

Aloha and welcome to the Hawai'i State Ethics Commission's on-line ethics training program for state board and commission members.

Beginning on January 1, 2023, all state board and commission members will be required by law to take an ethics training course and to repeat their training every four years. The members of some boards and commissions must take a live training course, so before proceeding further, please check the Commission's website or contact the Commission's office to see whether you may take this on-line course to satisfy your ethics training requirement.

This course will inform you about the standards of ethical conduct that all state board and commission members must follow. For the most part, this presentation will advance automatically. We have included some interactive quizzes in the program, which will prompt you to select the correct answer.

This program will take a little over 30 minutes to complete.

Once you have completed this training program, you can obtain a certificate of completion via email. Follow the instructions for this at the end of the program.



In Hawai'i, hundreds of citizens participate in government by volunteering to serve on state boards and commissions. We entrust these public officials with many important government functions, such as providing for the healthcare and housing needs of our community, managing our cultural and historic resources, and regulating licensed professions to protect Hawai'i consumers. State board and commission members – most of whom are unpaid volunteers – help shape our government and provide a vital service to the people of Hawai'i.

Article XIV Hawai'i State Constitution

Hawai'i Revised Statutes Chapter 84 | State Ethics Code

“The people of Hawai'i believe that public officers and employees must exhibit the highest standards of ethical conduct and that these standards come from the personal integrity of each individual in government.”

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We rely upon all state officials to perform their duties with integrity. In fact, Hawai'i's Constitution requires that public officers and employees exhibit the highest standards of ethical conduct. These standards of conduct are found in Hawai'i Revised Statutes Chapter 84, also known as the State Ethics Code.

State Ethics Code applies to:



State
Legislators



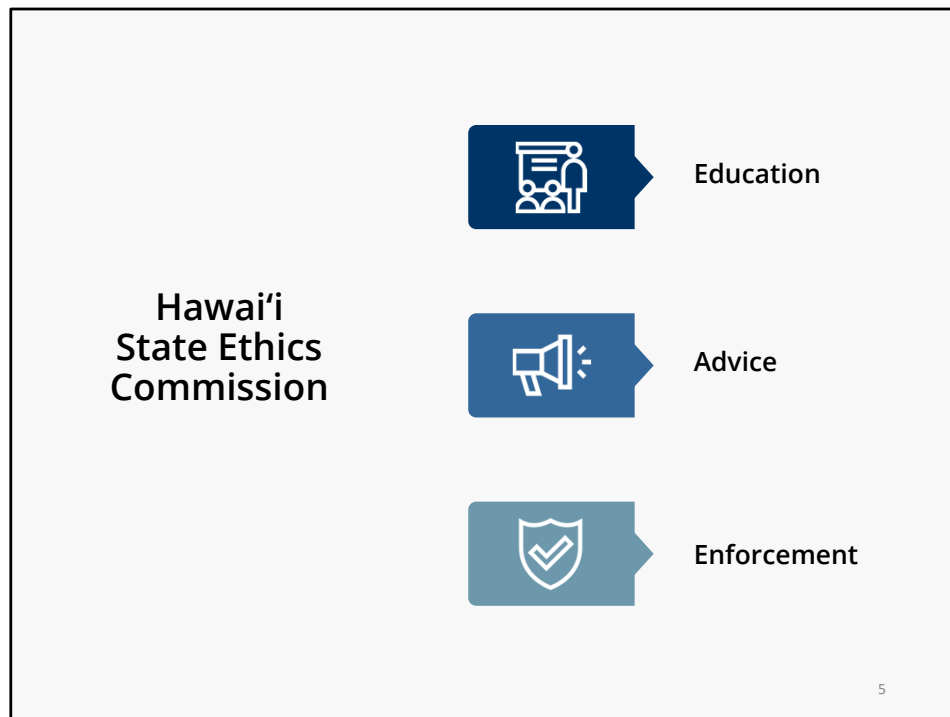
State
Employees



Members of
State Boards and
Commissions

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The State Ethics Code consists of state laws that require ethical conduct by all state legislators, state employees, and the members of state boards and commissions. These laws promote integrity and public confidence in government.



The Hawai'i State Ethics Commission administers and enforces the State Ethics Code.

The Commission:

- Educates state officials about the ethics laws;
- Provides ethics advice to state officials; and
- Enforces the ethics laws by investigating and prosecuting ethics violations.

