



An Ethics Booklet for  
Executive Branch Employees  
January 1995



# Take the High Road

---

## Introduction

**I**n your personal lives, each of you is called upon at times to make personal judgments that involve ethical considerations. Often you make these based upon your gut feeling of what is right or wrong and after you have talked the problem over with someone you respect. Problems involving ethical considerations may also arise as you carry out your official duties. Sometimes gut feelings help employees to know what to do in such situations. But because the public welfare is at issue, our Government has developed written standards for employees. These standards take the form of statutes and regulations. And just as you benefit in your personal life from discussing ethical issues with others, so too when such issues arise in your public life, you will find it helpful and, sometimes, necessary to talk over Government ethics issues with your supervisor or your agency ethics official.

How will you know when you're facing a Government ethics issue? This booklet should help. It is designed to acquaint you with certain standards of conduct that you are required to meet while working for the Government.

The booklet is divided into subject areas and summarizes some of the rules to be followed when you have a question about conduct involving a particular subject area. It also gives examples so you can better understand how the rules work.

The booklet does not set forth all the rules that apply to you as an employee. When an issue arises involving Government ethics, talk to someone at work about the issue. You may start with your supervisor or go directly to your agency ethics official. Ethics officials can advise you on how the statutes and regulations apply to your problem. They can also explain the special rules that apply if you are a noncareer employee, a special Government employee, or an employee who works on Government contracts.

Public Service is a public trust. It can also be a fulfilling career with many rewards and opportunities. In all of your endeavors, whether official or personal, I challenge you always to take the high road.

Stephen D. Potts  
Director

---

## **Contents**

Gifts from Outside Sources **5**

Gifts between Employees **8**

Conflicting Financial Interests **11**

Impartiality in Performing  
Public Duties **13**

Seeking Other Employment **15**

Restrictions on Former Employees **16**

Misuse of Position **18**

Outside Activities **20**

---

# Gifts from Outside Sources

**Understand that there is a rule that limits acceptance of gifts by Federal employees. Now that I work for the Government, will this rule prevent me from accepting the gifts I'm used to receiving?**

That depends, but most of the gifts you've been accepting probably are not covered by the rule and your right to accept them will not be affected.

## **What is the rule on accepting gifts?**

The rule on acceptance of gifts from outside sources prohibits you, as a Federal employee, from accepting gifts from persons or organizations that --

- Seek action by your agency;
- Do business or seek to do business with your agency;
- Conduct activities regulated by your agency;
- Have interests that may be substantially affected by performance or nonperformance of your official duties;
- Are organizations most of whose members are described above; or
- Give the gift because of your official position.

---

## ***Examples: prohibited gifts from outside sources***

*A representative from a company that is applying for a grant from your agency offers to give you an expensive present.*

*A salesman that sells software to your agency invites you to lunch at a fancy restaurant.*

*A company subject to regulations that your agency administers sends you a gourmet food basket.*

*A local theater company sends free season tickets to you and all other high-ranking employees in your section just because you work there.*

As you can see, the prohibition is fairly limited. Probably most of your friends and relatives -- the people who usually give you gifts -- have no connection to your agency and do not give you gifts because of your official position. Your right to accept gifts from them is not affected by the gift rules.

## **What is a "gift" for purposes of the gift rule?**

Almost anything having monetary value will be considered a gift. And gifts aren't just those things that come wrapped in boxes. Money,

---

meals, tickets to spectator events (a baseball game, the ballet), and services (car-washing, investment-counseling) are all gifts.

