

2012 Summary of Ethics Rules



**U.S. Department of Housing and Urban Development
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Always Seek Guidance

As a Department of Housing and Urban Development, Office of Inspector General (HUD OIG) employee, you have been placed in a position of trust and are held to a high standard of ethical conduct. This handout contains a summary of the rules set forth in conflict of interest statutes, the Office of Government Ethics (OGE) regulations or *Standards of Ethical Conduct for Employees of the Executive Branch*, and the HUD supplemental ethics regulations. It also covers several related matters that may arise while you are a HUD OIG employee. You should retain this handout and use it for a reference guide to obtain further information.

Ethics issues are complex. The purpose of this summary is to help you recognize situations which may arise during your HUD OIG service. This summary should not be regarded as definitive or comprehensive. The resolution of many ethics issues depends on the specific facts involved so you should always seek advice from the Office of Counsel.

The legal basis for the ethics requirements are established by criminal statute, regulation, agency interpretation and guidance. Many of the requirements are statutory and persons who violate them may be subject to removal from Federal office and criminal penalties, which may include fines and imprisonment. Other requirements are the subject of government-wide regulations issued by OGE. These OGE regulations set forth the basic code of conduct for all Federal employees and are a starting point for resolving most ethics-related questions. All employees are given a copy of these regulations and are obligated to be familiar with their provisions. In addition, HUD regulations prohibit employees (including HUD OIG employees) from holding certain financial interests.

There are several ways to ensure that you are fully aware of your responsibilities in this area. First, you should review the OGE and HUD ethics regulations at an early point in your tenure and attend ethics training when it is offered. Furthermore, all HUD OIG employees who file a public or confidential financial disclosure report are required to certify that they have attended, or viewed on HUD@work a "live" ethics briefing each calendar year. The Office of Counsel will provide briefings upon request for your office and staff.

Finally, you are strongly encouraged to ask questions whenever you have any concerns about ethics-related matters. It is always best to be cautious rather than risk embarrassment, or much worse, damage to HUD OIG and your career.

PRINCIPLES OF ETHICAL CONDUCT

To ensure that every citizen can have complete confidence in the integrity of the Federal Government, each Federal employee shall respect and adhere to the fourteen principles of ethical service:

- 1) Public service is a public trust, requiring employees to place loyalty to the Constitution, the laws, and ethical principles above private gain.
- 2) Employees shall not hold financial interests that conflict with the conscientious performance of duty.
- 3) Employees shall not engage in financial transactions using nonpublic Government information or allow the improper use of such information to further any private interest.
- 4) An employee shall not, except pursuant to such reasonable exceptions as are provided by regulation, solicit or accept any gift or other item of monetary value from any person or entity seeking official action from, doing business with, or conducting activities regulated by the employee's agency, or whose interests may be substantially affected by the performance or nonperformance of the employee's duties.
- 5) Employees shall put forth honest effort in the performance of their duties.
- 6) Employees shall make no unauthorized commitments or promises of any kind purporting to bind the Government.
- 7) Employees shall not use public office for private gain.
- 8) Employees shall act impartially and not give preferential treatment to any private organization or individual.
- 9) Employees shall protect and conserve Federal property and shall not use it for other than authorized activities.
- 10) Employees shall not engage in outside employment or activities, including seeking or negotiating for employment, that conflict with official Government duties and responsibilities.
- 11) Employees shall disclose waste, fraud, abuse, and corruption to appropriate authorities.

- 12) Employees shall satisfy in good faith their obligations as citizens, including all just financial obligations, especially those -- such as Federal, State, or local taxes -- that are imposed by law.
- 13) Employees shall adhere to all laws and regulations that provide equal opportunity for all Americans regardless of race, color, religion, sex, national origin, age, or disability.
- 14) Employees shall endeavor to avoid any actions creating the appearance that they are violating the law or the ethical standards promulgated pursuant to Executive Order.

FINANCIAL CONFLICTS OF INTEREST

General Rule. You may not, as part of your Government duties, participate in any matter that would have a direct and predictable effect on your financial interests. This rule applies to any matter involving deliberation, decision, or action that is focused on the interests of specific parties or a discrete and identifiable class of entities. If you have such interests, you must disqualify yourself from participating in the matter unless an exemption applies or you are granted a waiver.

