



The HIGH ROAD

"Preserving public confidence in public servants."

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Hawaii State Ethics Commission

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FINANCIAL DEALINGS BETWEEN SUPERVISORS AND SUBORDINATES

State supervisors and subordinate employees sometimes engage in private transactions. If money is involved, ethics problems may arise.

Section 84-13(4) of the State Ethics Code prohibits an employee from soliciting, selling, or engaging in a substantial financial transaction with a subordinate. This section is part of the ethics code's "Fair Treatment" law, which prohibits an employee from using his or her official position to obtain an unwarranted advantage.



The authority exercised by a supervisor over a subordinate at work can lead to an unfair or unwarranted advantage in private transactions. For example, if a supervisor buys a car from a subordinate employee, the subordinate may be disadvantaged in negotiating a fair price. There can be similar problems if a supervisor hires a subordinate employee to perform outside work for the supervisor. To avoid problems like this, the ethics code prohibits substantial financial transactions between supervisors and subordinates.

It is important to note that the ethics code does not bar all private transactions between supervisors and subordinates. But in cases of private financial transactions between supervisors and subordinates, employees are advised to contact the State Ethics Commission for advice.

ETHICS QUIZ

QUESTION: *You are a state employee. You also have a part-time job as a sales representative for a company that sells office paper products. You believe that your state office has a need for the kinds of products that the company sells. You are thinking of arranging a meeting with your state supervisor to make a sales presentation of the company's products and to open an account for your state office with the company. Would this raise any concerns under the State Ethics Code?*

ANSWER: *Yes! Section 84-14(d) of the State Ethics Code prohibits an employee from assisting or representing a person or business, for compensation, on matters before the employee's state agency. In the above situation, you are being compensated by a company as a part-time employee. Making a sales presentation to your state office or agency on behalf of the company and opening an account with the company for your state office would be considered assisting or representing a business, for compensation, before your own state agency, which is prohibited.*

CAN'T MAKE IT TO ONE OF OUR WORKSHOPS?

"Great experience." "Very informative." "Very helpful." "Learned a lot!" These comments are all from state employees who have attended one of the State Ethics Commission's ethics workshops. The Commission regularly conducts free workshops for state employees on Oahu and the neighbor islands. The three-hour workshops use small-group discussions of hypothetical cases to teach participants about the major provisions of the State Ethics Code. Employees who participate in the workshops have responded very positively to them. Unfortunately, we have heard that some employees would like to attend a workshop but are unable to do so because of scheduling problems, lack of transportation to the workshop location, and other reasons. For these employees, we offer the following suggestions:

1. See if others in your office or agency are interested in attending an ethics workshop. If you can assemble a group of at least 25 employees and can arrange for the use of a conference or meeting room, we will try to provide a speaker for your group.
2. Ask for our publications. The Commission has a brochure entitled, "Ethics Guide for Elected Officials, Employees, Members of Boards and Commissions," which provides a summary of the State Ethics Code and explains the Commission's procedures for issuing advisory opinions and investigating violations of the ethics laws. The brochure is available to anyone, free of charge. The Commission also has other publications about the ethics laws that are available upon request.
3. Call us for advice or information. If you have a question or concern about the ethics code, call the Commission's office. You will be assisted by one of the Commission's staff attorneys, who can provide confidential advice or information to you.
4. Keep trying to register for an ethics workshop! Check with your personnel office or the State Ethics Commission for the dates and times of upcoming ethics workshops.

GIFTS DISCLOSURE STATEMENTS DUE JUNE 30, 1998

June 30, 1998 is the deadline for gifts disclosure statements to be filed with the State Ethics Commission. The disclosure statements cover the period from June 1, 1997 to June 1, 1998. State legislators, employees, and board and commission members who received gifts during this period must file a gifts disclosure statement with the Commission if they meet all of the following conditions:

1. The individual or a spouse or dependent child received from one source (a) any gift greater than \$200, or (b) gifts whose combined value is greater than \$200;
2. The source of the gift or gifts has interests that may be affected by official action or lack of action by the individual; and
3. The gift(s) is not exempted by the ethics code.

Individuals who did not receive any reportable gifts during the reporting period need not file a gifts disclosure statement.

Additional information about the gifts disclosure law and disclosure forms and instructions can be obtained by contacting the State Ethics Commission.

OTHER FILINGS DUE JUNE 1, 1998

1. **Lobbying expenditures statements** covering the period from March 1, 1998 through April 30, 1998 due for lobbyists, persons who spend \$750 or more lobbying, and persons who employ lobbyists.
2. **Annual financial disclosure statements** due for state legislators, department heads, certain board and commission members, and other state officials and employees as required by law.

The High Road is a publication of the Hawaii State Ethics Commission.

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