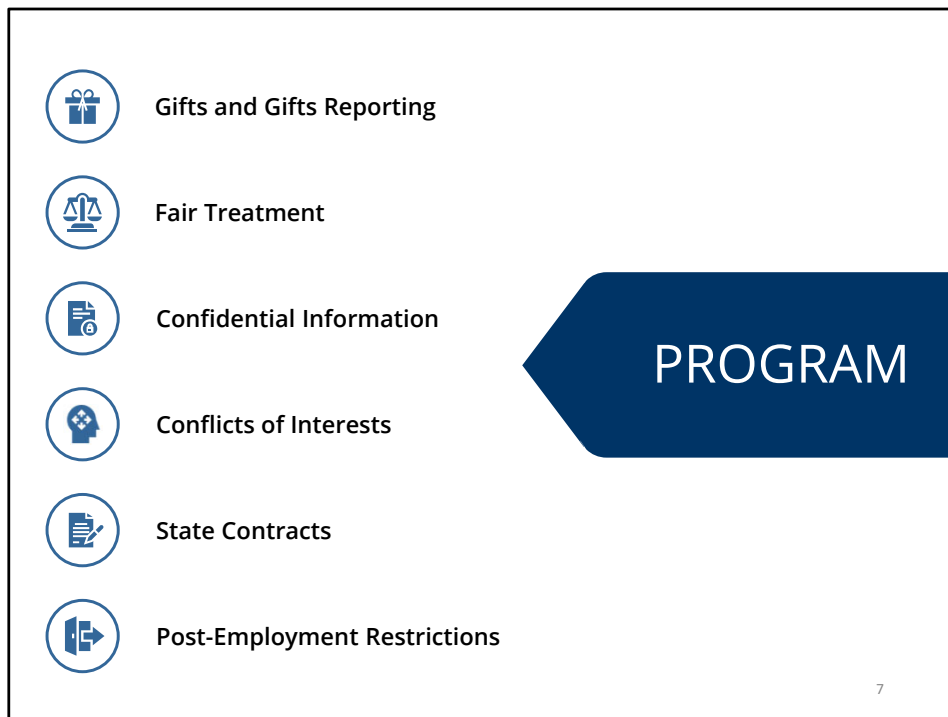


Financial Interests Disclosure

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The State Ethics Commission also administers the Ethics Code's Financial Disclosure law, which requires many elected and appointed state officials – including many board and commission members – to file an annual disclosure of financial interests with the Commission. If the members of your board are required to file a Financial Disclosure statement, the Commission will notify you of this requirement and will assist you with any questions you may have about how to complete your disclosure form. Please remember that this is a legal requirement of your state office.

For more information about the Financial Disclosure law, visit the State Ethics Commission's website and see our "Financial Disclosure E-Filing Guide."



In this program, we will cover the following ethics laws that together form the State Ethics Code: Gifts and Gifts Reporting; Fair Treatment; Confidential Information; Conflicts of Interests; State Contracts; and Post-Employment Restrictions.

Let's begin our discussion with the Gifts law.

Gifts

HRS § 84-11



Don't accept any gift if it is reasonable to infer the gift is offered to influence or reward you for state action.

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The State Ethics Code has a Gifts law that applies to all state officials. As a state board member, the Gifts law prohibits you from accepting any gift if it's reasonable to infer the gift is offered to influence or reward you for state action.

The Gifts law is not based on whether someone actually intends to influence you or whether you are actually influenced by a gift. Rather, the law is based on appearance: Does it reasonably appear that a gift is offered to influence or reward your actions as a state board member? If the answer is yes, then the gift is prohibited.

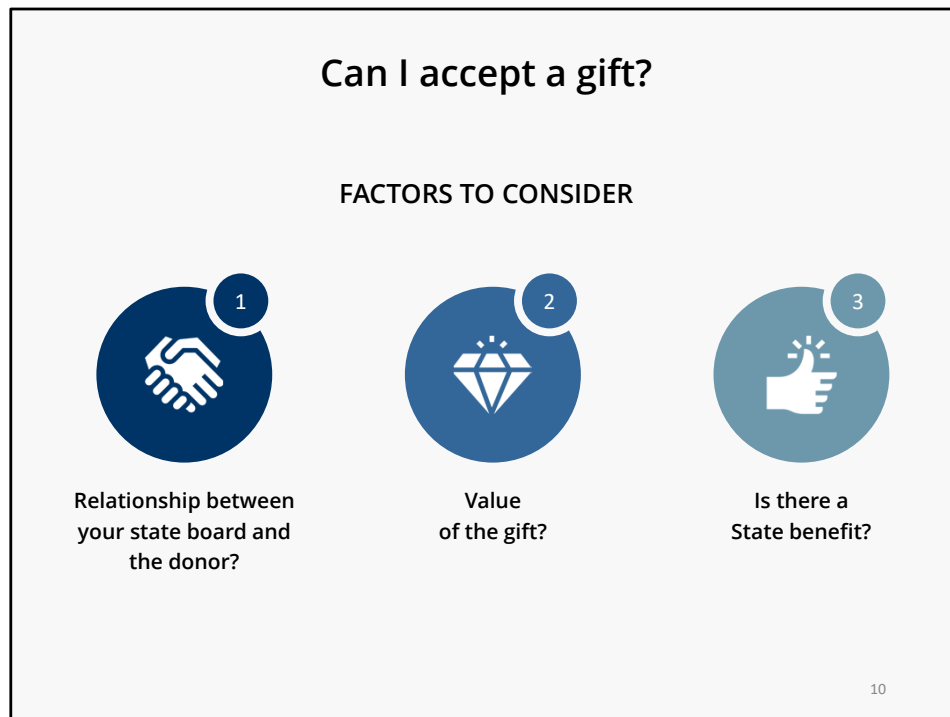
What is a gift?



So, what is a gift? It can be anything of value that is offered or given to you. Here are some examples:

- Free meals and other gifts of food, such as a box of malasadas or a tray of sushi;
- Gift baskets and gift cards;
- Recreation and entertainment, such as free golf or tickets to sports events or shows;
- Invitations to special events, such as grand openings or charity fundraiser dinners; and
- Travel, including airfare and hotel.

Again, these are just examples. There are many other kinds of gifts that are subject to the Gifts law.



If you are offered a gift, you must first ask whether the Gifts law allows you to accept it. The State Ethics Commission looks at three factors:

- First, the relationship between your state board or commission and the donor of the gift;
- Second, the value of the gift; and
- Third, whether the gift will provide any benefit to the State or to you in performing your state duties.

