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# Ethics Newsgram

## Director's Column

My public service as Director of the Office of Government Ethics will come to close when my second term of office ends in August. The past ten years have been a challenging and rewarding time for all of us who have worked in the executive branch ethics program. We have issued a uniform code of conduct, promulgated a major rule interpreting the financial conflicts statute, initiated a new executive branchwide confidential financial reporting system, made refinements in our public financial disclosure system, and used technology to enhance our ethics training. We have made great strides in improving the management of the program by sharing the lessons of our collective experience. We have strengthened the network of ethics practitioners, fostered a cohesive ethics community and established strong channels of communication both within and outside the Federal Government. These accomplishments are the result of a collaborative effort involving OGE, ethics officials, and agency heads throughout the executive branch. We have also been called upon globally to share our expertise in preventive measures with both established and new democratic governments. Our ethics program is one in which all of us can take great pride, as it is truly recognized as a model by governments throughout the world.



One ongoing challenge will be to maintain and improve the ethics program in the future. This will require a continuing commitment of the resources necessary to sustain program quality. We must also regularly evaluate the program and make necessary improvements. Some improvements such as simplifying financial disclosure requirements will require legislative action. Others such as reducing the paperwork burden of the nomination process may be achieved, in part, through closer cooperation of the executive and legislative branches. Other improvements in the program may be realized through greater use of technology and of diagnostic tools to measure program effectiveness.

The most immediate challenge, however, will be to deal with the upcoming change of Administration. One dimension of that change is to ensure that departing employees understand the ethical obligations that will follow them into the private sector. The other dimension, of course, is to ensure that incoming officials of the new Administration not only understand their own ethical obligations as executive branch employees, but also

appreciate the leadership role that they can play in supporting the ethics program.

That leadership role entails becoming an active spokesperson for ethical principles and the ethics program. The agency heads and senior officials coming into Government with the new Administration, as well as those whose terms will continue, have a tremendous opportunity to shape the ethical culture of their agencies. They can do this by making ethical considerations an integral part of agency operations. They can convey a commitment to integrity that goes beyond compliance with legal standards and motivates everyone in the agency to devote themselves to the highest principles of public service. Ethics officials can also play an important leadership role by maintaining a close working relationship with the agency head.

I have absolute confidence that the career senior officials and experienced staff of OGE, working together with seasoned agency ethics officials, will be able to meet both the immediate challenges of the transition as well as other future challenges. OGE and the ethics program certainly are in good hands.

These past ten years have been the most memorable years of my professional life, and I am deeply grateful for the opportunity that I have had to be in public service. I want to thank everyone in the ethics community, as well as the IG community, for the tremendous wisdom and support that they have given me throughout my tenure.

Finally, and most importantly, I want to thank every member of the OGE staff for their loyalty and support over these past ten years. It was a special pleasure to work with the many graduates who joined OGE through the Outstanding Scholar's Program and who brought their energy, enthusiasm, and ideas to the agency. Although I will be moving on to other pursuits and other challenges, I will always remember my OGE family for whom I have a deep and lasting respect, gratitude, and affection.

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# Stephen D. Potts Retires

After ten years of service as the Director of the Office of Government Ethics, the Honorable Stephen D. Potts will be retiring when his term of office is completed in August. Steve Potts was originally appointed by President Bush in 1990 and then reappointed by President Clinton for a second five-year term in 1995.

Steve has had an enormously beneficial impact on the executive branch ethics program during a time when the program was undergoing significant change as a result of the enactment of the Ethics Reform Act of 1989 and the issuance of Executive Order 12674 in April of 1989. Under Steve's constructive leadership, OGE issued major regulations implementing these legislative and executive directives in the areas of standards of conduct, conflicting financial interests, public and confidential financial disclosure, and ethics training.

From the outset, Steve took a great interest in strengthening the ethics community. In 1991, he re-established the annual Government ethics conference

which has grown steadily and become an important forum for sharing expertise and exploring issues of common concern to the ethics community. He enhanced the desk officer system and expanded the program review capability. Throughout his tenure, he regularly consulted with agency ethics officials. He held group lunches, as well as one-on-one brown bag lunches, with ethics officials. He persistently sought support for agency ethics programs by meeting with agency heads. And he instituted an awards program to recognize the contributions of outstanding agency ethics officials.

Steve also realized the importance of providing new tools and resources for the ethics program. During his tenure, OGE opened a new ethics information center, made an ethics CD ROM available, created new ethics training videotapes, and established the OGE Web site.

During the 1990s, OGE responded to increasing requests by foreign policy-making agencies of the Federal Government for technical assistance to foreign governments in their anticorruption efforts. Steve saw the need for a global forum to explore this issue and in 1994, OGE together with the United States Information Agency, hosted a path-breaking international government ethics conference in Washington, DC, that was attended by representatives of more than 80 countries. Steve strongly supported OGE's role in contributing its expertise to the drafting of international agreements dealing with corruption, especially the anticorruption convention adopted by the Organization of American States. In recognition of his and OGE's efforts in supporting its new national ethics office, the Government of Argentina in 1999 awarded Steve the Order of May, Argentina's second highest honor. Steve served as a plenary chair at the Vice President's global anticorruption conference in 1999 and at the Organization for Economic Cooperation and Development's conference on partnerships in governance held this past spring.