Prohibited Financial Interests

As a HUD OIG employee, you are prohibited under Section 7501.104 of 5 Code of Federal Regulations from directly or indirectly owning, acquiring, or receiving:

- Securities issued by Fannie Mae or Freddie Mac;
- FHA debentures or certificates of claim;
- Stock or another financial interest in a single- or multi-family dwelling or project that is owned or subsidized by the Department, or that is subject to a note or mortgage insured by HUD (other than your principal residence or—for FHA mortgage insurance under Section 203 of the Housing Act—your principal residence and one other single-family residence);
- Section 8 subsidies to or on behalf of a tenant of property you own (there are very narrow exceptions should you inherit property, receive it as a gift, have an incumbent tenant who later qualifies, or for your parents, children, grandchildren, or siblings; always seek ethics guidance if you think an exception may apply to you).

If you hold any prohibited financial interest, you must notify the Office of Counsel within 30 days of entering employment or acquiring the interest. You must divest (or in the case of Section 8 tenants, make arrangements for relocating the tenant) the interest within 90 days of the date you report it.

These restrictions do not preclude you from owning a publicly-available investment fund (such as a mutual fund) in which you cannot affect the fund's specific investment choices if the fund has neither the objective nor practice of concentrating its investments in residential mortgages, or securities backed by residential mortgages. You may also own a limited partnership interest in a partnership that has at least 5,000 partnership interests, if no more than 25% of the gross value of the partnership interest constitutes projects subject to HUD-held or -insured mortgages, or projects currently receiving the benefit of HUD subsidies.

The Imputed Financial Interests of Your Relatives and Business Associates.

The financial interests of your spouse, minor children, general partners, non-Federal employers, and prospective employers (including persons with whom you are seeking or negotiating for future employment), groups and organizations of which you are an officer, director, or trustee, and members of your household are attributed to you. These financial interests are deemed to be so intertwined with your financial interests, that you are prohibited from participating in matters affecting those interests.

The remedies below may be available for these types of conflicts:

- *Recusal/Disqualification*—You may be able to disqualify yourself from working on the matter;
- *Divestiture*—If your financial interest would require your disqualification from central responsibilities, you may be required to sell the interest; and
- *Resignation*—you may be required to resign from the outside position if it poses a conflict.

APPEARANCES OF IMPROPRIETY

General Rule. In addition to the statutory restrictions above, there is an additional restriction in the Standards of Conduct that prohibits you from participating in matters in which certain persons with whom you have close ties (“covered relationships”) are parties or are representing parties, if, under a reasonable person standard, participation would cause an appearance of loss of impartiality. The key test for determining if participation in a particular matter creates the appearance of loss of impartiality is whether, in your judgment, a reasonable person with knowledge of the relevant facts would question your impartiality in the matter. Persons with whom you have a “covered relationship” include:

- persons with whom you are seeking business;
- members of your household;
- close relatives;
- employers and clients (and prospective employers and clients) of your parents, dependent children, and spouse;

- former non-Federal employers and clients (generally for a one-year period or for a two-year period if you received an extraordinary payment from the former employer); and
- organizations (other than political parties) in which you are an active participant.

Exceptions. When the needs of the Government outweigh appearance concerns, special authorization to participate in the matter may be available. The Office of Counsel must evaluate, on a case-by-case basis, whether a waiver is appropriate and can assist in the preparation of the necessary documentation in such cases.

BRIBES, GIFTS, AND SALARY SUPPLEMENTATION

General Rule Concerning Bribes and Salary Supplementation. You may not accept payment for performing your official duties from a source other than the Government. You may not receive anything of value from a non-Federal source for taking action or failing to take action in your Government position.

General Rule Concerning Personal Gifts from Non-Federal Sources. You may not accept gifts given to you because of your Government position. You may not accept gifts from a person or firm that has a contract, a grant, or other business with your agency or is seeking such business; is regulated by your agency; or has interests that may be affected by performance of your duties. Gifts to your spouse or minor children are considered gifts to you in most circumstances.

Exceptions Regarding Personal Gifts. You may, under regulatory exemptions, accept:

- gifts of \$20 or less (other than cash) (up to \$50 per year from the same source);
- gifts based on a personal relationship (such as from a relative or friend);
- invitations to widely attended events;
- items of little intrinsic value (such as cards, plaques, trophies);
- discounts available to a broad range of persons;
- awards and honorary degrees (in specified circumstances);
- meals, lodging, transportation, and other benefits offered because of an outside business relationship or outside employment (or your spouse's business or employment);
- business meals overseas (if a foreign national is present) (up to the *per diem* for the city); and
- gifts from a foreign government of \$335 or less (gifts of greater value may be accepted, but become property of the United States Government).