Let's look a little closer at each of these factors.

Can I accept a gift?

What is the relationship between your state board and the donor?

- ▶ Inspect or Regulate? - No Gifts!
- ▶ Party to a Contested Case? - No Gifts!
- ▶ Vendor or Contractor? - No Gifts!

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The first factor is the relationship between your state board or commission and the donor.

If your board takes state action affecting the donor, the gift is more likely to be prohibited. For example, if you receive a gift from someone who is licensed by your board or has applied to your board for a loan, the gift is likely to be prohibited.

Be aware that you must not accept any gifts from:

- Someone who is regulated by your board;
- A party to a contested case before your board; or
- A vendor or contractor who does business with your board or is seeking to do business with your board.

Can I accept a gift?

What is the value of the gift?

- ▶ HIGH - Gift more likely prohibited
- ▶ NOMINAL - Gift more likely allowed

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The second factor is the value of the gift. Generally, the higher the value of the gift, the more likely it is that the gift is prohibited.

For example, expensive gift baskets or meals are most likely to be prohibited gifts.

Gifts of nominal value that may generally be accepted include inexpensive items such as branded pens, calendars, or tote bags provided at a training session or conference.

Can I accept a gift?

Is there a benefit to the State if I accept the gift?

- ▶ YES - Gift more likely allowed
- ▶ NO - Gift more likely prohibited

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The third factor is whether the gift provides any benefit to the State. Gifts that benefit the State, or benefit you in performing your state duties, are more likely to be allowed. For example, is someone offering to pay for you to attend a seminar or conference that will help you better perform your state duties? This may be allowed under the Gifts law.

On the other hand, gifts that are mainly for your own personal benefit or entertainment are generally prohibited. This includes:

- Free golf and other recreational activities;
- Tickets to sports events, concerts and shows; and
- Gifts cards or money.

Gifts of Travel

(Travel paid for by non-state entity)



- Who is paying for trip?
- Does trip relate to state duties?
- No travel upgrades

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Many state board and commission members travel to the neighbor islands or outside Hawai'i as part of their state duties. Sometimes, private organizations offer to pay for a board member's travel. These trips are considered "gifts of travel" and they are subject to the Gifts law.

If an organization offers to pay your travel expenses for a trip, contact the State Ethics Commission for guidance. You will be asked to provide information about the trip, the organization offering to pay for your trip, and how the trip relates to your state duties. Based upon the information you provide, one of the Commission's attorneys will advise you whether you may accept the gift of travel.

Be aware that although your trip may be for a legitimate state purpose, travel upgrades to business class or first class are generally considered a personal benefit and cannot be accepted.



Quiz

Nani is the chairperson of a state board that regulates the use of pesticides on Hawai'i farmlands. Pupukea Farms has invited Nani and a guest to its annual Great Harvest Celebration -- a gala dinner featuring agricultural products from Pupukea Farms. Can Nani accept this invitation?



- ☐ Yes, because this will help Nani learn more about Pupukea Farms.
- ☐ No, because Pupukea Farms should have invited Nani's entire board to this event.
- ☐ No, because this is a prohibited gift from a business that is regulated by Nani's board.
- ☐ Yes, because this is a social event that Nani and a guest should be allowed to attend.


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Let's see how the Gifts law applies in this case involving Nani, a state board member who is invited to a dinner event.


Read the question and select the correct answer by clicking on it. Then click the SUBMIT button in the lower right corner. If you are incorrect, you will get another chance by clicking TRY AGAIN.

Quiz

Click the **Quiz** button to edit this object

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Nani cannot accept Pupukea Farm's invitation to the Great Harvest dinner because Nani's board regulates Pupukea Farms. An invitation to the dinner for Nani and a guest would be a prohibited gift.

Gifts Reporting

HRS § 84-11.5



Report gift(s) to the State Ethics Commission if:

1. Value of gift or gifts from same source is more than \$200; and
2. Source of the gift or gifts has interests that may be affected by your actions as a state board member.

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The State Ethics Code also has a Gifts Reporting law.

This law requires you to report gifts to you, your spouse, or any of your dependent children, if:

- The value of the gift, or the combined value of two or more gifts from the same source, is more than \$200; and
- The source of the gift has interests that may be affected by your actions as a state board member.

If these conditions are met, you must file a Gifts Disclosure statement with the State Ethics Commission. Note that certain gifts do not have to be reported on a Gifts Disclosure statement, such as gifts from close relatives or gifts that are donated to charity.



Gifts Reporting
Deadline:
June 30

Gifts Disclosure Statement is a
public record

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Gifts Disclosure statements are due each year on June 30. They cover gifts received between June 1 of the preceding calendar year and May 31 of the current year. All Gifts Disclosure statements are public records.


Gifts Disclosure forms and instructions are available on the State Ethics Commission's website.

☒ Quiz

Is it okay for me to accept any gift as long as I report it?

☐ YES

☐ NO



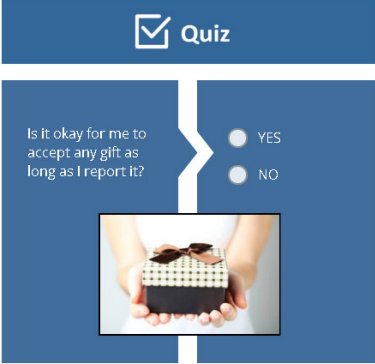
20

Time for a Pop Quiz: Can a board member accept any gift as long as it is reported on a Gifts Disclosure statement?

