

**Situations 7-4.01-P**

STATE situations that could result in a conflict of interest, as presented in the E-PME Study guide.

***Potential Conflict of Interest Situations*** For this performance requirement, you need to specify situations that could result in a conflict of interest. Various potential ethical violations are presented here.

If you need to, review Standards of Conduct and Ethics Principles provided below and on the following pages. Then review each scenario.

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***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 C.F.R. Part 2635.

COMDTINST M5370.8B: 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.

**To review the (untestable) information on the Standards of Ethical Conduct Manual (5 C.F.R. Part 2635—an enclosure in COMDTINST M5370.8B) go to:**

[http://www.uscg.mil/ccs/cit/cim/directives/CIM/CIM\\_5370\\_8B.pdf](http://www.uscg.mil/ccs/cit/cim/directives/CIM/CIM_5370_8B.pdf)

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 these principles to determine if your conduct is proper.

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***Loyalty***

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

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***Financial Interests***

You shall not hold financial interests that conflict with the conscientious performance of duty. Subpart H of 5 C.F.R. Part 2635 contains provisions relating to outside employment, outside activities, and personal financial obligations of employees.

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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 Federal employment and that you know or reasonably should know has not been made available to the general public. Subpart G of 5 C.F.R. Part 2635 sets forth standards pertaining to this topic.

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***Gifts Acceptance***

You shall not hold financial interests that conflict with the conscientious performance of duty. Subpart H of 5 C.F.R. Part 2635 contains provisions relating to outside employment, outside activities, and personal financial obligations of employees.

***Honest Effort*** You shall put forth honest effort in the performance of your duties.

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***Commitments*** You shall not knowingly make unauthorized commitments or promises of any kind purporting to bind the government.

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***Public Office*** You shall not use public office for private gain. Subpart G of 5 C.F.R. Part 2635 addresses this issue.

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***Impartiality*** You shall act impartially and not give preferential treatment to any private organization or individual.

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***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. Subpart G of 5 C.F.R. Part 2635 sets forth standards pertaining to this topic.

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***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 are:
    - ▶ 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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***Whistleblowing***

You cannot be fired, fined, mistreated, or receive any retribution for disclosing knowledge of a crime or waste, fraud, and abuse. Section 2302 of Title 5, United States Code sets forth standards pertaining to this topic.

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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.

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***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.

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***Unlawful Actions***

You shall endeavor to avoid any actions creating the appearance that you are violating the law or the ethical standards set forth in 5 C.F.R. Part 2635. 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.

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**Scenarios**

Read each scenario and answer the questions that follow.

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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 \_\_\_\_\_

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**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 \_\_\_\_\_

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**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 untestable 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.

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**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.

See untestable Sections 2.C.7 through 2.C.12 of COMDTINST M5370.8B (Standards of Ethical Conduct). For any questions concerning gifts, contact an ethics attorney.

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**Scenario #3**  
*Fundraising  
Activities*

In his private capacity, PO Green is a local scout troop leader. The troop, made up largely of non-Coast Guard dependent children, is having a fundraiser. The purpose is to obtain funds to finance a rafting excursion on Lake Champlain for troop members.

PO Green uses his Coast Guard computer to send out a shotgun e-mail to all command members and to generate a flyer. He posts the flyer on a command bulletin board located in the coffee mess area asking command members to please make a cash donation and/or drop by his office to purchase fundraiser candy bars. In addition, PO Green puts out a jar for cash donations in the coffee mess area. His first donation jar containing an unknown amount of cash is stolen so PO Green puts out a second donation jar.

Has PO Green committed any ethics violations? Yes \_\_\_\_\_ No \_\_\_\_\_

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**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 \_\_\_\_\_

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**Scenario #3**  
**Answer**

PO Green has committed ethics violations. He is engaged in a fundraising activity because he is:

- Soliciting cash donations for a nonprofit organization (the troop)
- Selling candy bars to raise cash for that organization.

PO Green is also engaged in a fundraising activity in the Coast Guard workplace because he has:

- Used his official computer to send a fundraising e-mail
- Set out a total of two donation jars
- Posted a fundraising flyer.
- Sold fundraiser candy bars out of his office.

*Basis:* Coast Guard personnel are permitted to raise funds in the Coast Guard workplace for two purposes only: the annual Combined Federal Campaign (CFC) and Coast Guard Mutual Assistance (CGMA) drives. While there are two exceptions to this rule, neither applies in this case. Because the funds are not being raised for CFC or CGMA drives, PO Green has violated ethics rules.