**Is there anything that is not considered a gift?**

Yes. There are a number of items that are not considered gifts and that you can, therefore, accept no matter who gives them and even if they are given to you because of your official position. Three of the more common of these gift “exclusions” are--

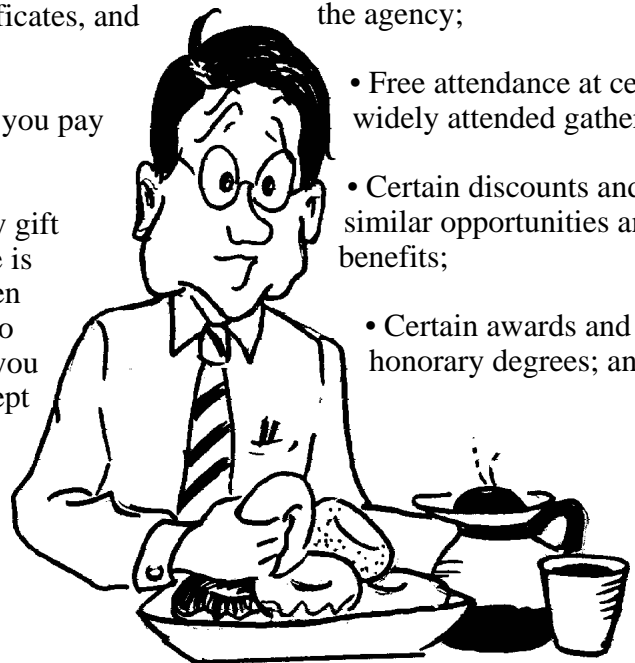
- Soft drinks, coffee, donuts, and other modest items of food and refreshment when not offered as part of a meal;
- Items of little inherent value that are intended solely for presentation, such as plaques, certificates, and trophies; and
- Anything for which you pay market value.

These are not the only gift “exclusions.” If there is something you’ve been offered and it seems to you that, in fairness, you should be able to accept it, ask your agency ethics official if there is an exclusion that would allow you to accept.

**So if it’s a “gift” and it’s covered by the general gift rule, then I can’t accept it?**

Not so fast. That’s generally right, but there are a number of exceptions to the gift rule that permit employees to accept gifts that would not otherwise be allowed. Some more frequently used exceptions allow employees to accept--

- Certain unsolicited gifts with a value of \$20 or less per occasion (but not cash gifts and not gifts that add up to over \$50 in value in any year from any single source);
- Gifts clearly given because of a family relationship or personal friendship;
- Free attendance at certain events on the day an employee is speaking or presenting information on behalf of the agency;
- Free attendance at certain widely attended gatherings
- Certain discounts and similar opportunities and benefits;
- Certain awards and honorary degrees; and



---

• Certain gifts based on outside business or employment relationships.

Again, there are more exceptions than those listed here. And there

are, in addition, restrictions that limit your use of the exceptions. Don't hesitate to talk to your agency ethics officials about any gift issues that arise. Providing advice on such matters is part of their job.

---

***Examples: gift exclusions and exceptions***

*A salesman who works for a company that does business with your agency has offered you two \$10 tickets to the county fair. Can you accept?*

Probably. This gift is allowed under the \$20 exception, provided that you did not ask for the tickets and that gifts you receive from this company and its employees, when added together, do not exceed \$50 in a calendar year.

*You have a second job as a beekeeper with a honey producer and you are a member of the Stinging Society, aka Association of Beekeepers, which has invited you and all the other members of the Association to a subsidized weekend retreat. Most of the members of the Association conduct activities regulated by the agency where you work. Can you accept the invitation?*

Yes. The invitation clearly resulted from your outside employment and was not extended or enhanced because of your

Federal job, so the gift falls within the exception for gifts based on outside business or employment relationships.

*Your long-time friend and neighbor brought a very generous gift to your 50th birthday party. Trouble is, he works for a company that is seeking a permit from your agency. Do you have to return the gift?*

No. If your neighbor clearly gave you the gift because of your friendship and if he (and not his employer) paid for the gift, you may accept it because of the exception for gifts given because of a personal friendship.

*You have a weekly 4:00 P.M. meeting with an agency contractor at the contractor's office. The contractor always offers you coffee and donuts or muffins and you enjoy the hospitality. Can you continue to do so?*

Yes. Remember we said that some things (the gift "exclusions") won't be considered gifts? A snack like this, not offered as part of a meal, is one of those things.