Select the correct answer.

Quiz

Click the **Quiz** button to edit this object




The mockup shows a blue header bar with a white checkmark icon and the word "Quiz". Below this is a white question box with the text "Is it okay for me to accept any gift as long as I report it?". To the right of the question box are two radio button options: "YES" and "NO". Below the question box is a small image of a hand holding a gift box.

☒ Quiz

Is it okay for me to accept any gift as long as I report it?

☐ YES

☐ NO



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Some state officials believe that they may accept any gift as long as they report it on a Gifts Disclosure statement. This is incorrect!

Remember, simply because you intend to report a gift on a Gifts Disclosure statement does not mean it was permissible for you to accept the gift in the first place.

Summary: Gifts and Gifts Reporting



Don't accept a gift if it reasonably appears the gift is intended to influence or reward your actions as a state board member.



Report gifts over \$200 from anyone who may be affected by your actions as a state board member.



You can't accept a prohibited gift just because you report it on a Gifts Disclosure statement.

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Let's summarize how the Gifts and Gifts Reporting laws apply to you:

- Don't accept a gift if it reasonably appears the gift is intended to influence or reward your actions as a state board member. And don't accept any gifts from someone you regulate, a party to a contested case, or vendors or contractors with your board.
- File a Gifts Disclosure statement to report gifts over \$200 that you receive from anyone who may be affected by your actions as a state board member.
- And remember that you are not allowed to accept a prohibited gift just because you intend to report it on a Gifts Disclosure statement.

For more information about the Gifts law, visit the State Ethics Commission's website and see our "Quick Guide on Gifts."

This concludes our discussion of Gifts and Gifts Reporting under the State Ethics Code.

Fair Treatment

HRS § 84-13(a)



Don't use your state position to obtain unwarranted privileges, advantages, or treatment for yourself or others.

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As state officials and employees, we are all expected to perform our duties with integrity and to act for the public good rather than our own personal gain. The State Ethics Code's Fair Treatment law affirms this important principle.

The Fair Treatment law prohibits board and commission members from using their official positions to give unwarranted privileges or advantages to themselves or others. In other words, don't use your state position to unfairly benefit yourself or anyone else. Being a member of a state board does not mean you are entitled to give or receive preferential treatment.

Fair Treatment

HRS § 84-13(a)(1)



Don't use your state position to obtain outside employment or contracts for yourself.

25

The Fair Treatment law includes several prohibitions. First, don't use your state position to obtain outside employment or contracts for yourself.

Fair Treatment

HRS § 84-13(a)(2)



Don't accept any compensation for performing your state duties unless permitted by law.

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Second, don't accept any compensation for performing your state duties unless permitted by law.

Most state board members serve as unpaid volunteers and the Fair Treatment law prohibits them from accepting any compensation for performing their state duties.

Some board members are permitted by law to receive a state salary for their service. These board members may accept their authorized state pay, but the Fair Treatment law prohibits them from accepting any additional compensation for performing their state duties.

Fair Treatment

HRS § 84-13(a)(3)



Don't use state time, equipment, facilities, or other state resources for private business purposes.

27

The Fair Treatment law also prohibits the use of state time, equipment, or facilities for private business purposes. For board members, state time means the time during which you are performing your state duties.

State equipment includes office equipment, such as photocopiers and computers, as well as other kinds of state equipment such as tools and machinery. This also includes state vehicles.

State facilities include state offices, conference and meeting rooms, and other state work premises.

You are also prohibited from using other state resources, such as your state email or state personnel, for private business activities.

What is a private business?



For-profit
business



Nonprofit
organization



Political
campaign

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Under the State Ethics Code, a “private business” means a for-profit business as well as a nonprofit organization, such as a private charity. A political campaign is also considered a private business.

Prohibited Private Business Activities in State Offices

- Promoting or soliciting private business
- Selling food, crafts, etc.
- Fundraising for private clubs, organizations, charities
- Campaign activities (asking for campaign contributions, planning campaign events, etc.)



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Here are some examples of “private business” activities that may not take place in state offices:

- Promoting or soliciting private business, such as soliciting clients for a real estate business;
- Selling food, crafts, or other items;
- Fundraising for private clubs, organizations, or charities; and
- Conducting campaign activities, such as asking for campaign contributions or planning campaign events.

State-Sponsored Fundraising

State resources may be used to fundraise for some state-sponsored events.

- ▶ Aloha United Way
- ▶ Hawaii Foodbank
- ▶ Blood Bank of Hawaii



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Although the Fair Treatment law prohibits the use of state resources for private fundraising, state resources may be used to fundraise for certain state-sponsored events, such as the State's Aloha United Way campaign, and other State campaigns for the Hawaii Foodbank and the Blood Bank of Hawaii.

Fair Treatment

HRS § 84-13(a)(4)




Don't enter into substantial financial transactions with subordinates or those you supervise or inspect.

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Finally, the Fair Treatment law prohibits you from entering into substantial financial transactions with a subordinate state employee, or with someone you supervise or inspect as a board member.

For example, a state board member may not sell a used car to a subordinate state employee or hire a subordinate employee to do outside work for the board member.

This is to prevent board members from misusing their state authority in private financial transactions with subordinates.

