



DAU Board of Visitors 2011 Ethics Review

Presented by
Tim Wray, DAU General Counsel

Federal Ethics: An Overview

- **Basic Concepts**
- **Federal Criminal Statutes**
- **2 Key Principles**
- **Common Problem Areas**

Some Basics

What is “ethics”?

Correct behavior in a particular context

Why is ethical behavior important for Government employees?

Saves taxpayer \$\$\$

**Reinforces legitimacy of Government actions
(Fairness & Impartiality)**

Sources of Federal Ethics Rules

Ethics rules come from:

- 1. Federal criminal statutes (bribery, conflict of interest, etc.)**
- 2. Federal ethics regulations**
- 3. Miscellaneous regulations (FAR, GSA regs, etc.)**

Ethics

Federal Criminal Statutes Related to Ethics

- Bribery (18 USC § 201)
- Prohibited Representation (18 USC § § 203, 205)
- Post-employment representation (18 USC § 207)
- Conflicting Financial Interests (18 USC § 208)
- Private compensation (18 USC § 209)

Other relevant criminal statutes: larceny, fraud, misuse of Government database, false official statement, etc.



FY 2009 Defense Criminal Investigative Service Statistics for Fraud Cases

Category Code Description	Cases Active During FY09	Recoveries During FY09
BRIBERY		
- ATTEMPT TO BRIBE GOVT OFFICIAL	14	\$103,302
- CONTRACTING OFFICIAL	85	\$16,118,107
- PROGRAM OFFICIAL	20	\$125,959
- QUALITY AND ASSURANCE INSPECTOR	4	\$0
- OTHER	54	\$110,500
ANTITRUST ACT VIOLATIONS		
- BID RIGGING	26	\$7,773,844
- PRICE FIXING	3	\$5,581,000
- OTHER	6	\$41,026
PROCUREMENT FRAUD		
- BUY AMERICA ACT	2	\$0
- CONTRACTOR/SUBCONTRACTOR KICKBACKS	91	\$48,822,376
- COST/LABOR MISCHARGING	204	\$48,935,639
- DEFECTIVE PRICING	45	\$0
- MISUSE/DIVERSION GOVT FURN MATERIAL	3	\$125,475
- PROGRESS PAYMENT CLAIMS	4	\$0
- READINESS	2	\$0
- SUBSTITUTION/NONCONFORMING PRODUCT	329	\$343,422,840
- UNDELIVERED PRODUCTS	4	\$0
- OTHER FALSE CLAIMS/STATEMENTS	291	\$1,021,563,975

Bid-Rigging and Bribery

COL Richard Moran, former Chief, US Army Contracting Command, Korea

Graduate of Industrial War College

Rising Star



COL Moran's Schemes

Bid-rigging

- **Planned awarding a sole-source Vehicle Lubrication Contract, \$5 M a Year, 10 Option Years**
- **Contract was later competed and awarded for \$1 M a Year**
- **11 Count Indictment, Bid-Rigging Scheme**

Awarded numerous contracts in exchange for cash gratuities

- **Demanded \$500,000 for his services (offered "Installment Plan")**

Basic Principles

Federal ethics rules are derived from two basic principles. These are:

- 1. Federal employees shall not use their public office for private gain.**
- 2. Federal employees shall avoid actions that cast doubt on the integrity and fairness with which the Government conducts its business.**

Some problem areas to watch out for . . . →

Misuse of Public Office

1. Misuse of Government time, resources, title

(Authorized purposes only; “limited personal use” rule)

2. Conflict of interest

(Official actions serve personal or other private financial interest)

Upholding Public Confidence

Actions that cast doubt on Government's integrity and fairness

1. Prohibited gifts and solicitations

(Given due to Government position, or from a “prohibited source”)

2. Misuse of non-public information

(Improper access/use of Federal database)

Conclusion

If you have questions, please contact:

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