethics processes around financial disclosures at the state level may impact the state government environment resulting in relative improvement to the overall state environment. As our model examines the impact at the state level, our variables of interest include the existence of the state requirement for personal financial disclosure along with the jurisdiction for it to apply to elected and appointed state employees and officials. Our key variable of interest is the enforcement variable. Our enforcement variable is based on the existence of annual actions where governmental entities provide active enforcement around financial disclosure filings which implied investigations around the financial disclosure filings. A significant coefficient on this variable will result in a rejection of our null hypothesis. It is important to note that the level of enforcement does not significant vary over the time as the size of these commissions does not fluctuate significantly. The size of a commission would need to change significantly to provide additional human capital resources to significantly change the level of investigations.

In addition, we control for other state-specific factors that may impact results. These control variables include measures of the structure of the ethics commission that requires participants from more than one party based (Crider and Milyo, 2013). We also use the results from our first analysis to identify those key items that appear to be part of an effective financial disclosure structure. An additional control variable includes the local police concentration which represents the overall state affinity towards general enforcement (Goel and Nelson, 2011).

Sample

We examine the relationship between financial disclosure enforcement using data obtained from the Blue Book (1986) and Cordis and Milyo (2016). From the Blue Book, we obtain the data concerning the existence of a personal financial disclosure requirement within the state, the application of the requirement to both elected and appointed state officials and employees, the types of powers for the respective enforcement body (ability to issue subpoenas, independent authority to conduct investigations), and the enforcement levels (number of personal financial disclosures examined annually). Appendix A details the source of the information and the variable definitions. Our final data set encompasses 50 states.

Descriptive Statistics and Results

In Table 1, we provide the correlation analysis for the various state agency powers to highlight the interplay among the structural elements of these functions. The legal laws within each specific jurisdiction provide the outline of the capabilities that each state function can use to fulfill its assigned duties. The results reveal that some powers are strongly correlated. For example, the ability to subpoena records and witnesses by the entity also occurs with the ability to file independent court actions (civil suits).

Table 1: Tetrachoric Correlations of State Entity Powers

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(1) Subpoena Witnesses	1.000							
(2) Subpoena Records	1.000*	1.000						
(3) Conduct Administrative Hearings	0.832*	0.832*	1.000					
(4) Impose Fines and Penalties	0.771*	0.771*	0.628	1.000				
(5) File Independent Actions	1.000*	1.000*	0.472	0.472	1.000			
(6) Any Field Reviews	0.396	0.396	0.570	0.193	0.274	1.000		
(7) Unrestricted Public Access	0.462	0.462	0.551	0.535	0.155	0.641	1.000	
(8) Empowered to Investigate	0.651	0.651	0.489	0.617	0.538	0.066	0.161	1.000

*Indicates significance at a <5% level with a Bonferroni adjustment. See Appendix A for variable definition.

In addition, the ability to conduct administrative hearings and impose fines and penalties (not solely fines) are also positively correlated with the subpoena powers. Thus, these additional items appear to highlight a second level of powers within the ethics structures. Interestingly, the actions associated with field reviews and unrestricted public access to information are not statistically significant. The unrestricted public access dimension does not translate consistently into an open and easy way for citizens or the press to get the information but a legal avenue for those parties to obtain information.

We empirically test whether enforcement, as measured by a government entity reviewing personal financial disclosure documents, impacts corruption. Table 2 details the descriptive statistics for the sample overall.

Table 2: Descriptive Statistics for the Regression Sample

Variable	Obs	Mean	Std. Dev.	Min	Max
PositiveRankChng	50	0.46	0.50	0	1
Required Personal Financial Disclosure	50	0.76	0.43	0	1
State Coverage	50	0.66	0.48	0	1
Different Party Requirement	50	0.46	0.50	0	1
Subpoena Witnesses	50	0.58	0.50	0	1
Any Field Reviews	50	0.38	0.49	0	1
Unrestricted Public Access	50	0.76	0.43	0	1
Empowered to Investigate	50	0.50	0.51	0	1
Enforcement	50	0.50	0.51	0	1
Local Police	50	3.03	0.19	2.63	3.69

See Appendix A for variable definition.