Steve has fostered an ongoing dialogue with the private sector regarding ethics issues and has been actively involved in the IG community as a Member of the President's Council on Integrity and Efficiency (PCIE), playing an especially constructive role on the PCIE's Integrity Committee. From 1990 to 1992, he was a Member of the Administrative Conference of the United States.

Steve's public service at OGE caps a long and distinguished legal career. Prior to coming to OGE, Steve had a private law practice as a partner with Shaw, Pittman, Potts & Trowbridge, one of Washington's leading law firms. He began his legal career as an attorney in the Judge Advocate General's Corps of the United States Army. Steve holds law and undergraduate degrees from Vanderbilt University and is admitted to the bars of Tennessee, the District of Columbia, and the U.S. Supreme Court.

Steve has been a real champion of both OGE and the executive branch ethics community and his leadership will be greatly missed. His personal legacy of optimism, fairness, integrity and humanity will be treasured by all of us at OGE. We wish him well in all his future endeavors.

## Government Ethics Newsgram

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We welcome any news and information related to Government ethics that you wish to bring to the attention of OGE and the executive agencies as well as your candid critiques and suggestions. Quoting or reprinting materials contained in this publication is strongly encouraged and may be done without seeking OGE's permission.

The Director of the Office of Government Ethics has determined that the publication of this periodical is necessary to the transaction of the public business of OGE, as required by law.

### Advisory Letters Available on Web Site

OGE has placed its Informal Advisory Letters and Memoranda for the first half of 1999 on the OGE Web site. These new materials include letters and memoranda issued by OGE from January 1, 1999 through June 30, 1999. This guidance is available for viewing or downloading at [www.usoge.gov/usoge006.html#opinions](http://www.usoge.gov/usoge006.html#opinions). The on-line search capability for this guidance is also now available.

# Annual Government Ethics Conference

**M**ark your calendars for September 11 through the 14th to attend the Annual Government Ethics Conference in Philadelphia, Pennsylvania. This conference marks the tenth consecutive year that the executive branch ethics community has come together to share their expertise, experience, thoughts, and ideas.

The conference will be held at the Wyndham Franklin Plaza Hotel in Philadelphia. Check-in will begin on Monday afternoon, September 11. That evening, an informal reception will be held for all attendees. The formal program will begin on Tuesday morning, September 12, and continue through noon on Thursday, September 14.

The two-and-a-half-day conference is packed with a diverse selection of concurrent sessions including sessions on privatization, a comparison of the executive and legislative ethics programs, transition issues, processing nominee reports, service as an expert witness, the



Government Paperwork Elimination Act and its impact on the ethics program, and agency experience with values-based ethics programs. There will be several sessions targeted to the more advanced ethics officials as well as introductory-level sessions for new ethics officials.

The conference will kick off with remarks from the Honorable Beth Nolan, Counsel

to the President. Other keynote speakers will include Dr. Linda Klebe Treviño, from The Pennsylvania State University, who will discuss her work in the area of ethical leadership, and Mr. Sanford McDonnell, formerly Chairman of McDonnell Douglas Corporation and currently Chairman of the Board for The Character Education Partnership. Finally, Carol and Ken Adelman will present an interactive plenary session entitled, "Shakespeare in Charge," which uses the Bard to teach leadership, ethics, diversity, and crisis management.

An official conference announcement was sent to all Designated Agency Ethics Officials in May. The announcement provided information and conference registration forms. The conference registration deadline was July 14. For further conference information, you may access the OGE Web site at [www.usoge.gov](http://www.usoge.gov), under "What's New in Ethics?" or contact Sheila Powers, Event Coordinator, via e-mail at [sapowers@oge.gov](mailto:sapowers@oge.gov), or at 202-208-8000, ext. 1104.

## Post-employment Guidance

**B**y DAEOgram of February 17, 2000, the Office of Government Ethics (OGE) has reissued a thirteen-page summary of the criminal restrictions in 18 U.S.C. § 207 on certain activities of former executive branch employees ("post-employment" restrictions). This summary is intended especially to facilitate the counseling and training which ethics officials will be called upon to provide during the upcoming Presidential transition. In addition to minor edits, it updates earlier summaries that OGE issued several years ago (which had been coordinated with the Department of Justice), by reflecting amendments to § 207 that were made in 1995 and 1996.

Those amendments partially redefined the term "senior employee" by tying it to level 5 of the Senior Executive Service; extended the duration of the ban on representing foreign entities for the top two officials at the Office of the U.S. Trade Representative; and added an exception that permits "senior" and "very senior" employees to represent candidates and political organizations. This latest summary provides ethics officials with a very useful source of preliminary guidance in

interpreting 18 U.S.C. § 207, pending completion of a new regulation to encompass the general revision of the statute that was made by the Ethics Reform Act of 1989.

Additionally, OGE has just completed a shorter, easily understood overview of post-employment restrictions, to be given directly to departing employees, particularly those officials departing during the upcoming Presidential transition period. That overview discusses 18 U.S.C. § 207 and related post-employment restrictions, as well as ethics concerns that may arise during the process of seeking private sector employment prior to leaving the executive branch. It has been prepared as a trifold multicolor pamphlet, entitled "Understanding the Revolving Door."