 Quiz

What is prohibited by the Fair Treatment law? Match the puzzle pieces by dragging right to left:


Using your state position	to design a website for your private business.
Accepting a \$50 honorarium	to fundraise for your child's soccer club.
Selling candy in a state office	to give preferential treatment to a friend.
Hiring a subordinate state employee	to speak on behalf of your board at a business luncheon.

32

Now test your knowledge of the Fair Treatment law by matching the puzzle pieces.

Quiz

Click the **Quiz** button to edit this object

 Quiz

What is prohibited by the Fair Treatment law? Match the puzzle pieces by dragging right to left:

Accepting a \$50 honorarium	to fundraise for your child's soccer club.
Selling candy in a state office	to give preferential treatment to a friend.
Hiring a subordinate state employee	to speak on behalf of your board at a business luncheon.
Using your state position	to design a website for your private business.

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Summary: Fair Treatment



Don't use your state position to unfairly benefit yourself or others.

- Don't use your state position to get outside employment for yourself.
- Don't accept compensation for state duties unless permitted by law.
- Don't use state resources for private business activities.
- Don't enter into substantial financial transactions with subordinates.

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Let's summarize how the Fair Treatment law applies to you.

- Don't use your state position to unfairly benefit yourself or others.
- Don't use your state position to obtain outside employment or contracts for yourself.
- Don't accept compensation for performing your state duties unless permitted by law.
- Don't use state resources for private business activities, including private fundraising and political campaign activities.
- And don't enter into substantial financial transactions with subordinates or anyone you supervise or inspect.

This concludes our discussion of Fair Treatment under the State Ethics Code.

Confidential Information

HRS § 84-12



Don't disclose confidential information.

Don't use confidential information to benefit anyone.

35

In the course of performing their state duties, many board and commission members acquire confidential information that is not available to the public.

The State Ethics Code prohibits you from disclosing confidential information or using confidential information for your personal gain or for someone else's benefit.

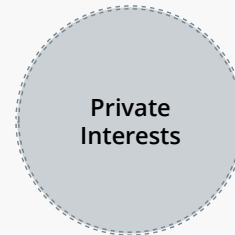
Remember, confidential information is for official use only!

Conflicts of Interests

HRS § 84-14



vs.



36

When a board or commission member takes state action affecting his or her own financial interests, we call this a conflict of interest. A conflict of interest can make it appear that state action is influenced by a board member's own self interest. This weakens public confidence in government.

The State Ethics Code has three important laws to address and prevent conflicts of interests by state board members.

Conflicts of Interests

HRS § 84-14(a)



DISQUALIFY YOURSELF IF YOU HAVE A CONFLICT OF INTEREST

Don't take official action directly affecting a business in which
you have a financial interest.

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First, the law prohibits you from taking official action affecting any business in which you have a financial interest.

This means that if you have a financial interest in a business, you must disqualify yourself from taking official action as a board member affecting that business.

So, what exactly is a “financial interest” in a business? It's important that you understand what this means.

What is a Financial Interest?



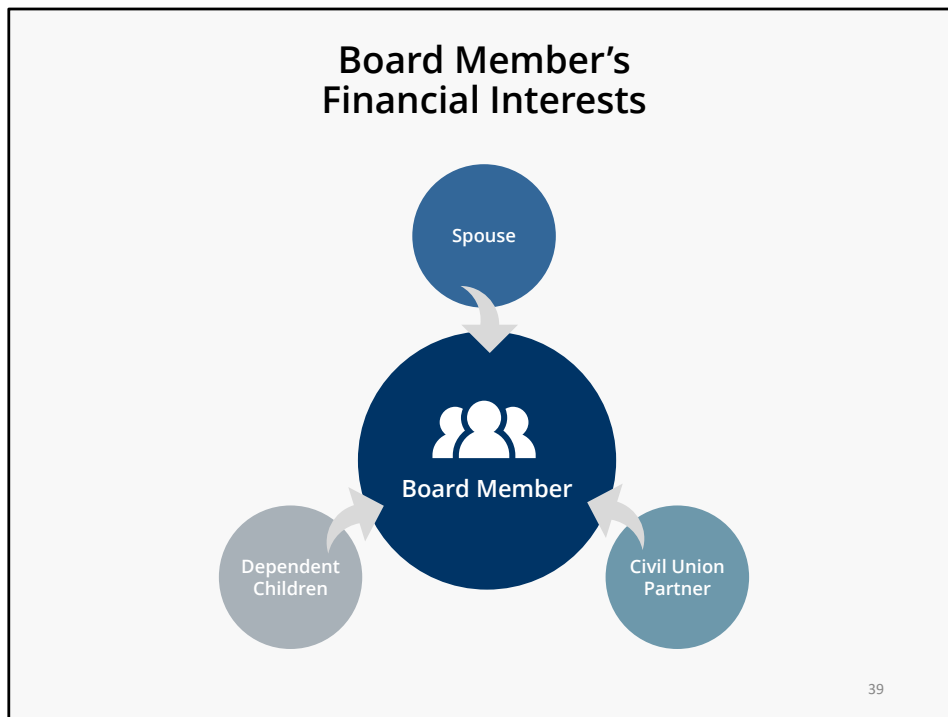
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Remember that under the State Ethics Code, a “business” includes for-profit companies and nonprofit organizations. And a “financial interest” in a business includes the following:

- Owning a business (this includes owning shares of stock in a business);
- Being employed by a business, even on a part-time basis; and
- Serving as an officer or director of a business, even if you are not paid for your services.