NOTE: Remember that the appearance of favoritism or impropriety can cause embarrassment to both you and HUD. Thus, even where acceptance of a gift may be permitted by one of the above exceptions, it is never inappropriate and often prudent to decline a gift.

General Rule Concerning Gifts Between Employees. You may not accept a gift from a subordinate, nor should you offer a gift to your supervisor.

Exemptions Concerning Gifts Between Employees. You may, under regulatory exemptions, offer to a supervisor or accept from a subordinate:

- a gift on a special infrequent occasion (such as a wedding, the birth or adoption of a child, retirement, or recovery from a serious illness);
- items of \$10 or less given occasionally;
- food shared in the office;
- personal hospitality at one's home; or
- a gift, appropriate for the occasion, to a host or hostess.

Travel and Related Expenses. As a general rule, the travel and related expenses associated with the exercise of your official duties should be paid for by HUD OIG (with appropriated funds). There are very limited circumstances in which HUD OIG may accept travel expenses. Consult with the Office of Counsel well in advance of the travel.

**PROHIBITED OUTSIDE EMPLOYMENT
AND ACTIVITIES**

Prohibited Outside Activities and Employment. You are prohibited, even during non-duty time, from engaging in certain outside activities. These prohibitions are designed to promote public confidence in the impartiality and objectivity with which HUD operates. With or without compensation, you may not engage in any of the following activities:

- Paid or unpaid employment involving active participation in a business dealing in or related to real estate or manufactured housing;
- Work for an entity, other than a State or local government, that lobbies HUD;
- Serve as an officer or director of a HUD-approved mortgagee, lending institution or entity that services securities for the Department; or
- Work for Fannie Mae, Freddie Mac, or the Federal Home Loan Bank system or any affiliate.

Note that these restrictions apply to you only; they do not apply to your spouse or family members.

Prior Written Approval is required for Certain Outside Activities. You must obtain prior written approval from an agency ethics official before accepting compensated or uncompensated employment:

- As an officer, director, trustee, or general partner of, or in any other position of authority with, either a for-profit or non-profit organization that directly or indirectly receives assistance from HUD;
- With a State or local Government; or
- In the same professional field as that of the employee's official position.

Do not let this discourage you. HUD OIG employees are encouraged to engage in voluntary outside activities so long as the activities comply with the ethics rules.

Teaching, Speaking, and Writing. Generally, you may teach courses at accredited colleges, universities, and other educational institutions if such activity will not interfere with your HUD position. However, there may be restrictions on receiving payments for other types of teaching, speaking, or writing that relates to official duties. Call the Office of Counsel for specific advice.

Honoraria. Generally, you may accept honoraria in connection with outside speaking engagement and other activities, provided the activity is unrelated to your official responsibilities.

Special Rules for PAS and Other Non-Career Senior Officials. A Presidential appointee to a full-time, non-career position may not receive any outside earned income for outside employment or any other outside activity performed during his or her tenure in that office.

Non-career senior officials (those occupying a position classified above GS-15 of the General Schedule) may not receive outside earned income that exceeds 15% of the annual rate of basic pay for level II of the Executive Schedule in a calendar year.

In addition, non-career senior officials may not receive compensation for:

- practicing a profession which involves a fiduciary relationship;
- affiliating with or being employed to perform professional duties by a firm, partnership, association, corporation, or other entity which provides professional services involving a fiduciary relationship; or
- permitting their name to be used by any of the foregoing entities.

POLITICAL ACTIVITIES

General Rule Concerning Engaging in Political Activities. Under the Hatch Act, you may not engage in political activities during duty hours or while on Government premises (unless you are a Presidential appointee in a position requiring Senate confirmation). However, most employees may actively engage in a wide range of political activities during non-duty hours, although you may not solicit or receive campaign contributions or host a political fundraiser. You also may not run for office in a partisan political election (except as an independent candidate in certain localities). In addition, you may not use Government equipment, supplies, services, staff, or your Government title for partisan political purposes.

Please contact the Office of Counsel for a more comprehensive handout on the rules governing political activity.

The Anti-Lobbying Act. Federal law prohibits use of HUD OIG appropriated funds for “grass roots” lobbying activities. Only authorized HUD OIG officials are permitted to inform Congress of the Administration’s position on matters before Congress and otherwise respond to oversight requests.

REPRESENTING OUTSIDE INTERESTS BEFORE THE GOVERNMENT

General Rule. You may not contact any Federal agency or Federal court on behalf of others to influence Government action, unless authorized as part of your official duties.