Refer to 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.

**Additional untestable information can be found in** COMDTINST M5370.8B, Standards of Ethical Conduct.

[http://www.uscg.mil/ccs/cit/cim/directives/CIM/CIM\\_5370\\_8B.pdf](http://www.uscg.mil/ccs/cit/cim/directives/CIM/CIM_5370_8B.pdf)

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**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.

**Additional untestable information can be found in COMDTINST M5370.8B, Standards of Ethical Conduct.**

[http://www.uscg.mil/ccs/cit/cim/directives/CIM/CIM\\_5370\\_8B.pdf](http://www.uscg.mil/ccs/cit/cim/directives/CIM/CIM_5370_8B.pdf)

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**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 \_\_\_\_\_

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**Scenario #6**  
*Misuse of Coast  
Guard Position*

CPO Friendly's brother-in-law, Ralph, is the proud owner of a pleasure boat. In a rare moment of indiscretion, Ralph went out one morning for a day cruise with his significant other without any personal flotation devices or fire extinguisher aboard. But he did bring onboard a cooler filled with premium dark beer and a 3-liter box of wine.

Unfortunately, Coast Guard members boarded Ralph's boat late in the afternoon to conduct a routine administrative inspection. A chagrined, remorseful, and sunburned Ralph returned home that evening with a citation for operating his boat while intoxicated and for several safety violations.

When Ralph sobered up the next day, he had the presence of mind to call Chief Friendly for help, as a family favor. Chief Friendly's wife (Ralph's sister) pleaded that he help Ralph. In an effort to preserve family peace, Chief Friendly made some calls to kill the citation.

Did CPO Friendly commit an ethics violation? Yes \_\_\_\_\_ No \_\_\_\_\_

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**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.

Whenever you photograph or videotape any operations, you should advise your supervisor or unit public affairs officer that you have done so.

*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.

**Additional untestable information can be found in** COMDTINST M5370.8B, Standards of Ethical Conduct:

[http://www.uscg.mil/ccs/cit/cim/directives/CIM/CIM\\_5370\\_8B.pdf](http://www.uscg.mil/ccs/cit/cim/directives/CIM/CIM_5370_8B.pdf)

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**Scenario #6**  
**Answer**

CPO Friendly has committed an ethics violation. He is prohibited from using his Coast Guard office, status, title, or authority for:

- His private gain (keeping peace in the family in this case)
- The private gain of any friend or relative (his brother-in-law in this case)
- Coercing or inducing anyone to provide any benefit to any persons, including friends and family members

*Basis:* Your public office cannot be used for your own private gain or for the private gain of friends, relatives, or persons with whom you are affiliated in a nongovernmental capacity. Refer to Sections 2.H.1 of [COMDTINST M5370.8B](#) (Standards of Ethical Conduct). For any questions concerning misuse of position, contact an ethics attorney.

**Additional untestable information can be found in COMDTINST M5370.8B, Standards of Ethical Conduct:**

[http://www.uscg.mil/ccs/cit/cim/directives/CIM/CIM\\_5370\\_8B.pdf](http://www.uscg.mil/ccs/cit/cim/directives/CIM/CIM_5370_8B.pdf)

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**Scenario #7**  
*Outside Activities/  
Employment*

PO Blue, assigned to a large Coast Guard base, just got a reenlistment bonus and can't wait to use it as a down payment on a new Ford Mustang advertised in a local newspaper. However, he knows that he will need to get a part-time, off-duty job in order to make the hefty monthly car payments.

One of PO Blue's close friends is the regional manager for a very large, well known, highly reputable life insurance company. The company receives excellent marks for customer satisfaction. The sales manager assures PO Blue that because of his innate ability and intelligence, personality, and contacts in the training center, he should have no trouble convincing Coast Guard personnel at the training center to buy life insurance from him. PO Blue is offered the job. The deal sounds perfect, but PO Blue wonders whether he can accept the job offer.

Can PO Blue accept the job offer? Yes \_\_\_\_\_ No \_\_\_\_\_

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**Scenario #8**  
*Outside Activities/  
Employment*

PO Azure, a highly experienced Marine Science Technician assigned to a Marine Safety Office, has an unemployed dependent husband and three young children at home. Struggling to make ends meet, she is looking for suitable off-duty employment. She knows of a local fishing boat owner who is looking for weekend deck hands to help take passengers out for all-day fishing excursions.