A financial interest also includes:

- Owning real or personal property;
- Having a loan from a business; or
- Being a creditor of an insolvent business.



Your financial interests also include the financial interests of your spouse, civil union partner, and dependent children.

This means that if your spouse has a financial interest in a business, you must disqualify yourself from taking official action as a state board member affecting that business.

What is Official Action?

Definition

- Personal judgment or discretion
- Decision
- Recommendation
- Approval/disapproval

Examples

- Awarding loans, grants, contracts
- Administering state programs
- Managing state resources
- Regulating businesses or professions
- Giving advice, opinions, recommendations

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“Official action” is anything you do as a state board or commission member that involves personal judgment or discretion – that is, any decision, recommendation, approval, or disapproval that you make or participate in.

Examples of “official action” include: awarding loans, grants, or contracts; administering state programs; managing state resources; regulating businesses or professions; and giving your advice, opinions, or recommendations about something.

Be aware that “official action” by board members is not limited to making motions or voting at meetings. “Official action” also includes participating in discussions or deliberations leading up to a vote or board decision.



Quiz

Aaron serves on a state board that issues loans to small businesses. At its next meeting, the board will consider a loan application from a coffee farm on Hawai'i island. Aaron's spouse, Adele, is the coffee farm's business manager. What must Aaron do in this situation?



☐ Aaron must ask the board's chairperson for permission to participate in the board's consideration of this matter.

☐ Aaron may participate in the board's discussion of the loan application but he must not vote on this matter.


☐ Aaron must disqualify himself from participating in the board's discussion of the loan application and must also disqualify himself from voting on this matter.

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Let's see how the Conflicts of Interests law applies to Aaron, whose state board will consider a loan application. Read the question and select the correct answer.

Quiz

Click the **Quiz** button to edit this object

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Aaron has a conflict of interest. He has a financial interest in the coffee farm because his spouse, Adele, is employed by this business. Therefore, the Conflicts of Interests law prohibits Aaron from taking any official action as a board member affecting this business. Aaron must disqualify himself from participating in the board's discussion and must also disqualify himself from voting on this matter.



“Expert” Board Member

An “expert” board member represents certain interests or has special qualifications.

- You can take official action affecting your profession as a whole.
- You cannot take official action affecting only your own business.

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Some board members are required by law to represent certain interests, or to have special qualifications, for their state board positions. For example, a board that regulates veterinarians may be required to have a number of members on the board who are licensed veterinarians. These board members represent particular interests and provide needed expertise to their boards for the regulation of their professions.


The Conflicts of Interests law allows these expert board members to take official action generally affecting their professions or industries as a whole. These members are only required to disqualify themselves from taking action that directly and specifically affects their own businesses. For example, an expert member of a professional licensing board may take action that will broadly affect the profession as a whole, but may not take action that will specifically affect only his or her own license or business.

If you were appointed to represent a particular interest or profession on your board and have a question about conflicts of interests, contact the State Ethics Commission for advice.



Quiz

Click the **Quiz** button to edit this object

 Quiz

Drag and drop the correct answers into the blanks.

Cheri is a member of a state board that regulates surfing instructors. Cheri is one of three members of the board who must be a licensed surfing instructor. The board will consider a proposal to require COVID-19 testing of all surfing instructors. Cheri participate in the board's consideration of this matter because it will affect .

Surfing instructors must apply every year to renew their licenses. Cheri has applied to the board to renew her license. Cheri participate in the board's consideration of this matter because it will affect .

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Let's see if you understand how the Conflicts of Interests law applies to Cheri, a state board member who is required to have special qualifications.

Fill the blanks by clicking on the choices at the bottom, then click SUBMIT.

If you are incorrect, click TRY AGAIN.

Then click on your incorrect answers, replace them with the choices at the bottom, and SUBMIT.

Conflicts of Interests

HRS § 84-14(b)



DON'T CREATE NEW CONFLICTS OF INTERESTS

Don't acquire a financial interest in a business
if there is a reason to believe you will take
official action affecting that business.

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The State Ethics Code has another law that prohibits board and commission members from creating new conflicts of interests for themselves after they are appointed to their state positions. This law prohibits you from acquiring a new financial interest in any business that may be affected by your official action as a state board member.



Quiz

Mits is a member of a state board that is overseeing the construction of a new baseball park on Maui. The board selected Heavy Builders as the general contractor for the project and all payments to Heavy Builders must be approved by the board. Can Mits apply for a job as a project manager at Heavy Builders?



- ☐ Yes, because the State probably does not pay Mits for serving on the board.
- ☐ Yes, but in the future he must disqualify himself from taking any official action affecting Heavy Builders.
- ☐ No, because Mits takes official action as a board member affecting Heavy Builders.
- ☐ No, because Mits should not apply to any business for a job while he is on the board.


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Now let's see how the law applies to Mits, a state board member who is thinking about applying for a new private job.


Read the question and select the correct answer.

Quiz

Click the **Quiz** button to edit this object

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By overseeing this construction project and approving payments to Heavy Builders, Mits and the other members of his board take official action affecting this business. Therefore, it would be a prohibited conflict of interest for Mits to become employed by Heavy Builders or to acquire any other kind of financial interest in this business.

Disqualifying himself from taking official action affecting Heavy Builders will not solve the problem. Mits is not allowed to adjust his state duties in order to acquire a new job with this business.

