



THE HIGH ROAD

The High Road is a publication of the Hawai'i State Ethics Commission



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.



— Hawai'i State Constitution
Article XIV

State Ethics Commission Welcomes Newest Member Robert Hong



The State Ethics Commission welcomes Dr. Robert Hong as its newest member. Dr. Hong is a retired clinical cardiologist and professor at the John A. Burns School of Medicine. He completed his undergraduate degree from Stanford University and received his doctorate in Medicine at the University of California – San Francisco. Dr. Hong's many

professional accomplishments include creating the first ACGME-certified postgraduate fellowship in cardiovascular disease in the State of Hawai'i. He also received the Peter C.P. Char Excellence in Education, Program Director's Award in 2013 and 2016. Dr. Hong retired in 2022 after 35 years of practicing medicine and holding numerous medical administrative positions. Welcome, Commissioner Hong!

Commissioners:

Wesley Fong, Chair
Reynard Gaulty, Vice Chair
Harry McCarthy
Beverley Tobias
Robert Hong

Executive Director:

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Prohibited Transactions Between Supervisors and Subordinates

A state supervisor hired a subordinate employee to do electrical work on the supervisor's home. The supervisor paid several hundred dollars to the subordinate employee for the job and all work was performed during non-state work hours. Is there an ethics problem here? Yes. Although the subordinate employee's privately paid services did not involve the use of state work time, this was a prohibited financial transaction between a supervisor and a subordinate employee.

The State Ethics Code's fair treatment law prohibits employees from using their state positions to obtain unwarranted advantages for themselves. The law specifically prohibits substantial financial transactions between a state employee and a subordinate, or someone the state employee supervises or inspects. These financial transactions are prohibited because individuals supervised or inspected by state employees generally have unequal bargaining power when dealing with a supervisor or inspector. As a result, state employees may receive an unfair advantage in private financial transactions due to their official authority over other parties. Complaints may also arise that individuals who enter into private financial transactions with state employees receive preferential treatment when supervised or inspected by the employees.

Here are a few examples of prohibited transactions between state employees and individuals they supervise or inspect:

- A state supervisor rents a townhouse to a subordinate employee
- A state supervisor who owns a private business hires subordinate employees to work part-time for the business
- A state supervisor enters into a business partnership with a subordinate employee
- A state inspector provides private instruction for pay to a business regulated by the inspector
- A state inspector sells a security system to a business regulated by the inspector

State employees sometimes do not realize these private financial transactions are prohibited by the State Ethics Code. To avoid unforeseen problems, contact the State Ethics Commission for advice before entering into a private financial transaction with your supervisor or with someone you supervise or inspect.



Commission on Improving Standards of Conduct

The House of Representatives created the Commission to Improve Standards of Conduct to, among other things, review and assess existing state laws and rules involving the Code of Ethics, lobbying laws, campaign finance laws, and related laws. A final report is due to the Legislature on December 2, 2022.

The Commission has been meeting regularly and is in the process of developing a final list of proposed bills. Ideas under discussion currently include requiring mandatory training of lobbyists, tightening up conflicts of interest regulations for legislators, and increasing disclosure of financial interests related to lobbyists or lobbying organizations.

Interested in learning more before these recommendations are finalized, or submitting comments? More information can be found at <https://bit.ly/3LVYSKI> (or go to capitol.hawaii.gov and click on the "House" button. Look for "Commission to Improve Standards of Conduct" under "House Special Committees").

Planning to Retire or Leave State Employment?

If you are planning to retire or otherwise leave state employment soon, be sure to add the following to your checklist of things to do before you leave:

Exit Financial Disclosure. If you file an annual financial disclosure statement because of your state position, you may be required to file an exit disclosure statement when you leave state service. Check the date of your last financial disclosure filing with the Commission. If when you leave state service it has been over six months (180 days) since your last disclosure was filed, you must file an exit disclosure statement. Your exit disclosure will be due within 30 days of leaving your state position. For more information about the financial disclosure filing requirements, visit our website: <https://tinyurl.com/5e8bfe94>

Gifts Disclosure Statement. File a gifts disclosure statement for any gifts you received that must be reported. If you were a state legislator or employee for any portion of the period from June 1, 2022 through May 31, 2023, and if you received any gifts during this period that must be reported,

you must file a gifts disclosure statement. The filing deadline for your gifts disclosure statement is June 30, 2023, but we encourage you to file earlier to avoid missing the deadline after you leave state service. For more information about gifts and gifts reporting requirements, visit our website: <https://tinyurl.com/2s42rh2>.

Post-Employment Restrictions. Finally, be informed about the State Ethics Code post-employment restrictions and how those restrictions will apply to you. This is especially important if you plan to engage in private business activities after you leave state service and if you anticipate interacting with your former state agency on behalf of your business, a private employer, or private clients. For more information, review our *Quick Guide on Post-Employment Laws* <https://tinyurl.com/2ek8y72f>.

Contact the State Ethics Commission if you have questions about any of these requirements and how they apply to you.



Mandatory Ethics Training for All State Employees

Hawai'i has a new mandatory ethics training law for state officials and employees. **Act 165** (<https://tinyurl.com/bdewy6xf>) requires all state legislators, employees, and board and commission members to take an ethics training course within ninety days of taking state office or becoming an employee, and at least once every four years thereafter. The new law takes effect on January 1, 2023. More information about the ethics training requirements will be sent to all state agencies in the coming weeks.

"The purpose of this chapter is to ... establish an ethics commission which will ... render advisory opinions and enforce the provisions of this law so that public confidence in public servants will be preserved."

Preamble, Hawai'i Revised Statutes Chapter 84 (State Ethics Code)