PO Azure recently successfully completed her annual ethics (conflict of interest) training and knows that she cannot participate, in her Coast Guard capacity, in any matter that will impact an off-duty employer. She made a mental note to avoid that problem.

Can PO Azure take the deck hand job? Yes \_\_\_\_\_ No \_\_\_\_\_

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**Scenario #7**  
**Answer**

PO Blue **cannot** accept the job offer.

*Basis:* Federal ethics rules prohibit Coast Guard personnel from engaging in any outside employment that is prohibited by federal law, federal regulations, or Coast Guard regulations. Coast Guard regulations required PO Blue to notify his CO that he is contemplating working off-duty selling life insurance aboard the base. Those same regulations require the CO to apply Coast Guard policy to all such requests. Coast Guard policy prohibits members from selling life insurance aboard any government (including Coast Guard) installation.

**For untestable information**, refer to Sections 2.I.1 of COMDTINST M5370.8B (Standards of Ethical Conduct). For any questions concerning outside employment, contact an ethics attorney.

**Additional untestable information can be found in** COMDTINST M5370.8B, Standards of Ethical Conduct:

[http://www.uscg.mil/ccs/cit/cim/directives/CIM/CIM\\_5370\\_8B.pdf](http://www.uscg.mil/ccs/cit/cim/directives/CIM/CIM_5370_8B.pdf)

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**Scenario #8**  
**Answer**

PO Azure **cannot** take the deck hand job. Had she read scenario #7, PO Azure would know that outside employment is prohibited if it is barred by federal statute, federal regulation, or Coast Guard regulation.

*Basis:* Coast Guard regulation, Chapter 6.E of the Marine Safety Manual, Volume I, prohibits PO Azure, a marine safety person, from many things, including operating or maintaining:

- Any vessel that is operated for hire
- Any other type of commercial vessel, including fishing vessels, whether or not inspected by the USCG

Refer to Sections 2.I.1 of [COMDTINST M5370.8B](#) (Standards of Ethical Conduct). For any questions concerning outside employment, contact an ethics attorney.

**Additional untestable information can be found in** COMDTINST M5370.8B, *Standards of Ethical Conduct*. To view this manual, go to

[www.uscg.mil/ccs/cit/cim/directives/CIM/CIM\\_5370\\_8B.pdf](http://www.uscg.mil/ccs/cit/cim/directives/CIM/CIM_5370_8B.pdf)

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## Scenario #9

### *Conflicts of Interest*

PO Oxblood is an excellent instructor at a Coast Guard training center. He is also responsible for resolving all support issues with the training support contractor, *WeTrainU*. PO Oxblood's enlistment will expire in about 90 days and he has decided to try civilian life.

PO Oxblood has networked his resume to *WeTrainU*. After two interviews with the company, he receives a job offer. Because he knows that his Chief will be upset about his decision not to reenlist, PO Oxblood keeps his *WeTrainU* job offer a secret and continues to go about his duties as though he might reenlist.

Does PO Blue have a conflict of interest problem?

Yes \_\_\_\_\_ No \_\_\_\_\_

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## Scenario #10

### *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.

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 \_\_\_\_\_

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**Scenario #9**  
**Answer**

Yes, PO Oxblood has a conflict of interest problem...a BIG one. Once PO Oxblood negotiates for employment with any prospective employer, that prospective employer's financial interests automatically involve him. So, now that PO Oxblood has a job offer, he can no longer resolve any support issues for USCG with the training contractor, *WeTrainU*.

PO Oxblood needs to contact an ethics attorney immediately to find out how to remedy the conflict of interest. If he fails to do so, he faces adverse administrative and criminal sanctions by the Coast Guard and federal authorities.

*Basis:* Any prospective employer's financial interests automatically involve the job candidate. Therefore, PO Oxblood is prohibited from participating in any matter that will have a direct and predictable affect on his prospective employer, *WeTrainU*.

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

**Additional untestable information can be found in** COMDTINST M5370.8B, Standards of Ethical Conduct. To view this manual, go to:

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**Scenario #10**  
**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.

**Additional untestable information can be found in** COMDTINST M5370.8B, Standards of Ethical Conduct. To view this manual, go to:

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***Performing the Requirement***

When you are ready to perform this requirement (state situations that could result in a conflict of interest), approach your supervisor and request that he or she observes your performance.

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