The pamphlet focuses the attention of departing employees on post-employment issues and serves as a quick reference. It is designed to be supplemented by more detailed and specific post-employment counseling from agency ethics officials. The pamphlet is accessible from OGE's Web site at [www.usoge.gov/usoge006.html#publications](http://www.usoge.gov/usoge006.html#publications).

### Newsgram on the Net!

**Get your *Newsgram* from the Web! If you have Internet access, you can download the *Newsgram* from OGE's Web site at [www.usoge.gov](http://www.usoge.gov). Look under "What's New in Ethics?" or "OGE Publications."**

### Address Changes?

**Please e-mail the *Newsgram* editor at [dmcencer@oge.gov](mailto:dmcencer@oge.gov) or call 202-208-8000, ext. 1188, with address changes or to be removed from the mailing list. Thank you for helping us keep our records up to date.**



# Be Our Guest: Linda Klebe Treviño

**O**ur guest for this **Newsgram** edition is Dr. Linda Klebe Treviño. Dr. Treviño is Professor of Organizational Behavior and Chair of the Department of Management and Organization at The Pennsylvania State University where she has been on the faculty since 1987. She holds a Ph.D. in Management which has contributed to her unique focus on business ethics as a management issue. Her research and writing on the management of ethical conduct in organizations are widely published and are known internationally. Dr. Treviño is interested in understanding how ethics management systems can be designed to fit a particular organization's culture and circumstances, and what works and what doesn't in ethics management. Her recent research includes work on ethical leadership, moral awareness in organizations and on organizational justice as it applies to discipline in organizations, diversity, workforce reduction initiatives, and other ethics-related outcomes.

In September, Dr. Treviño will be speaking at the Government Ethics Conference about her recent research on ethics and leadership.

## The Hard Stuff and the “Soft Stuff” of Managing Ethics Effectively

Organizations of all types are investing increasing resources in the development of formal ethics and legal compliance initiatives. In the business sector, many of these initiatives have been linked to the U.S. Sentencing Commission's seven guidelines for due diligence and an effective compliance program, and have resulted in the development of ethics offices, codes of conduct, communication programs, training programs, and reporting hotlines. Consulting firms have gotten into the ethics and legal compliance business in a big way and their efforts are generally oriented toward helping organizations develop these formal initiatives.

## What Do Formal Ethics Programs Accomplish? It Depends on Program Orientation and Follow-Through

Until recently, we didn't know much about what these formal initiatives really accomplished. But, in our research in business organizations, my colleagues and I have documented what many had suspected—that formal initiatives don't guarantee the outcomes program managers hope for. Unfortunately, such programs can be viewed by employees as “window dressing” only—the organization's response to external pressure or a desire to manage its public image rather than a sincere commitment to ethical action. The same is likely true in Government.

In a survey of employees in six large firms, we learned that formal systems with the elements described above are associated with a number of positive outcomes such as less unethical conduct. But, formal programs vary a great deal and some are more effective than others. It turns out that employees pay attention to the goals and orientation of formal ethics programs. We considered four types of perceived program orientation:

- 1) A values-based orientation aims to align employee and organizational values and encourage employees to commit to those values.
- 2) A compliance-based orientation focuses on preventing, detecting, and punishing violations of laws or rules.
- 3) An external orientation aims to satisfy external stakeholders such as customers, suppliers, and the public.
- 4) A “CYA” orientation is perceived when skeptical employees see the program as being in place simply to protect top management from blame.

We found that a perceived values-based orientation is the most effective single orientation, meaning that it produces the most positive outcomes. For example, unethical behavior is lower, ethical awareness is higher, employees are more willing to report ethical violations, and they're more committed to the organization

when they perceive the program to be values-based. Perceived compliance and external orientations are also helpful, but not as powerful as a perceived values orientation. Therefore, the best program is likely one that is perceived to be first and foremost, values-based, but is also backed up with accountability systems, discipline for violators, and mechanisms for ensuring that external stakeholders are cared for.

**Employees must perceive that policies are more than just “window dressing” . . .**

It is also important to note that a perceived “protect top management from blame” orientation is clearly harmful. Every outcome we measured was more negative when employees perceived a formal ethics program that was oriented toward protecting top management. Finally, we learned that employee perceptions of program follow-through are essential to program success. Employees must perceive that policies are more than just “window dressing” and that the organization “walks the ethics talk.”

## The Soft Stuff of Ethical Culture: Leadership, Fairness, Ethics Talk, Reward Systems

But, even more important, we also learned that formal ethics programs are not nearly as important as a number of “softer” ethics culture components. For example, leadership is a key cultural factor. Employees must perceive that executive and supervisory leaders pay attention to ethics, take it seriously, and care about ethics and values as much as they care about meeting other organizational performance goals. This finding seems particularly important for Government organizations where executive leadership may turn over every four years. These new executives must communicate their commitment to ethics early and often. Ethics simply cannot be managed effectively without ongoing support from leaders at every

level. New research into ethical leadership that my colleagues and I are conducting is uncovering the ways in which leaders can effectively convey this commitment to employees.