The descriptive measures reflect that personal financial disclosure for government officials has been in place for some group within the majority of states (76%). However, only half the states have any enforcement around personal financial disclosures (50%).

Table 3 reflects the correlations between key state ethics commission variables outlined by our earlier analysis along with the financial disclosure requirements and enforcement variables.

Table 3: Pairwise Correlations of Variables for Regression										
Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(1) PositiveRankChng	1.000									
(2) Required Personal Financial Disclosure	-0.233	1.000								
(3) State Coverage	-0.100	0.388*	1.000							
(4) Different Party Requirement	-0.127	0.237	0.239	1.000						
(5) Subpoena Witnesses	0.054	0.186	0.159	0.460*	1.000					
(6) Any Field Reviews	0.104	0.247	0.301*	0.187	0.249	1.000				
(7) Unrestricted Public Access	-0.139	0.561*	0.486*	0.425*	0.281*	0.343*	1.000			
(8) Empowered to Investigate	-0.201	0.187	0.211	0.281*	0.446*	0.041	0.094	1.000		
(9) Enforcement	-0.281*	0.375*	0.380*	0.281*	0.608*	0.206	0.375*	0.600*	1.000	
(10) Local police	0.209	-0.015	-0.267	-0.028	0.073	0.015	-0.092	0.109	0.065	1.000

*Shows significance at the 0.05 level. See Appendix A for variable definition.

The existence of an enforcement function is statistically significant reflecting a negative relationship between enforcement and corruption. This univariate relationship highlights a contrasting relationship as compared to other key aspects of the personal financial disclosure regimes. The existence of a financial disclosure requirement, required state filings, different parties controlling the body supervising the filing process, key powers including the ability to subpoena witnesses, unrestricted access to reports, and empowerment to initiate their own investigations (not relying on a complaint being filed first) appear to be positively correlated with the corruption variable. Thus, we run the logistic regression to more fully understand our results.

The results of our logistic regression are reported in Table 4. The results reflect a significant coefficient for the enforcement variable is significant but is associated with a lower likelihood of a positive change in the corruption measure. Being able to subpoena witnesses (which also directly correlates with subpoena records and file independent court actions) appears to increase the likelihood of a better corruption ranking for state government as compared to the overall state.

Table 4: Logistic Regression Results for PositiveRankChng

	Coef.	St.Err.	t-value	p-value	Sig
Required Personal Financial Disclosure	-1.181	0.991	-1.19	0.233	
State Coverage	1.251	0.983	1.27	0.203	
Different Party Requirement	-0.801	0.855	-0.94	0.349	
Subpoena Witnesses	2.932	1.330	2.21	0.027	**
Any Field Reviews	0.657	0.787	0.83	0.404	
Unrestricted Public Access	-0.439	1.108	-0.40	0.692	
Empowered to Investigate	-0.428	0.891	-0.48	0.631	
Enforcement	-3.260	1.400	-2.33	0.020	**
Local Police	4.787	2.522	1.90	0.058	
Constant	-14.072	7.567	-1.86	0.063	

Mean dependent var	0.460	SD dependent var	0.503
Pseudo r-squared	0.259	Number of obs	50.000
Chi-square	17.895	Prob > chi2	0.036
Akaike crit. (AIC)	71.099	Bayesian crit. (BIC)	90.220

** *p<0.05*. See Appendix A for variable definition.

As an additional analysis, we examine the levels reported for enforcement noting that 12 of the 25 states fall into reviewed the fewest number of forms annually (five or less) while only three reviewed more than 100 personal financial disclosure forms. Our untabulated results show that, in total, with our results, the current enforcement activities may be working against the substantive differences that are made with the powers incorporated into the process for filing personal financial disclosures. Overall, our nuanced results seem to reflect that the powers and actions of the financial disclosure regimes constructed within state government can impact the corruption environment.