---

# Gifts Between Employees

**I** like to give and receive presents and I frequently exchanged gifts with co-workers when I worked in the private sector. Is the Federal Government going to cramp my style?

That depends. The rules on gifts between employees generally prohibit you from--

- Giving gifts to your superiors;

- Accepting gifts from your subordinates; and

- Accepting gifts from non-subordinates who receive less pay than you unless you have a personal relationship that justifies the gift.

For purposes of these rules, “superiors” and “subordinates” are people in your supervisory chain of command. As you can see, the rules leave a sizable group of people with whom you are free to exchange gifts.

---

## *Examples: general rules on gifts between employees*

*You share an office with affable Al whose position in the agency is the same as yours. Al makes more money than you, however, because he’s been at the agency longer. Over time, you and Al have become close friends. Is your gift to Al covered by the rules?*

No. You are free to give Al a gift because he is not your official superior. He is free to accept because you are not his

subordinate and because, even though you make less money, there is a personal relationship between you that justifies the gift.

*You think your boss is a good guy and have decided to show your appreciation with an expensive gift. Would the gift violate the rules on gifts between employees?*

Yes. This gift is prohibited by the rule barring gifts to superiors.

## **What is a “gift” for purposes of the rules against gifts between employees?**

“Gift” has the same meaning for these rules as it has for the rule prohibiting certain gifts from outside sources. The “exclusions” (those items that won’t be considered gifts) are the same too. But BEWARE: the exceptions are

different. For example, there is no “\$20 rule” allowing acceptance when the gift is one between employees!

**But surely there are some exceptions to the rules prohibiting certain gifts between employees. For example, I’ve seen employees give gifts to their superiors. If you’ll excuse the pun, what gives?**



There are three important exceptions that, under certain circumstances, allow gifts between employees that would not otherwise be permitted. The first is the exception for certain *gifts given on an occasional basis*. This exception would allow gifts given, for example, on Christmas, on a birthday, or upon returning from vacation, provided that the gifts consist of--

- Items other than cash which, considered together, are worth no more than \$10 on each occasion;
- Personal hospitality provided at a residence;
- Gifts to a host or hostess given in connection with the receipt of personal hospitality, even if the cost of these customary gifts is in excess of \$10;

- Food and refreshments shared in the office; or

- Leave sharing as permitted by Office of Personnel Management regulations.

The second exception permits the giving and accepting of appropriate *gifts recognizing special, infrequent events* provided that the events are--

- Occasions of personal significance (such as marriage, illness, or the birth or adoption of a child); or
- Occasions that terminate a subordinate-official relationship (such as retirement, resignation or transfer).

The third exception is for group gifts. It permits *voluntary contributions of nominal amounts* and solicitation of voluntary contributions of nominal amounts for gifts to official superiors provided that the gifts--

- Recognize "special infrequent events" as described above; or
- Consist of food and refreshments to be shared in the office.



---

***Examples: exceptions to rules on gifts between employees***

*Your supervisor has invited you to her home for dinner and you'd like to bring her a box of chocolates worth about \$15. Can you do it? Can she accept?*

Yes. The chocolates are a permissible hostess-type gift given in connection with the receipt of personal hospitality under the first exception.

*Your section chief is moving on to greener pastures outside the agency. You are asked if you would like to contribute a small amount toward a ceramic cookie jar in the shape of a cow to be presented to him by the section in recognition of his departure and new job. Is the gift permissible?*

Yes. The gift is allowed, under the second and third exceptions, as a voluntary contribution of a nominal amount toward a gift recognizing a special infrequent event -- the section chief's

resignation. However, it must be made clear to those solicited that they are free to contribute nothing at all.

*You and your spouse are expecting a baby! Your subordinate brings you a box of baby clothes that his baby has outgrown. Can you accept them?*

Yes. The impending birth of your child is an occasion of personal significance under the second exception and the gift is appropriate to the occasion.

*You are heading home to Heartlandville for the holidays and would like to bring a genuine Heartlandville souvenir to your supervisor. Can you do it? Can he accept?*

If the value of the souvenir is \$10 or less, giving and accepting it are permissible under the \$10 rule in the first exception.

