

E-PME  *Enlisted*
PROFESSIONAL MILITARY EDUCATION

Conflicts of Interest 4.C.03

Learning Objective(s): **EXPLAIN** the potential conflicts of interest a Coast Guard member might encounter.

Why You Need to Know This

The term "conflict of interest" can mean different things to different folks within the Coast Guard. However, the key criteria are that the public good overrides your own, and that the interests of the Coast Guard should precede any other interest. As a public servant, you need to know all the duties of your position, and be aware of potential conflicts of interest or any situation that creates the appearance of a conflict of interest. When in doubt, full disclosure could offer you the best course of action.

This lesson describes the Coast Guard Ethics Program and explains the Coast Guard's standards of ethical conduct. It will provide the information you need in order to avoid conflicts of interest.

Topics Covered

This section will cover the following topics:

- Standards of Conduct
- Loyalty
- Financial Interests
- Information Usage
- Gift Acceptance
- Commitment
- Public Office
- Impartiality
- Federal Property
- Conflict of Duties
- Obligations
- Law Adherence
- Unlawful Action
- Fundraising Activities
- Outside Employment
- Whistle Blowing

At the end of this lesson you will be required to participate in a learning activity. You are encouraged to first review the learning activity and the sign off requirements located in the "**You and Your Supervisor**" section of this lesson. Reviewing this information before you begin the lesson will allow you to take proper notes and focus on key learning points.

Standards of Conduct and Ethics Principles

The standards of conduct are general principles that apply to all Coast Guard personnel. They are described in detail in Standards of Conduct, 5 Code of Federal Regulations (C.F.R.) Part 2635.

COMDTINST M5370.8 (series): Standards of Ethical Conduct states that 5 C.F.R. Part 2635 is applicable to enlisted members of the Coast Guard to the same extent that those regulations apply to officers and civilian members of the Coast Guard.

Coast Guard personnel should contact an Assistant Ethics Official about their concerns relative to the statutes or regulations for the standards of conduct. For situations not covered directly by the standards, apply the principles listed below to determine if your conduct is proper.

Loyalty

Public service is a public trust, requiring you to place loyalty to the Constitution, the laws, and ethical principles above private gain.

Financial Interests

You shall not hold financial interests that conflict with the conscientious performance of duty.

The financial interests of the following persons will disqualify you to the same extent as if they were your own interests:

- Your spouse
 - Your minor child
 - Your partner
 - Any organization or entity for which you serve as an officer, director, trustee, general partner or employee.
 - A person or entity with whom you are negotiating for or have an arrangement concerning future employment.
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Information Usage

You shall not engage in financial transactions using nonpublic Government information or allow the improper use of such information to further any private interest.

Nonpublic information is information that you gain through your Coast Guard employment and that you know has not been made available to the general public.

Gifts Acceptance

As a general rule, you cannot solicit or accept a gift that is given to you because of your official position, or that is given to you by a prohibited source.

What is a gift?

- As a general rule, a gift is anything that has monetary value. A gift can be tangible or intangible. For example, an automobile or forgiveness of debt owed on a car can each be a gift. Free hotel lodging can be a gift.

What's not a gift?

- Every member's favorite, food not part of a meal (coffee and donuts, candy, and soda). Greeting cards and plaques.

What is a gift for official position or from a prohibited source?

- A gift is given to you because you held the duties associated with your Coast Guard position (you hold the government credit card, you can OK Coast Guard funds being used, or you have control of something someone else might find useful).
- A prohibited source is defined as any person or entity that is seeking official action by the Coast Guard.

What are some exceptions?

- Unsolicited gifts (gifts that were not asked for) that cost less than \$20.00. NO CASH gifts.
- Gifts from family or friends. (be careful none else think it look questionable).
- Awards and honorary degrees.
- "Free attendance" (but not transportation or lodging) at a "widely attended gathering" or speaking engagement. where the agency has determined its interest in the event
- FREE FOOD, not from a prohibited source and if no one else was charged a fee.

Keep in mind that even though you may be able to accept a gift under one of the exceptions, you are never required to accept a personal gift, and it is often prudent to decline a gift that is offered by a prohibited source or is offered to you because of your official position.