Conclusion

In this study, we investigate how enforcement around required financial disclosures by state officials and employees impacts corruption. Ethics commissions purport that these financial disclosures are an integral part of transparency within American government that is necessary to fight corruption. This corruption research is critical to understanding the third arm of the fraud tree of occupational fraud, corruption (ACFE, 2020). Herbert (2019) reflects how corruption manifests itself in white-collar crimes like embezzlement and bribery. Our study highlights the reality that there are multiple aspects to enforcement of financial disclosure filings in the U.S.

Limitations of our study lie in the fact that we are relying on generalized survey data where exceptions are possible. The ability to capture the nuanced variations is not feasible from the current data. In addition, the length of the time period over which the dependent variable is measured could allow for a correlated omitted variable impacting our results.

Our study provides an empirical analysis of the structure of the various state ethics commissions and how they are associated with corruption. The results provide evidence that suggests that the enforcement levels, as proxied by investigation, may not contribute to reducing corruption to the same degree as strong investigative powers such as subpoenaing people and records. Future research can examine the realities of how individuals fail to disclose information on their forms, if remote work by state government employees during COVID-19 impacted filing rates, and how corruption can be fought more effectively with the information that is present to citizens and the media. With a more complete understanding of anti-corruption controls and how they work, research can more effectively speak to how corruption events involving businesses and government, including officials and employees, can occur within the United States.

Our study has implications for state regulatory bodies and ethics commissions. Specifically, our results show differential impacts on corruption from investigative powers and enforcement levels. The levels of enforcement did not appear to be robustly generating a general deterrence effect. This article is an initial foray into focusing on the impact of the financial disclosure regime at the state level for association with overall corruption. This is important as these financial disclosure forms are used in national (e.g., United States), state and provincial (e.g., Canadian provinces), and local governments across North America.

References

Akers, R. L., and Jennings, W. G. (2019). The social learning theory of crime and deviance. In *Handbook on crime and deviance* (pp. 113–129). Springer, Cham.

Alm, J., and McKee, M. (2006). Audit certainty, audit productivity, and taxpayer compliance. *National Tax Journal*, 801–816.

Association of Certified Fraud Examiners (ACFE). (2020). Report to the Nations: 2020 Global Study on Occupational Fraud and Abuse. Retrieved from https://www.acfe.com/report-to-the-nations/2020/

Bandura, A. (1969). Social-learning theory of identificatory processes. *Handbook of socialization theory and research*, 213–262.

Bergman, M., and Nevarez, A. (2006). Do audits enhance compliance? An empirical assessment of VAT enforcement. *National tax journal*, 817–832.

Bullock, J. (1994). In search of the toughest state ethics law. *State Government News*, *34*(3), 34–37.

Council of State Governments (Blue Book). (1986). *COGEL blue book: Campaign finance, ethics, lobby law and judicial conduct*. Schenider, Sandra ed. Lexington, Ky: Council of State Governments, Council on Governmental Ethics Laws.

Cordis, A. S., and Milyo, J. (2016). Measuring public corruption in the United States: Evidence from administrative records of federal prosecutions. Public Integrity, 18(2), 127–148.

Crider, K., and Milyo, J. (2013). Do state ethics commissions reduce political corruption: An exploratory investigation. *UC Irvine L. Rev.*, *3*, 717.

Goel, R. K., and Nelson, M. A. (2011). Measures of corruption and determinants of US corruption. *Economics of Governance*, *12*(2), 155–176.

Herbert, W. E. (2019). Hindsight, Foresight, and Insight into Global Corruption Issues. *Journal of Forensic and Investigative Accounting*, *10*(1), 225–249.

Meier, R. F., and Johnson, W. T. (1977). Deterrence as social control: The legal and extralegal production of conformity. *American Sociological Review*, 292–304.

Prato, A. J. R. (2018). *The Effectiveness of State Ethics Commissions on Curbing Corruption and the Effect of Corruption on State Economic Performance* (Doctoral dissertation, University of Nevada, Las Vegas).