Conflicts of Interests

HRS § 84-14(d)



DON'T ASSIST OR REPRESENT OTHERS FOR PAY

- In a transaction before your board
- On a matter in which you have participated or will participate as a board member

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There is one more conflicts of interests law, which prohibits board members from assisting or representing others for pay in transactions before their own boards. For example, you cannot be hired for pay to assist a business in negotiating a contract with your own state board. In some cases where a board is part of a larger state agency, this law will also prohibit a member of the board from assisting or representing others in transactions before that agency.

The purpose of this law is to prevent board members from being hired to use their influence within their own boards to obtain special treatment for others – a prohibited practice known as “influence peddling.”

This law also prohibits you from assisting or representing anyone for pay on matters in which you have participated or will participate as a state board member.



Quiz

Dee Ann, a private attorney, is a member of a state board that awards tax credits to businesses that use recycled plastic in their products. One of Dee Ann's clients manufactures slippers made out of recycled plastic. Can Dee Ann assist her client in applying to the board for a tax credit?



- ☐ No, because Dee Ann cannot assist clients in transactions before any state board.
- ☐ No, because Dee Ann cannot assist clients in transactions before her own state board.
- ☐ Yes, as long as Dee Ann does not ask for any preferential treatment for her client.


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Let's see how the law applies in this case involving Dee Ann, a state board member who is also a private attorney.


Read the question and select the correct answer.

Quiz

Click the **Quiz** button to edit this object

 Quiz

Dee Ann, a private attorney, is a member of a state board that awards tax credits to businesses that use recycled plastic in their products. One of Dee Ann's clients manufactures slippers made out of recycled plastic. Can Dee Ann assist her client in applying to the board for a tax credit?



- ☐ No, because Dee Ann cannot assist clients in transactions before any state board.
- ☐ No, because Dee Ann cannot assist clients in transactions before her own state board.
- ☐ Yes, as long as Dee Ann does not ask for any preferential treatment for her client.



Quiz

Dee Ann, a private attorney, is a member of a state board that awards tax credits to businesses that use recycled plastic in their products. One of Dee Ann's clients manufactures slippers made out of recycled plastic. Can Dee Ann assist her client in applying to the board for a tax credit?



- ☐ No, because Dee Ann cannot assist clients in transactions before any state board.
- ☒ No, because Dee Ann cannot assist clients in transactions before her own state board.
- ☐ Yes, as long as Dee Ann does not ask for any preferential treatment for her client.

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Dee Ann cannot assist or represent anyone for pay in a transaction before her own state board even if she avoids asking the board for any preferential treatment. The Conflicts of Interests law prohibits this to prevent influence peddling or even the appearance of influence peddling by a state board member.

Summary: Conflicts of Interests



Disqualify yourself when you have a conflict of interest.



Don't create new conflicts of interests for yourself.



Don't assist or represent others for pay before your board.

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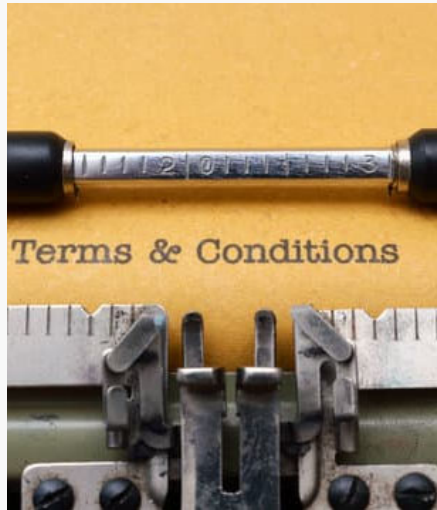
Let's summarize what you must do to avoid conflicts of interests under the State Ethics Code.

- First, disqualify yourself when you have a conflict of interest. In other words, don't take official action affecting any business in which you have a financial interest. Remember that your financial interests also include the interests of your spouse, civil union partner, and dependent children. And remember that the conflicts law may apply differently if you were appointed to represent a particular profession or special interest on your board, so contact the State Ethics Commission for advice about your situation.
- Second, don't create new conflicts of interests for yourself. For example, don't accept an outside job with a company if you take official action as a board member affecting that company.
- And third, don't engage in influence peddling – in other words, don't assist or represent others for pay in transactions before your state board.

This concludes our discussion of Conflicts of Interests under the State Ethics Code.

State Contracts

HRS § 84-15(a)



Public notice required before awarding non-bid contract over \$10,000 to a state board member or board member's business.

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The State Ethics Code's Contracts laws promote transparency and fairness in the award of state contracts. State agencies must comply with these ethics laws, in addition to the Hawai'i Public Procurement Code or other procurement laws.

There are two Contracts laws in the State Ethics Code. Board members who may be seeking state contracts for themselves or their businesses should be aware of these laws.

The first law requires a state agency to post a public notice before entering into a non-bid contract over \$10,000 with a state official, including a state board member or a business in which a board member has a controlling interest. A copy of the public notice must be filed with the State Ethics Commission at least 10 days before the contract is awarded.

State Contracts

HRS § 84-15(b)



A state agency must not enter into a contract with any business that is assisted in the matter by someone who:

- (1) Was an employee or board member of the agency within the past 2 years, and
- (2) Worked on the same contract matter as an employee or board member.

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The second Contracts law prohibits a state agency from entering into a contract with any business that is assisted in the matter by someone who:

- 1) Was an employee or board member of the agency within the past 2 years, and
- 2) Worked or participated in the same contract matter as an employee or board member.

The purpose of this law is to prevent employees and board members who have participated in state contract matters from later giving unfair assistance to businesses applying for those contracts.