---

# Conflicting Financial Interests

**I** have stock in a corporation that is involved in a matter for which I have some job responsibility. Would my official participation in this matter be a problem?

It might be. A criminal law prohibits you, as an employee, from participating personally and substantially in certain matters in which you have a financial interest. The prohibition on participating also applies when you know that any of the following individuals or organizations have a financial interest in the matter--

- Your spouse;
- Your minor child;

- Your general partner;
- An organization which you serve as officer, director, trustee, general partner or employee; and
- A person or organization with which you are negotiating for or have an arrangement concerning prospective employment.

Depending on the agency or department for which you work, there also may be financial interests which you are prohibited from holding regardless of your personal participation on a particular matter.

---

## *Examples: conflicting financial interests*

*Your spouse owns the controlling interest in a firm that wants to sell telephone equipment to your agency. Your job at the agency is to recommend a firm from which the agency should buy telephone equipment.*

*You are the treasurer of a public interest organization that has pushed hard for regulations that*

*your boss has asked you to work on as part of your Government job.*

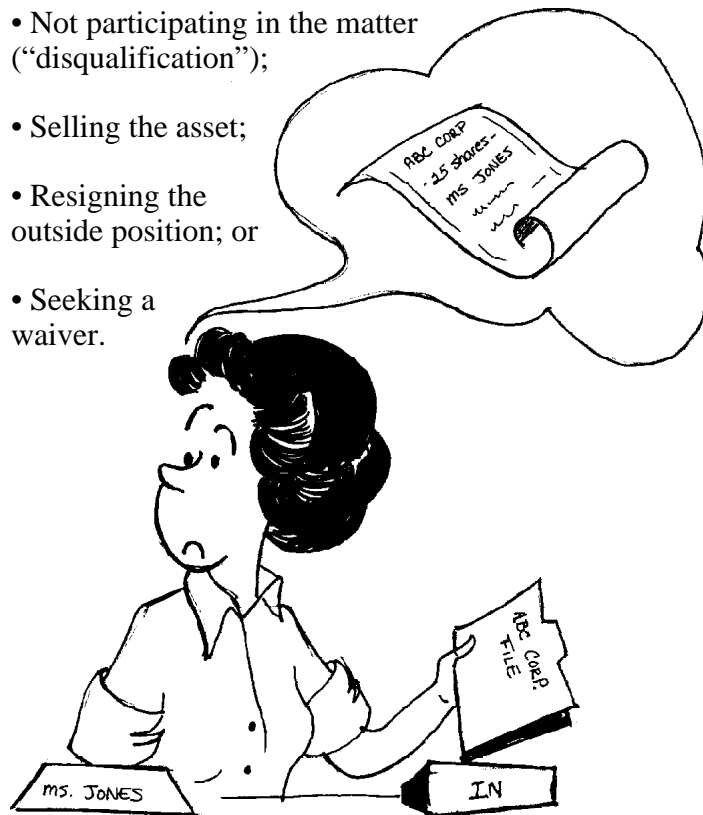
*Your uncle recently died, leaving you stock in Trouble, Inc. Your job at the agency does not involve Trouble, but agency regulations prohibit all employees of the agency from holding Trouble stock because it is so heavily regulated by the agency.*

---

**What should I do if I think I have a conflicting financial interest?**

Talk to your supervisor and your agency ethics official right away. The official will advise you on your options, which may include--

- Not participating in the matter (“disqualification”);
- Selling the asset;
- Resigning the outside position; or
- Seeking a waiver.



---

# Impartiality in Performing Public Duties

**D**o the relationships described in the criminal statute governing conflicting financial interests cover all the conflicts situations about which I need to be concerned?

No. There are many more such situations than could possibly be described. Those addressed in the statute are the most troublesome. The Standards of Conduct regulations go further. They describe situations that may give the “appearance” of a loss of impartiality and spell out steps to be taken by employees when those situations arise.

