



State of North Carolina
Department of the Secretary of State

ELAINE F. MARSHALL
SECRETARY OF STATE

November 13, 2012

RODNEY S. MADDOX
CHIEF DEPUTY SECRETARY OF STATE

State Ethics Commission

Please find attached a report filed pursuant to G.S. § 138A-32(e)(8).

Beverly Core
Executive Assistant
Secretary of State's Office

Report of gift accepted pursuant to the exception in G.S. § 138A-32(e)(8)¹

Recipient: Rodney S. Maddox, Chief Deputy Secretary
North Carolina Department of the Secretary of State

Date Received: October 14, 2013

Date Report Due: November 13, 2013²

Donor: Republic of Moldova Tiraspol Lions Club baseball team
exchange program delegation

Nature of Gift: Beverage - bottle of Moldovan KVint vodka, 500 ml and 2013
Brown color cover "Desk Diary" in the Russian language.

Value of Gift: \$10.00 and \$10.00 respectively for a total of \$20.00

Use of gift: The gift was donated to The Minuteman Partnership for
Progress And Prosperity, Inc., a 501(c)(3) N.C. charity, for use at an event related to the
NC-Moldova Partnership.

**Description of how the gift contributed to the public business of industry
recruitment, promotion of international trade, or the promotion of travel and
tourism:**

Background

The Department of the Secretary of State (the Department) has statutorily
authorized international relations responsibilities. G.S. § 147-54.6.³ As part of those

¹ G.S. § 138A-32(e)(8): Gifts given to a public servant not otherwise subject to an exception under this subsection, where the gift is food and beverages, transportation, lodging, entertainment or related expenses associated with the public business of industry recruitment, promotion of international trade, or the promotion of travel and tourism, and the public servant is responsible for conducting the business on behalf of the State, provided all the following conditions apply:

a. The public servant did not solicit the gift, and the public servant did not accept the gift in exchange for the performance of the public servant's official duties.

b. The public servant reports electronically to the Commission within 30 days of receipt of the gift or of the date set for disclosure of public records under G.S. 132-6(d), if applicable. The report shall include a description and value of the gift and a description how the gift contributed to the public business of industry recruitment, promotion of international trade, or the promotion of travel and tourism. This report shall be posted to the Commission's public Web site.

c. A tangible gift, other than food or beverages, not otherwise subject to an exception under this subsection shall be turned over as State property to the Department of Commerce within 30 days of receipt, except as permitted under subsection (f) of this section.

² G.S. § 1A-1, Rule 6(a).

³ G.S. § 147-54.6. International relations assistance.

(a) The Secretary of State may offer direct and indirect assistance in matters relating to international relations and protocol to other governmental agencies and units of the State of North Carolina. The

duties, the Secretary co-chairs the North Carolina – Moldova Committee. The Department's website states that:

The North Carolina - Moldova Partnership for Peace program is based upon an agreement to link these two states together to better facilitate cooperation in the areas of civil emergency operations, expansion of markets, cultural, scientific and academic exchanges, and the coordination of humanitarian efforts of many governmental and non-governmental organizations.

The North Carolina - Moldova Partnership was initially formalized on April 22, 1999 by the Republic of Moldova and the State of North Carolina. That agreement was approved by the U.S. Department of State. It has since evolved into a partnership that includes the efforts of many more organizations and individuals to include private firms, civic organizations and non-profit agencies. The partnership is a bi-lateral association with planning committees in both North Carolina and the Republic of Moldova who work together in a cooperative effort to improve and enrich the lives of everyone it touches.

Since that time, the Department has regularly received and hosted delegations of Moldovan citizens and officials visiting North Carolina as part of the activities of the North Carolina – Moldova Partnership (the Partnership).

On or about October 14, 2013, the Department received a visit from a delegation of Moldovans and their local North Carolina hosts. The visit was part of an "exchange program involving the Twin City Host Lion Club, the Reynolds Rotary club and the Tiraspol Lions Club in Moldova".⁴ The delegation consisted of Moldovan citizens – a Moldovan youth baseball team and its coaches.

During the visit, the Moldovan delegation presented a gift of a bottle of Moldovan vodka to Chief Deputy Secretary of State Rodney Maddox. Moldovan vodka is among the alcoholic beverages which are a primary export from Moldova and one of the possible areas in which Moldova intends to someday expand trade with North Carolina and the U.S.

assistance may be provided upon request of the intended recipient when resources are available for these purposes.