If you are a state board member and also have a private business that may be applying for state contracts, contact the State Ethics Commission for guidance as to how the Ethics Code's Contracts laws may affect you.

This concludes our discussion of State Contracts under the State Ethics Code.

Post-Employment Restrictions

HRS §§ 84-18, 84-15(b)



HRS § 84-18(a)

Don't disclose confidential information.

HRS § 84-18(c)

For 12 months, don't represent others before your former board or on matters you worked on as a state board member.

HRS § 84-15(b)

For 2 years, don't assist others in obtaining contracts from your former board if you worked on the same contract matters as a state board member.

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Is your term on your state board or commission ending soon? If so, you should be aware of the State Ethics Code's post-employment restrictions for state officials.

These restrictions will apply to you after your term on a state board or commission ends. The purpose of these restrictions is to prevent board members who leave state service from immediately returning to use their influence in government to unfairly benefit themselves or others.

There are three post-employment restrictions.

- First, don't disclose any confidential information that you acquired from your state service or use the information for anyone's benefit.
- Second, for 12 months after you leave state service, don't represent others for pay on matters before your former state board, or on matters that you worked on as a state board member.
- And third, for two years after you leave state service, don't assist anyone in obtaining a contract from your former state board if you participated in the same contract matter while you were a board member.

In addition to these restrictions, the executive directors of certain state boards and other high-ranking officials such as the Governor, Lt. Governor, and state department heads, are prohibited from lobbying the legislature or executive branch agencies for 12 months after leaving state service.

Quiz

Roland was a member of a state board that licenses medical marijuana clinics. His term on the board ended six months ago. Roland now works for a private clinic that has applied to Roland's former board for a license to sell medical marijuana. Can Roland represent the clinic before the board to discuss the clinic's application?



- ☐ Roland can do this as long as he does not ask the board for any preferential treatment.
- ☐ Roland cannot do this because he cannot represent the clinic before his former state board.
- ☐ Roland cannot do this because the State should not promote the use of marijuana.
- ☐ Roland can do this because he is no longer a member of the board.


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Let's see how the law applies in this case involving Roland, a former state board member.


Read the question and select the correct answer.

Quiz

Click the **Quiz** button to edit this object

 Quiz

Roland was a member of a state board that licenses medical marijuana clinics. His term on the board ended six months ago. Roland now works for a private clinic that has applied to Roland's former board for a license to sell medical marijuana. Can Roland represent the clinic before the board to discuss the clinic's application?



- ☐ Roland can do this as long as he does not ask the board for any preferential treatment.
- ☐ Roland cannot do this because he cannot represent the clinic before his former state board.
- ☐ Roland cannot do this because the State should not promote the use of marijuana.
- ☐ Roland can do this because he is no longer a member of the board.

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Quiz

Roland was a member of a state board that licenses medical marijuana clinics. His term on the board ended six months ago. Roland now works for a private clinic that has applied to Roland's former board for a license to sell medical marijuana. Can Roland represent the clinic before the board to discuss the clinic's application?



Roland can do this as long as he does not ask the board for any preferential treatment.



Roland cannot do this because he cannot represent the clinic before his former state board.



Roland cannot do this because the State should not promote the use of marijuana.



Roland can do this because he is no longer a member of the board.

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For 12 months after leaving his position as a state board member, Roland is prohibited by the Post-Employment law from representing anyone for pay on matters before his former board. Therefore, Roland cannot represent the clinic – his private employer – before his former state board to discuss the clinic's application.

Post-Employment Restrictions Exceptions:

- ▶ Served on state board less than 6 months (confidentiality rule, however, applies to all former board members/ employees regardless of length of service)
- ▶ Contract to act on behalf of the State



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There are two exceptions to the post-employment restrictions:

- First, if you served on a state board for less than 6 months, the post-employment restrictions do not apply to you. However, you are prohibited from disclosing any confidential information you obtained as a board member regardless of your length of service.
- Second, anytime after your service as a board member ends, a state agency may contract with you to act on a matter on behalf of the State.

For more information about the post-employment restrictions of the State Ethics Code,

visit our website and see the State Ethics Commission's "Quick Guide on Post-Employment Laws."

This concludes our discussion of Post-Employment Restrictions under the State Ethics Code.

Penalties for Ethics Violations



- ➔ Fines up to \$1,000 per violation
- ➔ Disciplinary action
- ➔ State can recover illegal gifts or profits
- ➔ State can cancel contracts, licenses, or permits

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The ethics laws that we have covered in this program apply to all state board and commission members. The penalties for violating these laws include fines of up to \$1,000 per violation and disciplinary action by the State.

In addition, the State may recover any illegal gifts or profits, and may cancel any state contracts or permits that result from an ethics violation.

Remember that to maintain the public's trust, all of us in state government must uphold the standards of ethical conduct required by the State Ethics Code.

Contact us!



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Do you have a question or concern about ethics? The State Ethics Commission is always available to assist you. Don't hesitate to contact the Commission's office for guidance. Here is our contact information.

Please also visit the State Ethics Commission's website to obtain more information about the State Ethics Code and to review our ethics publications, including our *Ethics Handbook for State Board and Commission Members*, our "Quick Guides" to the Ethics Code, and our newsletter, *The High Road*.



Mahalo for taking the time to learn about the State Ethics Code!

For instructions on how obtain a Certificate of Completion for this training, please click the hyperlink on your screen.