Rauh, J. (2015). Predicting political influence on state ethics commissions: Of course, we are ethical—nudge, nudge, wink, wink. *Public Administration Review*, *75*(1), 98–110.

Rosenson, B. A. (2003). Against their apparent self-interest: The authorization of independent state legislative ethics commissions, 1973–96. *State Politics and Policy Quarterly*, *3*(1), 42–65.

Smith, R. W. (2003). Enforcement or ethical capacity: Considering the role of state ethics commissions at the millennium. *Public Administration Review*, *63*(3), 283–295.

Stafford, M. C., and Warr, M. (1993). A reconceptualization of general and specific deterrence. *Journal of research in crime and delinquency*, *30*(2), 123–135.

Transparency International. (2021). CPI 2021: Trouble at the Top. Retrieved from https://www.transparency.org/en/news/cpi-2021-trouble-at-the-top

United Nations. (2018). Press Release: Global Cost of Corruption at Least 5 Per Cent of World Gross Domestic Product, Secretary-General Tells Security Council, Citing World Economic Forum Data. Retrieved from https://www.un.org/press/en/2018/sc13493.doc.htm

Yiu, D. W., Xu, Y., and Wan, W. P. (2014). The deterrence effects of vicarious punishments on corporate financial fraud. *Organization Science*, *25*(5), 1549–1571.

Appendix A

Variable	Source	Definition
Dependent Variable		
PositiveRankChng	Crider and Milyo (2013)	Value of 1 if the state government ranking is equal to or better than the overall ranking for that state; 0 otherwise
Independent Variables		
Enforcement	Blue Book (1986), Table 8	Value of 1 if any numeric response is provided for reviewing and investigating personal financial disclosures; 0 otherwise
Required Personal Financial Disclosure	Blue Book (1986) Table 1	Value of 1 if personal financial disclosure is required by law; 0 otherwise
State Coverage	Blue Book (1986) Table 1	Value of 1 if the entity has authority over elected and appointed individuals; 0 otherwise
Different Party Requirement	Blue Book (1986) Table 4	Value of 1 if different political party representation is required on the ethics commission; 0 otherwise
Subpoena Witnesses	Blue Book (1986), Table 9	Value of 1 if the entity has authority in this area; 0 otherwise
Subpoena Records	Blue Book (1986), Table 9	Value of 1 if the entity has authority in this area; 0 otherwise
Conduct Administrative Hearings	Blue Book (1986), Table 9	Value of 1 if the entity has authority in this area; 0 otherwise
Impose Fines and Penalties	Blue Book (1986), Table 9	Value of 1 if the entity has authority in this area; 0 otherwise
File Independent Actions	Blue Book (1986), Table 9	Value of 1 if the entity has authority in this area; 0 otherwise
Any Field Reviews	Blue Book (1986), Table 16	Value of 1 if any field reviews are disclosed; 0 otherwise
Unrestricted Public Access	Blue Book (1986), Table 16	Value of 1 if the public has unrestricted access to reports; 0 otherwise
Empowered to Investigate	Blue Book (1986), Table 8	Value of 1 if the entity is empowered to investigate on their own initiative; 0 otherwise
Local Police	U.S. Census Data	Natural log ([Full-time equivalent of police with arrest powers/state population] 10,000)

Appendix B: Summary of the Financial Disclosure Requirements and Entity Structure/Powers for the U.S. States

State	Agency Name	Required Personal Financial Disclosure	Subpoena Witnesses	Subpoena Records	Conduct Administrative Hearings	Impose Fines and Penalties	File Independent Actions	Any Field Reviews	Unrestricted Public Access
Alabama	Alabama Ethics Commission	X			X			X	X
Alaska	Alaska Public Offices Commission	X	X	X	X	X	X	X	X
Arizona	Secretary of State	X							
Arkansas	Secretary of State	X							X
California	California Fair Political Practices Commission	X	X	X	X	X	X	X	X
Colorado	Department of State	X	X	X	X		X		X
Connecticut	Connecticut State Ethics Commission	X	X	X	X	X			X
Florida	Florida Commission on Ethics	X	X	X	X		X	X	X
Georgia	State Campaign and Financial Disclosure Commission	X	X	X	X	X	X	X	X
Hawaii	Hawaii State Ethics Commission	X	X	X	X		X	X	
Illinois	Illinois Board of Ethics	X			X				X