## What are the situations recognized by the Standards of Conduct as raising “appearance” concerns?

These are situations where you are called upon to participate as a Federal employee in a particular matter involving specific parties and you know that--

The matter is likely to affect the financial interests of a member of your household; or

One or more of the parties to the matter is or is represented by--

- A person or organization with whom you have or seek a business relationship that involves something more than a routine consumer purchase;
- A person who is a member of your household, or who is a relative with whom you have a close personal relationship;

- A person or organization for whom your spouse, parent or dependent child is, to your knowledge, serving or seeking to serve as an officer, director, trustee, general partner, agent, attorney, consultant, contractor or employee;

- Any person or organization for whom you have, within the last year, served as officer, director, trustee, general partner, agent, attorney, consultant, contractor or employee; or

- An organization, other than certain political organizations, in which you are an active participant.

---

### *Examples: situations raising appearance concerns*

*Until eight months ago you worked at Board Room Construction Company. Now Board Room has bid on a contract at your agency and your boss has asked you to work on the award of the contract.*

*Your son has a summer job in the accounting department at Dredge and Fill, Inc., a firm that has applied for a permit from your agency. One of your responsibilities is providing input on permit applications.*

*Your father is a part owner of Bits and Pieces Manufacturing Company. Bits and Pieces has a manufacturing plant which you have been assigned to inspect as part of your Government job.*

---

**What should I do if I find myself in one of these situations?**

The first step is to ask yourself whether a reasonable person with knowledge of the relevant facts would question your impartiality if you participated in the matter. Your supervisor, your agency ethics official, and anyone designated by your agency to deal with “appearance” problems can help you decide and can guide you through the steps necessary to resolve any perceived problem. The general rule is that if your participation is going to raise eyebrows, you will need to stop working on the matter unless your agency specifically authorizes you to participate.

**I’ve been asked to work on a matter that could affect the financial interests of a close friend. I suppose my involvement might “look bad” but friendship is not a relationship specifically mentioned in the applicable statute or the Standards. Am I free to work on the matter?**

Not necessarily. Any circumstance raising a question about your impartiality should be handled by following the steps outlined above.

---

# Seeking Other Employment

**I'm thinking about looking for a job in the private sector. Does changing a job raise conflict-of-interest concerns?**

It may. If you're considering employment with a person or organization that has financial interests that may be affected by the way you perform your job for the Government, then you may need to stop working on matters that could affect that prospective employer.

---

***Examples: employment activities raising conflicts problems***

*You are a member of a team of people assigned to investigate possible wrongdoing by Walk the Narrow Line, Inc. Walk the Narrow Line indicates an interest in hiring you and you, in turn, indicate that you might be interested.*

*You mail your resume to Let It Be & Co., an organization seeking Government approval on a matter for which you bear some responsibility.*

**How can I avoid problems while seeking other employment?**

See your supervisor or your ethics official. The ethics official can advise you on whether it is necessary to cease your participation on

matters that could affect your prospective or future employer. The official can also advise you whether a waiver might be appropriate.

**But I may not even be offered the job! Can't I wait to discuss this with others if and when I do get the offer?**

No. You should talk to your supervisor or ethics official before you begin your job search or as soon as possible after someone approaches you about a job. Even without a job offer, if you get involved in even preliminary employment negotiations, your work on matters affecting a prospective employer could subject you to criminal penalties. And under some circumstances, you could be disciplined even if you have done no more than send a resume.



---

# Restrictions on Former Employees

**O**nce I leave my Government job, the Government can no longer restrict my activities, right?

Wrong. Most employees may take any jobs they wish, but there are some restrictions on the activities in which they may engage on behalf of their new employers. We call these “post-employment” restrictions.

## What are these restrictions?

There are two very broadly applicable restrictions that subject violators to criminal penalties. The first is a permanent ban. It deals with certain matters in which former employees participated personally

and substantially while working for the Government. As to such matters former employees are forever barred from representing another person or organization before a Federal department, agency, or court. In other words, you can’t “switch sides” on the same matter.