Exceptions. You may represent the following parties before Federal entities if you receive prior approval and you do not accept compensation:

- your parents;
- your spouse
- your children
- an estate or trust; and
- other Federal employees (in some personnel disputes, provided that such representation does not conflict with the employee’s official responsibilities).

In addition, you may also represent professional, recreational, and similar groups before the Government if: (1) the majority of the organization’s members are Federal employees or their spouses or dependents; (2) the matter does not involve claims

against the Government, proceedings in which the organization is a party, or Government financial benefits to the organization; and (3) you do not receive compensation. Contact the Ethics Law Division or your Regional Counsel if you need to obtain approval to represent others before the Government.

MISUSE OF GOVERNMENT POSITION AND RESOURCES

General Rule. You may only use Government resources for official, authorized Government activities. This includes Government equipment, supplies, services (including telephone and fax services), and the time of Government personnel.

In particular, your official title may not be used in connection with non-Government activities. You are prohibited from using public office for your own private gain or the private gain of another. Therefore, you should generally not endorse any product, service, organization or enterprise in an official capacity. For example, if you serve as an honorary co-chair of a charitable event, you may not do so in your official capacity, and you must be listed on the invitation or program by name only, or preceded by the term "Honorable," if appropriate.

Information you learn as part of your Federal employment may not be used for private activities, unless it is information readily available to the public at large. Restrictions on personal use apply to nonpublic data, economic analyses, private personnel information, census data, and other nonpublic information. The improper disclosure of certain information (privacy, trade secrets, national security) is subject to criminal penalties.

Sponsorship and Co-Sponsorship of Outside Organizations. A frequent question that arises is whether HUD OIG may co-sponsor conferences and other events with non-governmental entities. However meritorious these events or organizations may be, employees must be very cautious about lending HUD OIG's name or seal to such an event or entity and should consult with the Office of Counsel to be sure the relationship does not violate any law or policy. In addition, because such arrangements generally raise other issues aside from ethics considerations, such as appropriations and Federal Advisory Committee Act issues, you should consult with the Office of Counsel.

Fundraising. Similarly, you may not engage in fundraising in your official capacity unless such action is specifically authorized, as in the case of the Combined Federal Campaign (CFC). You may engage in fundraising (other than political) in your personal capacity so long as it is not done during duty hours and involves no official resources. Also, you should not allow your official title to be used in connection with private fundraising activities. Finally, you should not personally solicit from people or

organizations you know to be doing business or seeking to do business with HUD OIG, or that may have an interest in matters that can be affected by your official duties.

Government Office Equipment, Internet and E-mail Services. HUD OIG has a “limited personal use policy” that permits you to use Government office equipment (telephones, faxes, copying machines) for limited non-governmental purposes when the use:

- Does not interfere with official business or with the mission or operations of the Department;
- Involves minimal additional expense to the Government;
- Occurs during non-duty time (before the workday begins, after the workday ends, during lunch, or during a break; with the exception of emergencies, which can happen at any time); and
- Does not violate any statute or regulation.

The limited personal use policy does not permit you to use office equipment or Government time for any outside position/activity work (whether compensated or volunteer) or for any political activity (See the Hatch Act restrictions or seek further ethics guidance).

Bear in mind that “minimal additional expense” criterion means that only small amounts of paper, ink, etc. will be consumed in the activity. The policy permits limited personal telephone/fax calls to locations within the office’s general commuting area and calls that are charged to non-governmental accounts (e.g. personal telephone credit cards). Remember, all such use must not interfere with official business, and supervisors should be consulted if there is any question about whether the use is appropriate. Finally, you should be aware that there is no right or expectation of privacy while using any Government office equipment at any time, including accessing the Internet and using e-mail.

SEEKING EMPLOYMENT RESTRICTIONS

General Rule. While you are a HUD OIG employee, you may enter into discussions or agreements regarding future employment with anyone. However, once an employment search or negotiations commence, you must disqualify yourself from participating as a Federal employee on any matter likely to affect an entity that you have contacted, or that has contacted you, regarding future employment. This restriction applies whether the contact is direct or through an intermediary, such as a headhunter. Your disqualification must continue until:

- You leave Federal service;
- Either you or the prospective employer explicitly reject future employment; or

- Two months have passed since you sent an unsolicited notice of interest in employment.

Special Rule for Procurement Officials. If you are participating in a procurement of more than \$10 million, you must report prospective employment contacts to your supervisor and the Ethics Law Division or Regional Counsel in writing.