(b) The Secretary of State, on behalf of the State, may accept gifts, donations, devises, or other forms of voluntary contributions, apply for grants from public and private sources, and may expend funds received under this subsection for the purpose of promoting international relations and hosting foreign dignitaries and leaders in North Carolina. All funds and gifts received pursuant to this subsection shall be subject to audit by the Office of the State Auditor and all funds shall be expended in conformity with the Executive Budget Act and shall become the property of the State.

⁴ Article, "*Moldovan baseball team finds bonds with U.S. hosts during stay*", Winston-Salem Journal-Sentinel, Oct. 22, 2013. http://www.journalnow.com/journal_west/news/article_cf215f80-3b46-11e3-bd78-0019bb30f31a.htm

Gifts and the public business of industry recruitment, promotion of international trade, or the promotion of travel and tourism

Receipt of gifts from visiting international delegations is an established part of diplomatic protocol, as is the reciprocal exchange of gifts. The Protocol Officer Training, Level 1 manual of the Protocol School of Washington® includes the following explanation regarding protocol gifts:

Giving and receiving gifts are integral parts of doing business on the world stage. Gifting is an international custom.

There are essentially three basic reasons for presenting a gift. They are:

1. Celebration
2. Expressions used to establish, influence or build relationships
3. [R]epresent appreciation for past deeds and hospitality.

The Department's Office of International Services' website includes a "*Basic Protocol Information for Hosting International Visitors*" which includes the following:

Determine before your guests arrive if a gift is necessary or appropriate. If you are unsure, it is acceptable to ask your visitors' staff in advance of the trip if they will be bringing any gifts, noting that if so, you (or your supervisor) would simply like to be able to reciprocate appropriately. If the gift is more than a small token, you should offer to ship it to your guests' final destination.

That information is part of a larger *Protocol and International Corporate Etiquette for the Government Sector* manual produced by the Department's Office of International Services. Indeed, the United States Department of State actually has a Protocol Gift Unit which has, among its functions, keeping records of protocol gifts received by employees of the United States.

How this particular gift contributes to the public business of industry recruitment, promotion of international trade, or the promotion of travel and tourism

The government of North Carolina has acknowledged the importance of giving and receiving protocol gifts to the public business of industry recruitment, promotion of international trade and promotion of travel and tourism. There are exceptions to the gift ban in the State Ethics Act, related to protocol gifts. The General Assembly has specifically provided for the Department's receipt of protocol gifts and expenditures on such gifts in G.S. §147-54.6. In addition, the State Budget Act includes funds for the giving of protocol gifts.

The relationship between the State of North Carolina and the Republic of Moldova has been formally established and renewed several times. The first Memorandum of Intent Between the Republic of Moldova and the State of North Carolina was executed in 1999. It has since been twice renewed, most recently in 2010, *Principles and Procedures Between the Republic of Moldova and the State of North Carolina (USA) Concerning Their Desire to Strengthen Their Good Relations* (2010).

The cultural exchange which led to the visit to the Department and the gifts from the visiting Moldovan delegation was initiated by a Moldovan national working on his MBA at Winston-Salem State University.⁵ It involved two North Carolina civic groups and one Moldovan civic group as well as other North Carolinians. This is exactly the kind of private sector, citizen generated and citizen managed interaction between the Moldova and North Carolina which the Partnership is tasked with fostering. It is from such face to face interactions and groups working together that we learn more, and learn practicalities, of the kind of civic engagement which is part and parcel of our democracy.

Although the gifts themselves may seem small on their face, Moldova is a proud country and such gifts therefore may have greater significance to the giver. Failure to accept the protocol gifts could have been a direct offense to the 15 Moldovan citizens involved in the visit to the Department. Failure to accept the gift could have had a negative impact on the overall relationship between North Carolina, the United States, and Moldova.

Finally, the gifts themselves have not been retained by Chief Deputy Maddox. They have been given to a 501(c)(3) tax exempt charity, The Minuteman Partnership for Progress And Prosperity, Inc., for its use in the support of charitable endeavors with regard to Moldova and its citizens.

⁵ Article, "Moldovan baseball team finds bonds with U.S. hosts during stay", Winston-Salem Journal-Sentinel, Oct. 22, 2013. http://www.journalnow.com/journal_west/news/article_cf215f80-3b46-11e3-bd78-0019bb30f31a.html