State	Agency Name	Required Personal Financial Disclosure	Subpoena Witnesses	Subpoena Records	Conduct Administrative Hearings	Impose Fines and Penalties	File Independent Actions	Any Field Reviews	Unrestricted Public Access
Indiana	Indiana State Ethics and Conflicts of Interest Commission	X	X	X	X			X	X
Kansas	Kansas Public Disclosure Commission	X	X	X	X			X	X
Kentucky	Financial Disclosure Review Commission	X	X	X	X	X			X
Louisiana	Louisiana Ethics Administration Program	X	X	X	X	X	X		X
Maine	Commission on Governmental Ethics and Election Practices	X							X
Massachusetts	Massachusetts State Ethics Commission	X	X	X	X	X	X		X
Minnesota	Minnesota Ethical Practices Board	X	X	X		X	X		X
Mississippi	Mississippi Ethics Commission	X	X	X			X		
Montana	Commissioner of Political Practices	X						X	X

State	Agency Name	Required Personal Financial Disclosure	Subpoena Witnesses	Subpoena Records	Conduct Administrative Hearings	Impose Fines and Penalties	File Independent Actions	Any Field Reviews	Unrestricted Public Access
Nebraska	Nebraska Accountability and Disclosure Commission	X	X	X	X	X	X	X	X
Nevada	Nevada Commission on Ethics	X			X				X
New Jersey	New Jersey Election Law Enforcement Commission	X	X	X	X	X	X	X	X
New Mexico	Secretary of State's Office	X							
North Carolina	North Carolina Board of Ethics	X			X			X	X
North Dakota	Secretary of State's Office	X							X
Ohio	Ohio Ethics Commission	X	X	X	X				X
Oklahoma	Oklahoma State Election Board	X			X				X
Oregon	Oregon Government Ethics Commission	X	X	X	X	X		X	X
Pennsylvania	State Ethics Commission	X	X	X	X			X	X
Rhode Island	Conflict of Interest Commission	X	X	X	X	X		X	X
South Carolina	State Ethics Commission	X	X	X	X			X	X
South Dakota	Secretary of State's Office	X							X

State	Agency Name	Required Personal Financial Disclosure	Subpoena Witnesses	Subpoena Records	Conduct Administrative Hearings	Impose Fines and Penalties	File Independent Actions	Any Field Reviews	Unrestricted Public Access
Tennessee	Secretary of State's Office	X	X	X	X		X		X
Texas	State Ethics Advisory Commission	X							X
Virginia	Secretary of Commonwealth's Office	X						X	X
Washington	Washington State Public Disclosure Commission	X	X	X	X				X
Wisconsin	Wisconsin State Ethics Board	X	X	X	X	X			X
Delaware	State Election Commissioner				X			X	X
Idaho	Secretary of State's Office				X	X			
Iowa	Iowa Campaign Finance Disclosure Committee		X	X	X	X			X
Maryland	State Ethics Commission		X	X	X		X	X	X
Michigan	Department of State, Elections Division				X				
Missouri	Missouri Secretary of State's Office, Campaign Reporting Division								
New Hampshire	Secretary of State's Office								

State	Agency Name	Required Personal Financial Disclosure	Subpoena Witnesses	Subpoena Records	Conduct Administrative Hearings	Impose Fines and Penalties	File Independent Actions	Any Field Reviews	Unrestricted Public Access
New York	State Board of Elections		X	X	X		X		
Utah	Lieutenant Governor's Office								
Vermont	Secretary of State's Office		X	X	X				
West Virginia	Secretary of State's Office		X	X	X		X		X
Wyoming	Secretary of State's Office								
Number of States with Item		38	29	29	35	15	16	19	38

Source: Blue Book (1986) where “X” indicates that the state entity has this power or oversight responsibilities.