Commitments

You shall not knowingly make unauthorized commitments or promises of any kind purporting to bind the government. Even some verbal commitment, such as a discussion for a government purchase, can be considered legally binding contracts.

Public Office

You cannot use your public office for :

- Your own private gain
 - The endorsement of any product, service or enterprise
 - The private gain of friends, relatives, or persons with whom you are affiliated in a nongovernmental capacity, including nonprofit organizations of which you are an officer or member, and prospective employers or business associates
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Impartiality

You shall act impartially at all times and not give preferential treatment to any private organization or individual.

Federal Property

You shall protect and conserve Federal property and shall not use it for other than authorized activities. Government property includes any form of real or personal property in which the government has an ownership, leasehold, or other property interest.

This includes computers and Internet access; office supplies; the government mails; telephones and fax machines; printing and reproduction facilities; government records; and government vehicles, vessels, and aircraft. It also includes any right or other intangible interest that is purchased with government funds, including the services of contract personnel.

Conflict of Duties

You may not work for the government on a particular matter that will affect your financial interest.

- **Particular Matter:** Something that involves deliberation, decision, or action that is focused on the interests of specific persons, or a discrete and identifiable class of persons.
Examples: Contract, application, claim, request for a ruling, judicial proceeding. A broad policy discussion or legislation that applies to the public as a whole is not a particular matter.
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**Conflict of Duties
(Continued)**

- **Financial Interests:** Under the basic conflicts rule, the financial interests of others with whom you have certain relationships are treated as if they were your own. These “others” include:
 - Your spouse
 - Your minor children
 - Your general business partners
 - An organization in which you are serving, with or without compensation, as an officer, director, trustee, general partner, or employee
 - Any individual or organization with whom you are negotiating or have any arrangement for future employment
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Obligations

You shall satisfy in good faith your obligations as citizens, including all just financial obligations, especially those such as Federal, state, or local taxes that are imposed by law.

Law Adherence

You shall adhere to all laws and regulations that provide equal opportunity for all Americans regardless of race, color, religion, sex, national origin, age, or handicap.

Unlawful Action

You shall endeavor to avoid any actions creating the appearance that you are violating the law or the ethical standards.

Whether particular circumstances create an appearance that the law or those standards have been violated shall be determined from the perspective of a reasonable person with knowledge of relevant facts.

**Fundraising
Activities**

Fundraising is the raising of funds for a nonprofit organization through the solicitation of funds or sale of items, or participation in conduct of a fundraising event. You may participate in fundraising in an official capacity if, in accordance with a statute, executive order, regulation, or otherwise as determined by the Coast Guard.

Examples of Official fundraising activities

- Combined Federal Campaign (CFC)
 - Emergency and disaster appeals approved by OPM
 - Coast Guard Mutual Assistance
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Fundraising Activities (Continued)

Fundraising in personal capacity has a few restrictions, you may not:

- Personally solicit funds or other support from a subordinate or prohibited source
 - Use or permit the use of your official title or position to further the fundraising effort
 - Fundraising while on duty
 - Wear your uniform while fundraising, as implies Coast Guard endorsement of the activity
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Outside Employment

You shall not engage in outside employment or any other outside activity that conflicts with your official duties. An outside activity would conflict with your official duties when it was prohibited by statute or by an agency supplemental regulation, or would require your disqualification from matters so central or critical to the performance of your official duties.

The PERSMAN permits personnel to engage in legitimate and ethical enterprise during their off-duty hours, but requires you to notify your Commanding Officer in writing of any off-duty employment activities or obligations.

Whistle Blowing

You cannot be fired, fined, mistreated, or receive any retribution for disclosing knowledge of a crime or waste, fraud, and abuse.

Learning Activity



To successfully complete this requirement you must complete the **five scenarios** found at the end of this lesson, answer the questions at the end of each scenario and then discuss your answers with your supervisor.