<p style="text-align: center;">POST-GOVERNMENT EMPLOYMENT RESTRICTIONS</p>

General Rule. After leaving Federal service, you will be permanently barred from representing others before Federal agencies or courts concerning particular matters involving specific parties (such as contracts, licenses, litigation, and investigations) if you participated in the particular matters personally and substantially while with the Federal Government. You will also be barred for two years from representing others concerning specific-party matters that were pending under your official responsibility during the last year of your Government service, such as matters on which a subordinate worked, even though you did not participate personally and substantially.

“Representational activities” include attending meetings, writing letters, making telephone calls and engaging in other communications to Government officials with the intent to influence Government action. They do not include behind-the-scenes activities or requests for publicly available information.

You are also barred from disclosing nonpublic information regarding certain ongoing trade or treaty negotiations.

Rule for Senior Employees. If you are a senior employee, you will be barred for one year from contacting your former agency or from representing or assisting in representing a foreign government or foreign political party in matters involving the United States Government. The term “senior employee” includes employees whose rate of basic pay exceeds 86.5 percent of the rate for level II of the Executive Schedule (EL II).

Special Rule for Political Appointees. If you are an ETHICS PLEDGE signatory (political appointee), additional restrictions apply, extending the cooling off period to 2-years, and prohibiting your lobbying back to any political appointee in the Government for the duration of the Obama Administration.

Special Rule for Procurement Officials. Employees may not accept compensation from the contractor on a contract valued at over \$10 million for one year after they have served either as a procurement official on the procurement, as a program manager, or as an administrative contracting officer on that contract.

Exceptions to Post-Government Employment Restrictions. There are some exceptions to the post employment restrictions. For instance, in certain circumstances, you can represent state and local governments, international organizations or hospital or medical research organizations. An exception also exists relating to testifying in court.

The STOCK Act. Effective April 4, 2012, all public financial disclosure report (OGE-278) filers must submit notice, to the OIG Office of Legal Counsel, within three business days of directly negotiating or entering into any agreements with a non-federal entity or entities for future employment or compensation. A “negotiation” begins when an employee enters into a discussion or communication with another person, or such person’s intermediary (such as a headhunter), that is mutually conducted with a view toward reaching an agreement regarding possible employment or compensation with that person.

For more information, contact the Ethics Law Division or Regional Counsel for advice or to obtain further information concerning the post employment restrictions.

FINANCIAL DISCLOSURE

Basic Guidelines. The following people are required to file Public Financial Disclosure Reports (OGE 278 forms): Presidential Appointees, members of the Senior Executive Service, employees in career or non-career policy-making positions and procurement officials.

High-level officials in the Executive Branch are required to report certain financial interests publicly to ensure that every citizen can have confidence in the integrity of the Federal Government. These forms are available to the public upon request.

HUD OIG employees whose performance of Federal duties could have a significant impact on the interests of members of the public are required to file Confidential Financial Disclosure Reports (the OGE Form 450 and the HUD Form 450A). These forms are, except in very limited circumstances, exempt from public disclosure.

Public Financial Disclosure Reports are collected upon entry into a position for which such reports are required, for each calendar year in which you serve, and upon termination from federal service. Confidential Financial Disclosure Reports are collected upon entry into a position for which such reports are required, for each calendar year in which you serve, but are not required upon termination from federal service. If you are designated as required to file such a report, please keep in mind that the information you disclose is used to provide advice to you in order to ensure that you do not inadvertently engage in prohibited activities. In order to provide this advice (and

to certify that the report includes all necessary information) it is important that the information you provide be as complete as possible. Specifically, please be sure to include the following information:

- The full name of any mutual fund (not just the generic name of the company managing the fund, e.g. Vanguard Large Cap Index not Vanguard);
- Specific holdings in any pension funds, trusts, or investment accounts;
- A short description of the activities or industry sector of any privately-held company or limited partnership; and
- Assets and sources of income of your spouse.

ANNUAL ETHICS TRAINING

You are required to attend and certify that you have attended one hour of ethics training each calendar year in which you serve in a position which is covered by the Public or Confidential Financial Disclosure Requirements. Training is provided each year to all employees at HUD Headquarters. A Webcast video of the program is posted on HUD@work and can be viewed at any time during the calendar year. A link to a downloadable self-certification of attendance form is posted with the webcast. Submit your signed self-certification of attendance form to: ethics@hudoig.gov. Individual and small group training is available upon request from the Office of General Counsel, Ethics Law Division.

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