The second restriction is a two-year ban. It concerns certain matters which were pending under former employees’ supervision during the last year of their Government service. As to such matters, former employees are barred, for a period of two years after terminating Government service, from representing another person or organization before a Federal department, agency, or court

---

## *Examples: post-employment restrictions*

*Before leaving Government service, you administered the Government’s contract with Fly by Night, Inc., to develop a new radar system for Navy aircraft. Because of your earlier participation on the contract, you are now permanently barred from representing Fly by Night back to the Government concerning this contract.*

*During your last year of Government service, you supervised an employee who worked on a false advertising case against Fountain of Youth, Inc. Even though you did not participate in the case, because it was under your responsibility you are barred for two years from representing Fountain of Youth back to the Government concerning this case.*



---

**Are there any other post-employment restrictions I should know about?**

There are more restrictions that may apply to you if you held a senior or very senior position while working for the Government or if your post-employment activities involve--

- Trade or treaty negotiations;
- Foreign businesses;
- Foreign governments; or
- Foreign political parties.

There are also some restrictions specific to employees who worked at particular agencies or who performed particular functions.

**How can I be sure to do the right thing?**

Talk to your agency ethics official. The best time to do this is *before* you begin your new job. But even after you've left Government service, don't hesitate to call the ethics official of your former agency whenever you have "post-employment" concerns. An important part of the official's job is helping you to understand the law and conform your activities to it.

---

## Misuse of Position

**I know it would be wrong to use my position with the Government to further my own interests, but if I can do some good for deserving friends, relatives, or nonprofit organizations I'm involved with, is there any harm in doing so?**

Yes. And the ethics rules forbid you to do so. Employees may not use their public offices for private gain, either their own gain *or the gain of others*.

---

### *Examples: misuse of public office for private gain*

*You may not write a character reference on agency stationery for a childhood friend applying for a private sector job.*

*You may not identify yourself as an employee of the Justice Department or give your formal title when calling a local merchant, in your private capacity, to complain about how you were treated when shopping*

*in the merchant's store.*

*On behalf of "We Love Flipper," an environmental organization of which you are a member, you do a radio spot endorsing certain fishing techniques. On the spot you may not introduce yourself by giving your official position at the Fish and Wildlife Service of the Interior Department.*

**On occasion I get wind of information on the job that could really be a boon to me and anyone with whom I might share the information. Is it okay to use that information?**

No, it's not. Employees may not use or allow the use of nonpublic information to further their own private interests or the private interests of others.

---

**Examples: misuse of nonpublic information**

*You may not call your Cousin Ed, who plays the stock market, to advise him that the Defense Department is about to sign a \$50,000,000 contract with Aloft and Away, Inc.*

*You may not give confidential agency planning documents to The Green Jumpers, a conservation group that shares your*

*interest in preserving the habitat of the spotted green frog.*



**Every now and then, when I get all my work done and have time on my hands, I like to catch up on my outside responsibilities, like drafting and typing the newsletter for my neighborhood civic association. If the guys in my agency's copy room are not busy, they're always happy to do the reproduction work for me. Any problem with this?**

Yes, there is a problem. Except as otherwise authorized, employees must use official time in an honest effort to perform official duties and may not ask or direct subordinates to perform activities other than those required in the performance of official duties. Furthermore, employees have a duty to protect and conserve Government property (including equipment and facilities) and may not use Government property, or allow its use, for other than authorized purposes.

---

**Examples: misuse of official time and Government property**

*You may not use the telephone at work to make calls for your second job.*

*You may not use the copy machine at work to reproduce the game schedule for the little league team you are coaching.*

---

## Outside Activities

**I** have hobbies and civic and charitable interests that I enjoy away from the office. I'm also thinking about doing some outside part-time work to supplement my income. Is it permissible to engage in these outside activities while working for the Government?