Another perhaps less obvious cultural factor is employees' perceptions of general fair treatment in the organization. It turns out that, to most employees, when you say "ethics," they hear fair treatment. They think about whether they and their fellow employees are being treated fairly, and if they're not, they may seek to "balance the scales of justice" by engaging in conduct that is harmful to the organization such as theft of time, supplies, or money. Fair treatment has to do with a general perception of fairness, whether employees get the rewards and punishments they deserve, and whether supervisors treat employees with courtesy, dignity, and respect. If employees do feel fairly treated, they are more likely to be committed to the organization and go out of their way to help. We also found that employees need to perceive that ethics is a part of everyday discussion and decision making in the organization. If "ethics talk" is the norm, this helps to convey the idea that the focus on ethics is not "window dressing" only. Ethics really is part of everyday organizational life.

Finally, reward and authority systems are important. A strong ethical culture includes a system that rewards employees who do the right thing and disciplines unethical conduct when it occurs. Accountability and responsibility for one's own actions are important as well. Employees need to believe that it is not only okay, but highly appropriate to question authority figures when they have an ethical concern. A harmful cultural component is the perceived requirement that one must obey authority at all costs—"just do as I say and don't question my authority."

## Implications for Managing Ethics in Complex Organizations

As stated earlier, the research cited here was conducted in business organizations. But, much of it seems applicable to Government as well. The bottom line for all large organizations seems to be that managing ethical conduct is a complex,

ongoing process that reaches into every part of the organization and its management. One can't just make a list of formal ethics program components, check it twice, and be done with it. Unfortunately, many ethics codes can be found lying lifeless in file drawers around the country. And, the individual assigned to respond to an ethics hotline can resemble the Maytag repairman who waits for a phone that rarely rings. I have argued a number of times that formal ethics programs may actually do more harm than good if they raise employees' expectations and then don't live up to those. The result of dashed expectations is increased employee cynicism.

An organization that wishes to manage ethics successfully is essentially managing employee perceptions: perceptions of the formal program's goals and follow-through,

**One can't just make a list of formal ethics program components, check it twice, and be done with it.**

perceptions of leadership's commitment to ethics, organizational fairness, the reward system, and the authority system. Therefore, you can find out how your organization is doing by tapping into employee perceptions via surveys, focus groups, and any methods that can help you understand what employees think about these multiple systems. Are the formal systems perceived to be first and foremost values-based? Are they backed up with accountability systems that aim to detect and discipline violators, and do they express sincere concern for the organization's stakeholders? Or, are they perceived to be "window dressing" only? Are concerns for ethics and legal compliance "baked into" the culture of the organization so that executive and supervisory leaders "own" ethics and legal compliance as their ongoing responsibility? Do employees believe that they are treated fairly by supervisors and the organization as a whole? Do they believe that the good guys get ahead and the bad guys get punished? These are

some of the key questions that must be asked, and the answers will provide guidance about the direction of future efforts in ethics management in the organization.

It should be clear by now that successful ethics management cannot be delegated to a single office or executive. Rather, the ethics function in an organization should be a system-wide effort that requires direction and coordination from such an office. But, the key players are executives, line managers, leadership trainers, and human resources professionals, to name a few. All of these individuals play their part in an ethical culture that communicates clearly and often that ethics is an integral part of everyday organizational life.

The research cited in this article is discussed in more detail in the following publication:

Treviño, L.K., Weaver, G., Gibson, D., & Toffler, B. Managing ethics and legal compliance: What works and what hurts. *California Management Review*, 41 (2):131-151, 1999.

Be Our Guest appears as a periodic feature in the **Government Ethics Newsgram**. We invite you to be our guest and share with the ethics community your innovative ideas, anecdotes, helpful hints, perspectives on implementing ethics programs or on other ethics issues. Contact the editor of the **Government Ethics Newsgram** at 202-208-8000, ext. 1188, if you have ideas, articles, or other submissions that you wish to be considered for publication.



## Tributes to the Honorable Stephen D. Potts

**The ethics community offers their tributes to the Honorable Stephen D. Potts, for his service as Director of the Office of Government Ethics:**

**The Interagency Ethics Council writes:**

... Under Steve, the Office of Government Ethics has become the unquestioned spokesperson for the Executive Branch on ethics. For the first time, largely through Steve Potts, there now exists a single comprehensive standards of conduct and ethics training regulations for all Federal employees. In addition, Steve was instrumental in substantially increasing OGE's services and support to agencies in developing strong ethics programs.

For those of us who daily advise employees on the ethics rules, we owe a particular debt to Steve Potts for his personal involvement and encouragement in our developing a coordinated effort to improve our agencies' ethics programs and to become better ethics counselors. We could not have been able to conduct our monthly programs and to keep our members informed of developments in Government ethics without the strong support from the Office of Government Ethics. We received that support largely because of Steve Potts. But more importantly, Steve actively sought our advice and counsel on ethics issues and proposed OGE actions. As a result, OGE regulations and policies reflected the views and recommendations of those who implemented ethics programs throughout the Government. ...

**Gaston L. Gianni, Jr., Vice Chair, PCIE, conveys:**

On behalf of the President's Council on Integrity and Efficiency, I would like to extend our gratitude for your leadership and dedication within the Federal ethics community. We have been truly fortunate to have the knowledge and insights of such a dedicated public servant. Your contributions to the PCIE and the Inspector General community as a whole have been particularly noteworthy. As one of the "founding fathers" of the Council's Integrity Committee, your efforts in writing the executive order establishing the Committee as well as your tireless service

on the Committee itself have been greatly appreciated. ...

