

Office of Government Ethics

94 x 9 -- 03/09/94

Letter to a Federal Employee dated March 9, 1994

This is in response to your recent letter to this Office stating various concerns arising from your employment at [a Federal agency]. Your letter alleges that a former coworker borrowed money from you and that another former coworker conducts outside business transactions (selling [a product]) during official duty hours.

[You raise] the issue of the repayment of loans that you made to coworkers while employed at [the agency]. Your letter to [the agency], dated December 10, 1993, asks "[a]ren't there regulations about people having to satisfy their just debts or their security clearances could be pulled?" [The agency's] response to that letter, dated January 5, 1994, states that financial arrangements made between employees are personal transactions and that the security clearance process is not set up to facilitate collection of loans. We presume that this response is accurate; we note that the administration of the security clearance process is outside of OGE's area of authority. You are correct, however, that there are regulations about executive branch employees having the obligation to satisfy their just debts.

The Standards of Ethical Conduct for Employees of the Executive Branch, at 5 C.F.R. § 2635.101(b)(12), state that all executive branch employees are responsible for satisfying in good faith their just financial obligations, especially those (such as Federal, State, or local taxes) that are imposed by law. This is derived from section 101(l) of Presidential Executive Order 12674 (as modified by Executive Order 12731), which sets forth the Principles of Ethical Conduct for Government Officers and Employees. You should be aware that agencies do not generally have authority to act as collection agents on behalf of an employee's creditors. Nor do agencies have the authority to determine what constitutes a debt "imposed by law." Such a debt would generally be an obligation that has been rendered into some final form, such as a final judgment from a tax or claims court. Your avenue of redress for repayment of the loans should therefore be through the legal system, such as a claim in a state or local small claims court. If an employee fails to meet a court-ordered obligation, an agency may institute disciplinary action where such action would promote the efficiency of the service. The disciplinary action may include normal administrative remedies such as a warning, a formal or informal reprimand, suspension or even dismissal, as

appropriate.

You have also raised allegations concerning employees conducting outside business activities on Government property during official duty hours. This is a serious allegation, as such activity would likely violate rules against the misuse of official Government time, 5 C.F.R. § 2635.705. We are therefore forwarding these allegations to the Inspector General for the [agency] for investigation and appropriate action.

We hope that this information is helpful to you.

Sincerely,

Stephen D. Potts
Director