Most employees may engage in outside activities, whether for compensation or not. But there are a number of restrictions on outside activities of which employees should be aware. Some apply to all employees and some just to employees at particular agencies. A few agencies require that you obtain approval before engaging in outside activities. Even if your agency does not require advance approval, you would be wise to get advice from your agency ethics official before getting involved in the activities.

**The outside work I'm thinking of doing would involve representing clients on matters unrelated to my Government work. Would this sort of work present a problem?**

It might. Criminal laws prohibit employees from representing others before departments, agencies, and courts if the United States has a substantial interest in the matters involved, regardless of whether those matters relate to the work the employees perform for the Government. The laws also prohibit taking compensation for certain representational services provided by others and receiving consideration for assisting in the prosecution of a claim against the United States.

---

*Examples: improper representations and related activities*

*As a part of your outside accounting practice, you argue for a particular interpretation of the tax code in a dispute between your client and the IRS.*

*One of your partners in your outside law practice wins a case before a Federal administrative agency and you receive a share of the fees generated by the case.*

**Suppose I don't take anything in exchange for representing others to the Government; in other words, assume I'm acting out of the goodness of my heart. Will my generosity of spirit make any difference?**

No. Representation is prohibited whether you receive compensation or not.

---

*Examples: improper representations without compensation*

*You provide free representation in court to a nonprofit organization on a matter to which the United States is a party.*

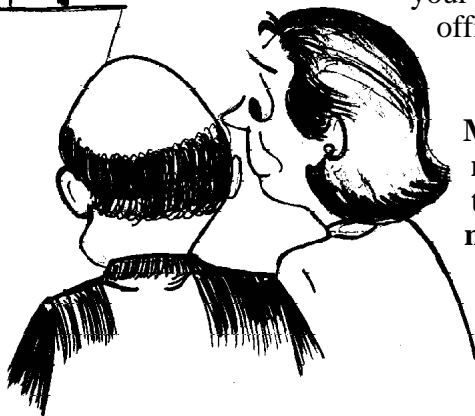
*Aunt Bertha asks you, her "big shot nephew," to pick up the phone and handle her dispute with the Government over her social security benefits.*

**Suppose I need to represent *myself* before a department, agency, or court. Surely I can argue on my own behalf, can't I?**

You're right. You can always represent yourself. And, in addition, there is an important exception that allows employees, under certain circumstances and with agency approval, to represent their parents, their spouses and children, and certain others with whom they have a fiduciary relationship.

**I'd like to do some outside teaching, speaking, and writing. These activities should keep my skills honed and supplement my income at the same time. Is there any problem with my doing so?**

If you are planning to accept compensation (including travel expenses for transportation and lodging) for these activities, you'll want to proceed carefully. Teaching, speaking, and writing by employees are subject to restrictions which vary depending on a great many factors. Before engaging in any outside teaching, speaking, or writing for compensation, you are strongly advised to consult with your agency ethics official.



**My new Government job requires that I work on matters in which a private organization of which I**

**am an officer has a financial interest. My work on these matters would present a clear conflict. Will disqualifying myself from participating on these matters resolve the problem so that I can continue my outside work?**

Not necessarily. If you want to keep your Government job, it's the outside relationship that may be in jeopardy. Employees may not engage in outside activities if the rules dealing with conflicting financial interests or the appearance of a loss of impartiality would require their disqualification from matters so central or critical to the performance of their official duties that their ability to perform the duties of their position would be materially impaired.

**Are there any other restrictions on outside activities that I should know about?**

Yes. There are restrictions on fundraising activities, political activities, and activities involving provision of services as an expert witness. There is a law that, with some limitations, prohibits employees from receiving anything other than their Federal salary as compensation for services as a Government employee. There are also outside income limitations and other special rules applicable to high-ranking noncareer employees and Presidential appointees. There are too many rules to include in this booklet! That's why it is so important that you consult with your agency ethics official before engaging in outside activities.

---

## Notes

---

## Notes

---

## Notes



---

Our thanks to the Hawaii  
State Ethics Commission for  
a cartoon by Harry Lyons  
which provided the inspira-  
tion for the drawing on  
page 1.