**From Jim Adams, Alternate Agency Ethics Official, Department of Veterans Affairs:**

... In my observation, you carried the idea of an ethics community into fulfillment for the benefit of the Government and of ethics practitioners. You enhanced the stature of ethics staffs within agencies. . . . You made working in the ethics program richer both intellectually and in terms of camaraderie. You helped society at large to better appreciate the value and meaning of ethics in Government. . . . I'm certain everyone in the federal ethics community feels a sense of great loss for ourselves and hopeful anticipation for your next achievements. ...

**Ralph D. Goldenberg, Designated Agency Ethics Official and Susan F. Beard, Alternate Designated Agency Ethics Official (Acting), Department of Energy, write:**

... The Executive Branch ethics program has made great strides during these years largely due to your leadership. The ethics programs throughout the Government are now more visible and better understood than they have ever been. You have always served as a credible and reasonable voice in our continuing efforts to ensure that the conduct of all public servants meets the highest ethical standards. Your presence will surely be missed. ...

**Charlie Brown, Designated Agency Ethics Official, National Science Foundation, shares:**

... His sound judgment led us to focus on truly important issues, instead of trivia. Steve Potts put the emphasis on improving our programs, not finger-pointing; and on integrity, not expediency. . . . He understood that we were not a gray mass to be regulated, but peers working with him as part of one community with shared values as well as real-world problems. . . . And, most importantly, he really listened, even when it was not convenient to do so. This was true not just in developing broad policies and regulations, but in addressing individual cases too. ...

**Kathleen Buffon, DAEO, and Wendy Laguarda, Alternate DAEO, Farm Credit Administration, contribute:**

. . . Through your distinguished leadership, you have managed to keep OGE above the political fray. This has been critical to the respect that both OGE and individual agency ethics programs have enjoyed in recent years. Your focus on the broad ethical implications of governance rather than mere technical compliance has challenged and enriched our vision. Your enthusiasm and commitment have been contagious. And, under your leadership, OGE has provided invaluable support to agency programs as we carry out our responsibilities. . . . We wish you a wonderful (and ethical) retirement.

**From Stephen R. Colgate, Designated Agency Ethics Official, Department of Justice:**

My staff and I have enjoyed working with you during your tenure as Director of the Office of Government Ethics. We especially appreciate the support you gave us as we developed Quandaries, our computer game on ethics. Your office not only assisted us with funding the game but also devoted a great deal of staff time to reviewing the scripts.

**From Mary S. Elcano, former General Counsel and DAEO, U.S. Postal Service:**

I couldn't let a tribute to Stephen Potts go without expressing my sincere appreciation for his leadership and professional courage. I was the General Counsel for the U.S. Postal Service from 1992 until March 2000. . . . All DAEOs and ethics professionals are called on to make some very tough calls. Steve Potts always hung in there with the ethics program providing leadership and support. . . .

**Robert Feldman, DAEO, Federal Deposit Insurance Corporation, contributes the following to Steve Potts' book of memories:**

Steve Potts embraced the ethics community and created a sense of partnership with ethics officials throughout the government. He made himself and the resources of OGE readily available to the

agencies and, in so doing, lent credibility to ethics programs and the enforcement of ethics rules. On behalf of the FDIC and the members of its ethics program, we want to wish Steve a long and healthy retirement.

**Barbara Fredericks, Alternate Designated Agency Ethics Official, Department of Commerce, writes:**

We at Commerce consider ourselves fortunate to have known and worked with Steve Potts these past ten years. As career agency ethics officials, what we appreciate most about his tenure as Director of OGE is his effort to create a true ethics community among the ethics officials throughout the Government. The most visible evidence of that has been the annual OGE conference which has always been popular in the ethics staff here both as a means of learning and simply as a means of keeping in touch with colleagues facing similar issues and problems. . . . Steve Potts leaves OGE as a respected, professional organization that is not only the primary authority on ethics matters in the Government, but the primary source for assistance to ethics officials. He can be proud of the agency he leaves behind and of his work as a public servant. . . .

**Randolph W. Gaines, Designated Agency Ethics Official, Social Security Administration, shares:**

We at the Social Security Administration congratulate Director Potts for his long years of dedicated service. As one of the largest Federal Agencies, we have instituted a detailed ethics program and appreciate the support of Steve Potts. Through his steady and professional leadership, we have been successful in ensuring that our employees adhere to the highest ethical standards. We thank him for his guidance in ethics matters and wish him the best in his retirement from the Office of Government Ethics.

**Mary Anne Gibbons, Vice President, General Counsel, United States Postal Service, writes:**

. . . Mr. Potts has always supported us during challenging times, taken the time to meet with us whenever we have asked,

and made available to us OGE's valuable resources of personnel and expertise. As we like to say in the Postal Service, Mr. Potts really "delivered" for us. . . . On behalf of all of us at the Postal Service, Mr. Potts, many thanks, and best wishes as you prepare to meet the new and exciting challenges that await you. You have served your country well!

**From June Gibbs Brown, Inspector General, Department of Health and Human Services:**

. . . You truly earned the respect of everyone in the Inspector General community. We've benefited from your expertise and have come to appreciate your cooperative and helpful attitude. I'd like to thank you for your efforts and for your dedication. . . .