For You and Your Supervisor

In order to meet the sign-off requirement for this lesson **YOU** must perform the following:

1. Prior to meeting with your supervisor, review the contents of this lesson, including review of the five scenarios, and organize your thoughts.
 2. Print the scenarios and discuss them with your supervisor.
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For You and Your Supervisor (Continued)

Before signing off on this requirement your **SUPERVISOR** must:

1. Make sure the member understands the potential conflicts of interest contained in each scenario along with the correct course of action. Note: The answers for all five scenarios can be found on the last page of this lesson.
2. Provide the member with corrective feedback and answer any questions they may have related to this topic.
3. Sign-off the check-off sheet on the Record of Enlisted Professional Military Education (E-PME) Performance Requirements.

References

The following references were used in this lesson, they can be found at [CG Directives at CG-612](#):

- Standards of Ethical Conduct, COMDTINST M5370.8(series)
 - Coast Guard Personnel Manual, COMDTINST M1000.6(series)
 - Standards of Conduct, 5 Code of Federal Regulations (C.F.R.) Part 2635
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Scenario #1
Gifts From Outside Sources

PO Sharp's Coast Guard duties require her to purchase supplies and equipment for her unit from a local marine supply store. At the end of the year, the marine supply store sales manager sends a gift pen (\$35 value) to all of her valued customers, including PO Sharp.

PO Sharp did not request the gift pen. The sales manager doesn't know PO Sharp, only that she is in the Coast Guard and makes purchases at the store.

Can PO Sharp keep the gift pen?

Yes _____ No _____

Scenario #2
Gifts From Outside Sources

PO Grey is scheduled to travel on funded orders to attend a two-day maritime industry conference in Yuma, Arizona as his unit's official representative. Several hundred people are expected to attend the conference, despite the apparent lack of any body of water within 200 miles. Industry personnel and government officials will also be among the attendees. The conference sponsor—the trade association—will set out complimentary soft drinks, bottled water, coffee and tea, fruit, and pastries for the attendees.

The conference fee is \$150 per person, which includes hardcopy conference materials. The agenda includes an evening icebreaker social event with entertainment provided on the first day and three working meals daily. Attendees are expected to attend the social event and participate in the working meals at a cost of \$15 for the event and \$15 per meal.

Can PO Grey accept the complimentary drinks, fruit, and pastries set out for attendees and the sponsor's offer for the other expenses?

Yes _____ No _____

Scenario #3
Conflicts of Interest

PO Bucks is a contract specialist at a large base, having the authority to purchase goods and supplies for the Coast Guard. She is alarmed at how much the Coast Guard pays vendors for goods and services.

PO Bucks and her dependent husband come up with a plan to save the Coast Guard significant money. Her husband establishes a company, The Good Guy, with him as the sole owner. The chartered goal is to supply goods and services to the Coast Guard without ripping it off.

Scenario #3
Conflicts of Interest
(Continued)

Since PO Bucks knows that the Coast Guard cannot contract with her because she is on active duty, she is ever so careful to avoid participating in her husband's company business. She does, however, feed small contracts to *The Good Guy* to help ensure that the Coast Guard gets the best goods and services for the lowest price.

Will her altruistic motives save PO Bucks from an ethics violation prosecution?

Yes _____ No _____

Scenario #4
Fundraising
Activities

In his off-duty time, PO Black, a shipmate of PO Green, helps out at a local mission (combination shelter and halfway house) that provides free meals and used clothing to qualifying homeless and indigent people. The mission is in critical need of donated food, used clothing, and car batteries.

PO Black is unconcerned about the car battery problem but thinks that members of his command will want to help the shelter. He is aware that PO Green got in big trouble for engaging in improper fundraising activities at the command.

Can PO Black get command members involved without violating ethics rules?

Yes _____ No _____

Scenario #5
Misuse of Coast
Guard Position

PO Focus is a crewman on a 47-foot MLB involved in a rescue. During the operation, PO Focus shoots videotape of parts of the rescue using his personal video camera.

Upon returning to base, PO Focus observes news reporters from various television stations interviewing the survivors, other members of the crew, and the unit public affairs officer. PO Focus mentions to one of the TV news producers that he has a videotape of the rescue. The producer offers him \$100.00 for the videotape.

Can PO Focus accept the money for the videotape?

