

Donna, lets turn to news on conflicts of interest.

That's always interesting to hear about.

Let's take a look at those would violated the conflict of interest statute.

This prevents federal employees from developing officially in an particular matter that will have a direct and predictable effect on the financial interest of the employee, his or her spouse, minor child or general partner or an organization in which the employee serves as officer, director, trustee, general partner or employee.

Wow, Ed, that's certainly a mouthful.

How about a fuel scam -- examples to clear that up for everyone.

Thanks for asking.

This is a classic example of a federal employee awarding a federal contract to her spouse.

In this case, a Department of the Treasury employee was responsible for determining the training needs of treasury employees and procuring private training services.

Investigators discovered that over the course of two years, the employee had awarded 105 training contracts, valued at more than \$139,000 to companies owned by her husband.

Uh- uh.

The employee pled guilty to several charges including violations of the statute.

They was ordered to pay \$54,500 in restitution.

Her husband also pled guilty to a number of charges including wire fraud and conspiracy and he received the same sentence.

Marital bliss?

Maybe not so much.

Maybe not so much.

Our next story is a classic example of a federal employee awarding a contract to a spouse.

In this case, in the middle district of the Louisiana the person was responsible for arranging seminars with state and local law enforcement.

The problem was that the employee funnels seminar contracts to a company that then subcontracted to a company owned by his wife.

Oh, okay.

The scheme funneled \$55,000 to the employee's wife and then the company actually kicked back \$20,000 directly to the employee himself.

Well, this employee pled guilty to violating 18 U.S.C. 208.

He had jail time and a \$5,000 fine.

You know, Donna, not every conflict of interest involves an employee awarding a contract to his wife.

A former post master of the United States, paid a settlement to end an investigation into charges that he took official actions that would affect a company in which he owns stock.

In this case, the former post master general was exploring a potential strategic alliance between the postal service and a soft drink company.

Well, the postal service board of governors had the authority to approve the strategic alliance and the post master general's role was simply to advise the board of governors with regard to the strategic alliances.

Okay.

The post master general rendered advice to the board even though he owned shares of stock in the soft drink company and therefore had a personal financial interest in the decision.

As part of the settlement agreement, he accepted a \$27,500

fine, which was the increase in value of his stock between the time he should have recognized the conflict and the time he actually disqualified himself from involvement in the matter.

That was a good thing.

As you can see from this case, you don't have to be a final decision maker or even make any decision in a matter to violate a conflict of interest statute.

Making recommendations, providing advice or performing an investigation can also violate the statute.

Maybe the key message for everyone from this case is that you don't have to be the final decision maker to find yourself in a conflict of interest situation.

Well, you know, that's exactly right, Donna.

In talking to employees it often seems that they think that if they are not making a final decision in a matter, they can't be violating the ethics rules, but it's not so.

And now, one last case, that brings the situation even closer to home.

This one involves an interior employee who pled guilty to an 18 U. S. C. 208 violation.

The employee admitted that as he was nearing retirement, he and his supervisor discussed ways that he could return to work in interior after his retirement.

The supervisor decided to create a consulting position, designed specifically for this retiring employee.

Then before retiring, the employee created the statement of work for that position.

When the position was competed, low and behold, the retiree was the only applicant to receive a grade of excellent on every qualification category and he was awarded the contract.

Well, for that he was sentenced to two years of probation and a \$2,500 fine.

Wow.

The pattern I'm noticing here is the penalties in these cases include fines, probation and even imprisonment.

That's some pretty serious stuff.

You are right, Donna.

18 U.S.C. 208 is a criminal statute and violations can result in serious criminal penalties.

You know, Donna., you don't have to be a post master general or a contract official or write the statement of work for your own consulting contract to violate the conflict of interest statute.

Let's say, for instance, that you are a BLM employee and you own undeveloped land adjacent to federal lands in New Mexico.

Okay.

And let's say further that a portion of that federal land is going to be leased by the bureau to a mining operation for exploration and development, resulting in an increase in the value of surrounding privately owned land, including your own.

Mm-hmm.

Okay.

Well, in a case like, that would you have a financial interest in the lease of the federal land to that mining company.

And therefore, you could not participate in any bureau matters involving that lease.

Hmm.

Okay.

Another example.

Let's say you work in the park service and you happen to be on the board of director of your park's friends group or partner group.

The conflict of interest statute prohibits from taking an official action that could affect the financial interest of your organization.

Okay.

Even providing a vice or making recommendations regarding such a matter could violate the statute.

For instance, you couldn't be involved in your official capacity in the drafting, approving or implementing any agreement between the department and that organization.

Wow, Ed, those are actually pretty interesting after all.

Not so bad.

Well, Donna, I hope they point out to our audience, the importance of avoiding a conflict of interest.

If you have any question whether you have a conflict of interest, make sure you contact your ethics counselor before you take any official action.

Thanks, Ed.

Well, let's take a short break now and we have a brief message from Pam Miller, of the departmental ethics office.

Pam?