**Walter A. Hall, Assistant General Counsel and Designated Agency Ethics Official, Department of Veterans Affairs, writes:**

. . . As Director, you recognized that ethics officials and staffs may require firm, personal, substantive support in their dealings with agency leaders. You acted on that recognition sympathetically by personally visiting agency heads. Your visits demonstrated OGE's deep dedication to sustaining the highest standards for ethical performance at all levels within each executive agency. In doing so, you "raised the bar" for ethics across the entire executive branch. . . .

Your strategy made ethics careers more attractive and intellectually richer. Moreover, it encouraged ethics officials in a moral sense, helped strengthen their independence, and enhanced their stature within agencies. . . . From the standpoint of an agency ethics officer, the most that can be expected of an OGE Director is support for our relationships inside the agency, development of sensible policy, and strong leadership across the Government community. Your performance as Director has fulfilled these objectives and done so in exemplary fashion. We appreciate the chance to have served with you. . . .



**Lindy Knapp, Deputy General Counsel, U.S. Department of Transportation, adds:**

I join all of your colleagues in extending sincere thanks for your tireless years of government service. Your leadership has been instrumental to OGE's successes. It is a tribute to you that your agency has fostered high ethical standards for Federal employees. Also, you leave behind firmly established ethics programs which have become valuable resources in support of agencies throughout the Executive Branch. . . .

**Gladys M. Malpica, Office of Government Ethics of Puerto Rico, shares:**

. . . Mr. Potts possesses many qualities that make him a special human being. But the one I admire the most is his faith in youth. . . . I know how he encourages the young people to dedicate . . . their efforts for the well being of others through the public service. . . .

**Robert M. McNamara, Jr., General Counsel, Central Intelligence Agency, writes:**

My fondest memory of Stephen D. Potts is the joy he took in sharing his favorite story involving W.C. Fields. As told by Mr. Potts, comedian Fields was sitting backstage at a theater passing the time until the cue to make his entrance. A stagehand walked by and noticed Mr. Fields was intently reading the Bible. "Don't be deceived, son," crowed Fields, "I was only looking for loopholes." I am pleased to say that under the guidance and leadership of Stephen Potts, we spent less time looking for loopholes and more time getting the message out about standards of conduct.

**From Hiram R. Morales Lugo, Executive Director, Office of Government Ethics of Puerto Rico:**

. . . Since [our] agencies started to collaborate together, especially on international projects, Mr. Potts demonstrated a genuine interest on our work and supported our participation in a more active way with other countries whose governments were creating ethics laws and establishing ethics offices. . . . His . . . dedication to the promotion of ethics in the global community inspired us to share and

nourish our experience in the fight against corruption. . . .

**On behalf of the U.S. Marine Corps, Peter M. Murphy, Counsel for the Commandant, writes:**

. . . The leadership and dedication you have demonstrated to the Federal ethics community throughout the past ten years, have had a marked influence on the way our government considers standard of conduct issues. For this, you deserve great commendation. Unquestionably, the Marine Corps has benefited from your stewardship, both directly and indirectly. The expertise and accessibility of the OGE has been a tremendous resource when challenged by unique and interesting issues. . . . During your tenure, there has been tremendous forward progress in bringing structure, organization, and consistency to an area of the law traditionally characterized as "blurred and gray." . . .

**From F. Whitten Peters, Secretary of the Air Force:**

. . . That personal gesture exemplifies the spirit of openness and cooperation that you have set for OGE, and it has been reflected in the assistance that your staff has provided to our ethics officials over the years. Congratulations on a job well done! . . .

**Laura Powell Rafferty, Assistant General Counsel, Defense Contract Audit Agency, writes:**

I have no words of wisdom or advice to offer to Mr. Potts because he has always struck me as a person I should aspire to emulate, and not someone in need of my counsel. In my opinion, he is the quintessential gentleman. . . .

**Britanya Rapp, Designated Agency Ethics Official, Corporation for National and Community Service, writes:**

Some individuals acquire the title "Honorable" because they were appointed to high-level positions. You were not only appointed to such a position, but you also embody all that the term signifies. Through the years, I have found you to always be guided by a high sense

of honor and duty -- or as further defined by Webster's . . . "characterized by integrity." . . .

**Donald I. Rosholt, Senior Ethics Program Specialist, Federal Deposit Insurance Corporation, contributes:**

. . . It is clearly evident that you have formed a lasting partnership between OGE and the Federal agencies. You reached out to the Federal ethics community through your Brown Bag Lunches. You demonstrated your interests in the views of ethics officials throughout the Federal government by seeking advice from them on numerous matters being considered at OGE. You also spearheaded OGE's leadership role in the international ethics community during your tenure. Your legacy has been widely felt and you will have a lasting impact not only on those at OGE but the ethics community worldwide. The ethics community is much better having had your leadership and dedication over the past ten years. . . .

**Christopher M. Runkel, DAEO, National Archives and Records Administration, shares:**

. . . You have taken on and overcome the dual challenges of building a new agency almost from scratch while also having a significant, and very positive, impact on the activities of a diverse and far-flung Government. While we will miss your calm and dignified leadership, you leave behind a strong, committed staff that will carry on the programs whose development you have overseen. On a personal level, I have been grateful for the support you have given DAEOs, as well as the support and admiration you have always expressed for civil servants throughout the executive branch. . . .