Yes _____ No _____

**Scenario #1
Answer**

PO Sharp **cannot** keep the pen. She has two options open to her:

- Return the pen to the sales manager (can use government funds to return the item by mail)
- Throw the pen away

***Basis:** Coast Guard personnel are prohibited from soliciting any gift from any outside source. While PO Sharp did not solicit the pen, she was sent the unsolicited gift pen because of her position and duties...not because she and the sales manager had a close personal friendship or because they were related. In addition, the marine supply store is a prohibited source because it does business with the Coast Guard (PO Sharp's unit). Accordingly, the general gift rule applies—Coast Guard personnel cannot accept any unsolicited gift offered by an outside source because of the recipient's Coast Guard position or it is offered by a prohibited source. Although there are several exceptions to the general rule, none apply to this scenario (see Sections 2.C.1 through 2.C.6 of COMDTINST M5370.8B (Standards of Ethical Conduct). For any questions concerning gifts, contact an ethics attorney.*

**Scenario #2
Answer**

PO Sharp can accept some items but must refuse the others. He can accept the following items:

- Complimentary drinks, fruit, and pastries set out during the conference
- Waiver of the conference attendance fee
- Waiver of the icebreaker social event and meal charges

However, PO Sharp cannot personally accept the offer of free transportation and lodging. He must forward that offer through his chain of command to the official having the authority to accept that kind of gift offer on behalf of the Coast Guard.

***Basis:** By Federal rule, the complimentary drinks, fruit, and pastries, set out during the conference are not considered gifts. The conference qualifies as a widely-attended gathering since a large number of attendees are expected, and because the attendees will probably have diverse views and interests. Since PO Grey was issued funded orders to attend this conference as it was in the Coast Guards interest, he can personally accept an offer of free attendance from the event sponsor. This includes a waiver of any event attendance fee and includes event materials, all meals, refreshments, and entertainment that are integral to the event. However, free attendance does not include free transportation or lodging.*

**Scenario #3
Answer**

PO Bucks probably won't be saved from an ethics violation prosecution...depending on which side of the bed the prosecutor woke up.

The law automatically assigns (imputes) PO Bucks' husband's financial interests to her too. She is prohibited from knowingly participating personally and substantially in any particular matter that will have a direct and predictable effect on any of her direct or imputed financial interests.

So, whether or not administrative or criminal sanctions are taken against her will depend on the specific facts of the case. In this case, PO Bucks should probably try to contact a defense counsel, not an ethics attorney.

***Basis:** It appears that PO Bucks did participate personally and substantially in particular matters (the purchases) that had a direct and predictable effect on her husband's company.*

Refer to Sections 2.E of COMDTINST M5370.8B (Standards of Ethical Conduct). For any questions concerning conflicts of interest, contact an ethics attorney.

**Scenario #4
Answer**

PO Black **can** get members of his command involved. Provided he gets advance permission from his CO, PO Black can post a flyer on the command bulletin board asking for donated canned goods and used clothing. He also can set out one or more collection boxes in common areas within his command. However, PO Black must transport the collected canned goods and used clothing from the command to the mission during his off-duty time. He cannot use a Coast Guard vehicle for this purpose

***Basis:** Because the collection activity does not involve cash donations, the workplace fundraising rules discussed in the previous scenario involving PO Green do not apply in this case. See Sections 2.I.4 and 2.H.3 of COMDTINST M5370.8B (Standards of Ethical Conduct). For any questions concerning fundraising activities, contact an ethics attorney.*

Scenario #5
Answer

No, PO Focus cannot accept money for the videotape. Ethics rules forbid the use of your position in the Coast Guard for private gain. Selling the videotape amounts to conducting private business, and PO Focus used his position as well as government time and resources (the boat) to make the video. Even though PO Focus used his own camera and shooting the video did not interfere with his duties during the rescue, he was on duty and the documentation he created with the camera is part of the official record of the case. In addition:

- Coast Guard regulations do not permit members to act as a correspondent for any news media without advance approval from the Commandant.
- Security and public affairs directives require the tape to be reviewed prior to release.

***Basis:** Misuse of government time and government property is often intertwined and always constitutes ethics violations. Refer to Sections 2.H.3 of COMDTINST M5370.8B_(Standards of Ethical Conduct). For any questions concerning misuse of position, contact an ethics attorney.*