**Carl Sosebee, Alternate Designated Agency Ethics Official, USAID, writes:**

As you know, I am both the Alternate Designated Agency Ethics Official at USAID, and an accomplished (if I do say so myself) amateur stage actor. When I first laid eyes upon you, I said to myself, "This man could play God!" Despite and since that first daunting encounter, you have been a model to me of professionalism, gentility and warmth. I will always admire you, and I will sincerely miss your stewardship.



**The Department of the Interior Ethics Staff offers these thoughts for the “memory book”:**

Over the past ten years, Stephen Potts came to personify the ethics program for many Executive Branch employees. Certainly, his affability and accessibility are traits we should all remember when working within our individual departments and agencies. We all will miss his good humor and commitment to the ethics program. Without a doubt, no OGE director will ever look as good in a pair of white tennis shorts!

**From John Surina, Designated Agency Ethics Official, Department of Agriculture:**

I regret that I have had the pleasure of working with Director Potts for only a couple of years, but I can clearly attest, first hand, to his extraordinary contribution to the re-establishment of the ethics program at the U.S. Department of Agriculture. . . . As Director of the newly established USDA Office of Ethics, I can attest to the continuation of that commitment both within the leadership of USDA and among all the staff at OGE with whom we interact. Absent that early commitment and continuing support, we could not have achieved the successes enjoyed over the past 18 months.

**Edgar M. Swindell, Designated Agency Ethics Official, Department of Health and Human Services, conveys:**

. . . The development during your tenure of a uniform code of ethical conduct for executive branch employees is a singular achievement of lasting duration. The promulgation of the Standards has transformed government ethics from an often amorphous, subjective field to one now defined, to a significant degree, by legal rigor and certitude. While some might debate that the subject of ethics and morality has been reduced to legalistic formulations far removed from a lay person’s intuitive understanding, I truly believe that you have chosen the right balance between inculcating high ethical standards and prescribing rules of conduct for which a breach may result in discipline. Appointees who come warily to public service take great comfort when we can confirm that their conduct adheres to specific objective rules despite the risk of differing subjective views as to propriety. . .

**John Szabo, Deputy Ethics Counselor, Nuclear Regulatory Commission, reflects:**

. . . Steve Potts leaves a great legacy. It includes a strong and highly-respected OGE as well as the first government-wide ethics regulations that every employee can understand and appreciate. Steve has gained the esteem of the entire ethics community for his untiring advocacy for an effective ethics program in every agency. . . . It seems to me that the words of the late sage Walter Lippmann best encapsulate the accomplishments of Steve Potts: “The final test of a leader is that he leaves behind him in others the conviction and the will to carry on. . . . The genius of a good leader is to leave behind him a situation which common sense, without the grace of genius, can deal with successfully. . . .”

**From David C. Williams, Inspector General, Department of the Treasury:**

. . . You leave behind an enduring legacy of greatly strengthening and raising the performance of the Office of Government Ethics to world class standards. Your office has rightfully become recognized throughout the government for reasoned and faultless judgments and its level of energy in strengthening ethical standards and assuring compliance across a broad constellation of small and large agencies and departments. Against this backdrop, you have also been quick to assist and advise a large number of foreign nations in their effort to establish their own programs for ethics in government. . . .

**Jacquelyn L. Williams-Bridgers, Inspector General, Department of State, expresses:**

. . . [Your] active partnership with our office has been instrumental in promoting transparency and greater adherence to professional standards through alliances with our counterparts in the Republics of Chile and Argentina. . . . From the White House to the National People’s Congress, your contributions to the promotion of ethical standards and professional integrity have paved the road to democracy. . . .

*Note that these narratives have been edited substantially. The letters will be presented in their entirety to Mr. Potts upon his retirement.*

## Ethics News Briefs

### OGE Publishes Interim Section 208 Census Exemption:

The Office of Government Ethics (OGE) has published an interim regulation that would permit certain temporary employees of the Department of Commerce Bureau of Census to perform duties in connection with the decennial census, notwithstanding these employees' disqualifying financial interest under 18 U.S.C. § 208(a) arising from the interests of their non-Federal employers who are State, local and tribal governments.

See 65 FR 16511-16513 (March 29, 2000), effective upon publication with a 30-day comment period.

### OGE Publishes its Spring 2000 Semiannual Regulatory Agenda:

OGE published its semiannual regulatory agenda at 65 Federal Register 23657-23664 (part XXXIV) on April 24, 2000. OGE's agenda, which is part of the executive branch Unified Agenda of

Federal Regulatory and Deregulatory Actions, provides an updated listing of the various OGE rulemakings under development.

### Minor Corrections to the Recent Interim Training Regulation Published:

A couple of minor corrections to the recent plain language interim training regulation, which do not affect the regulatory text, were published at 65 Federal Register 10598 (February 28, 2000).

### Update to Agency Supplemental Standards Rulemakings:

With OGE's concurrence and co-signature, the following agencies have issued, for codification in title 5 of the Code of Federal Regulations, interim or final supplemental standards of ethical conduct for their employees:

- ◆ Department of Labor rule adopting its interim supplemental standards as final. See 64 Federal Register 73852-73853 (part V) (December 30, 1999), effective



January 31, 2000. Labor also revised and updated its residual conduct regulation, which includes a cross-reference provision to the current ethics regulations.

- ◆ Department of Agriculture interim supplemental standards. See 65 Federal Register 15825-15830 (March 24, 2000), effective upon publication with a 30-day comment period.

## Web-Based Training Module

A new introductory Web-based training module on gifts between employees will be placed on the OGE's Web site at [www.usoge.gov](http://www.usoge.gov). This module is based on Subpart C of the Standards of Conduct, and it focuses on the standards and exceptions related to gifts between employees. Ethics officials may instruct covered employees to use this module as part of either new employee or annual ethics training requirements.

Test your knowledge and see if you can answer a questions from the "Just Checking" section of the module:

**Q.** The Office of Public Affairs within your agency has been tasked with developing an updated mission statement and publishing a pamphlet. The Director appointed Karen, Chief of Publications Division, to be the project manager. He then asked each division chief to assign two staff members to the project. Sarah and David work for Marty. Robert and Grace work for Joanne. And Karen supervises Allen and Barbara.

Several months later, these six members of the mission statement project chipped in and gave Karen a \$57 lamp for her birthday. May Karen accept the lamp?

**A.** No, she may not. On a special, infrequent occasion, an employee may solicit voluntary contributions of nominal amounts for a gift appropriate to the occasion. A birthday is not considered to be a special, infrequent occasion. Therefore, Karen may not accept the lamp. However, each employee may give Karen a birthday gift having an aggregate market value of \$10 or less, if he or she desired to do so. Karen could accept those gifts.

## New SF 278 Edition

The Office of Government Ethics (OGE) has now completed the clearance process for the new 2000 edition of the SF 278 Executive Branch Personnel Public Financial Disclosure Report. The new version of the form:

- ◆ incorporates higher-category reporting, as required by amendments to the Ethics in Government Act, for any assets, income, liabilities, and, for the first time, transactions, which are over \$1,000,000 in value;
- ◆ reflects the new slightly higher thresholds for gifts and reimbursements (over \$260 overall, with a \$104 or less "de minimis" threshold);

- ◆ adds a continuation page for transactions (Schedule B, Part I); and
- ◆ includes a check-off box for indicating any filing extensions and, if so indicated, the number of days granted.

A viewable and downloadable Portable Document Format version of the new edition of the SF 278 has been placed on OGE's Web site (<http://www.usoge.gov>), which must be printed out once completed and manually signed before filing. OGE is also working with the General Services Administration (GSA) and the Government Printing Office to provide nationwide stocking of the paper forms, in packages of 25, through GSA's Federal Supply Service

and their Customer Supply Centers. OGE will inform the departments and agencies when the new edition is ready for ordering nationwide.

In the meantime, the existing editions (6/94 & 1/91) of the SF 278 can still be used until at least September 30, 2000, or until the new edition is ready for ordering through GSA. Thereafter, only the new 2000 edition of the form should be used, except that terminees may continue to use the existing editions, if they prefer, until February 28, 2001.

## Ethics in Action

**Q.** The Associate Administrator for Disaster Assistance of the Small Business Administration (SBA) is given an engraved silver tray valued at \$175.00, as a public service award by an organization of small business owners in California, for her assistance to their community following a recent earthquake. The group meets periodically to discuss subjects of mutual interest, such as their dealings with the SBA and other Federal agencies in obtaining development grants and business assistance. In fact, almost all of the members of the organization have loan applications pending at the SBA. The Associate Administrator asks the SBA ethics official if she can keep the award. How should the ethics official proceed in advising the Associate Administrator as to whether she may keep the award?

**A.** Because a majority of the members of the organization of small business owners giving the award are seeking official action by the Associate Administrator's agency, the organization would be a prohibited source. Moreover, the award is being given because of the Associate Administrator's official position because it is being given in recognition of her work at her agency related to the earthquake.

The award is a "gift" covered by the Standards of Conduct as it is an item having monetary value. It would not be excluded from the definition of "gift" in the Standards because it is not an item with little intrinsic value, such as plaques or certificates that are intended solely for presentation.

Because the award is either from a prohibited source or is given because of official position, and because it is a gift under the Standards, the ethics official would have to determine if its acceptance is permitted by any of the exceptions in the Standards.

Acceptance of the award might be permissible under the exception at 5 C.F.R. § 2635.204(d). Section 2635.204(d) states that an employee may accept gifts

- ◆ valued at \$200.00 or less
- ◆ if such gifts are a bona fide award or incident to a bona fide award
- ◆ that is given for meritorious public service or achievement
- ◆ by a person who does not have interests that may be substantially affected by the performance or nonperformance of the employee's official duties, or by an association or other organization the majority of whose members do not have such interests.

In applying this exception for public service awards valued at less than \$200.00, the ethics official will need to obtain some additional information before advising the Associate Administrator as to whether she may keep the gift. The ethics official must evaluate whether the award is bona fide. This would require obtaining sufficient information regarding the circumstances surrounding the award to determine that it is given in good faith and is not merely a specious device to benefit the employee. One indicator would be whether the organization had made comparable awards in the past or had a written policy of making such awards. The ethics official will also need to find out whether or not the majority of the members of the group have interests that may be substantially affected by the performance or nonperformance of the Associate Administrator's official duties.

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