

DOCUMENT RESUME

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Actions Recommended to Make the Foreign Gifts and Decorations Act More Effective. ID-77-31; B-159008. June 23, 1977. 8 pp. + 2 appendices (13 pp.).

Report to the Congress; by Elmer B. Staats, Comptroller General.

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Congressional Relevance: House Committee on International Relations; Senate Committee on Foreign Relations; Congress.

Authority: Foreign Gifts and Decorations Act of 1966 (P.L. 89-673, as amended; P.L. 90-83). 5 U.S.C. 7342. 18 U.S.C. 641. 22 C.F.R. 3.

A followup review was made of the Secretary of State's implementation of recommendations made in 1975, which were designed to strengthen the administration of the Foreign Gifts and Decorations Act of 1966. The act prohibits U.S. Government employees from soliciting gifts and decorations from foreign governments and discourages the acceptance of unsolicited gifts and decorations. Where refusal might embarrass the donor or adversely affect U.S. foreign relations, the item(s) may be accepted. They may be retained by the individual if less than \$50 in value; if their value is more than \$50, they must be turned over to the Government. Findings/Conclusions: The status of the Department of State's actions on the recommendations was: (1) definitive procedures for handling foreign gifts received by the President and members of his family had been developed; (2) the Department of State does not plan to implement the recommendation that Federal Agencies and U.S. Missions report gifts or decorations received in excess of minimal value by Federal employees; (3) no additional steps are being taken by the Office of Protocol to publicly disclose gifts reported; (4) no action has been taken in terms of providing comprehensive and overall guidance concerning the act; (5) no action has been taken to note and document gifts received but not reported or deposited; (6) new criteria were developed, but not formalized in writing, as to followup on gifts retained for official use; and (7) no new blanket concurrences to the Armed Forces for badges and medals have been granted. Recommendations: Legislative action is still needed to strengthen provisions to the act to: establish points of responsibility in each of the three branches of the Government to assure compliance with the act; report and deposit gifts within a specified period of time from their receipt; provide coverage for temporary or intermittent experts and consultants; establish effective penalties for noncompliance with the act; give the General Services Administration responsibility for defining minimal

value subject to evaluation every 3 years; and provide for approval of the Secretary of State or his delegate before foreign gifts may be sold, and give the General Services Administration explicit authority to conduct negotiated sales.
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REPORT TO THE CONGRESS

*BY THE COMPTROLLER GENERAL
OF THE UNITED STATES*

Actions Recommended To Make The Foreign Gifts And Decorations Act More Effective

Department of State

In 1975 GAO recommended legislative changes to the Congress and made several recommendations to the Secretary of State to strengthen the administration of the Foreign Gifts and Decorations Act which prohibits U.S. Government employees from soliciting gifts and decorations from other governments and discourages the acceptance of unsolicited gifts and decorations.

However, no new legislation has been passed on the recommendations; other GAO recommendations to the Secretary of State generally have not been put into action. This report stresses the continuing need for action so that the letter and spirit of this law is carried out.



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-159008

To the President of the Senate and the
Speaker of the House of Representatives

This is our followup report on the status of recommendations made in our March 26, 1975, report to the Senate Committee on Foreign Relations, "Proposals To Strengthen The Foreign Gifts and Decorations Act of 1966" (ID-75-51). (See app. I.)

The Foreign Gifts and Decorations Act of 1966 (Public Law 89-673) of October 15, 1966, as amended in 1967 (Public Law 90-83), prohibits U.S. Government employees from soliciting gifts and decorations from foreign governments and discourages the acceptance of unsolicited gifts and decorations. Gifts of minimal value--less than \$50--may be accepted. Gifts of more than minimal value may be accepted if refusal would cause offense or embarrassment or otherwise adversely affect U.S. foreign relations, but they cannot be retained by the recipient. Such gifts are accepted on behalf of the U.S. Government and must be forwarded to the Chief of Protocol, Department of State.

Our 1975 report noted that 542 foreign gifts had been reported to the Chief of Protocol from the passage of the act on October 15, 1966, through September 1, 1974. This figure did not include a large number of foreign gifts received by U.S. Presidents. From September 1, 1974, through February 11, 1977, 959 foreign gifts were reported to the Chief of Protocol. These gifts were reported as follows.

President Ford and his family	216
Vice President Rockefeller and his family	6
Secretary of State Kissinger and his family	311

B-159008

Members of Congress	59
Others	<u>367</u>
	<u>a/959</u>

a/ 101 gifts were approved by the Office of Protocol to be retained for official use by various Government agencies.

Our 1975 report made a series of recommendations to the Secretary of State designed to strengthen the administration of the act. We found that the Secretary generally has not implemented our recommendations and no new legislation has been passed to strengthen the Foreign Gifts and Decorations Act. However, in this followup review, we found that the Office of Protocol had improved its procedures for recording and accounting for foreign gifts reported. In addition, the House of Representatives and the Senate have passed resolutions outlining a code of ethics that affects the treatment of gifts through reporting in financial disclosure statements.

The status of State's actions on our recommendations is discussed below.

Recommendation 1--Develop definitive procedures for the recording, control, and custody of gifts received by the Vice President, Secretary of State, and members of their families.

The Office of Protocol developed definitive procedures for handling the foreign gifts received by the President and members of the First Family. Procedures for handling Vice President Rockefeller's gifts had been discussed at the staff level. On April 7, 1976, a copy of the procedures for handling the President's gifts was forwarded to the Counsel to the Vice President for consideration in arriving at a procedure for handling foreign gifts received by the Vice President. As of January 12, 1977, no response had been received from the Office of the Vice President by the Office of Protocol.

A senior staff representative of Vice President Mondale's staff has been fully briefed on the requirements of the law and regulations, and the Office of Protocol has already given the requested authorization for display at the Vice President's official residence of a number of gifts presented to him in the course of his recent working visits to Western Europe and Japan.

The Office of Protocol's position is that no special procedures are necessary for handling the foreign gifts received by the Secretary of State. The Secretary is bound by the same Federal Regulations (22 CFR part 3) as are all other persons who are subject to the act, and the Department feels that these regulations are adequate for this purpose. The Secretary of State, however, has turned in gifts to the Office of Protocol in lots or groups rather than individually as received and five wedding gifts have been returned to the donors.

Recommendation 2--Request Federal agencies and U.S. Missions to report to the Chief of Protocol any Federal employees who receive decorations or gifts in excess of minimal value.

State does not plan to implement this recommendation. It maintains that neither Federal agencies nor U.S. Missions have the obligation, nor should they have under statute or regulations, to report gifts received by their employees. On December 20, 1976, the Chief of Protocol reiterated employee responsibilities under the act in a memorandum to the heads of all Federal agencies. This memorandum, similar to one issued in July 1974, included two additions--minimal value was defined as \$50 retail in the United States and a statement was included in the regulations placing the burden of proof on the recipient of the gift to establish that the gift from a foreign government is of minimal value. Copies of this memorandum were also sent to all American diplomatic and consular posts, the Speaker of the House of Representatives, and the President of the Senate. The State Department has further publicized this information in its January 1977 Newsletter.

Recommendation 3--Direct the Chief of Protocol to periodically disclose to the public all gifts reported to him and to request an accounting of gifts received by the Vice President, the White House staff, and the Secretary of State.

State believes that the Chief of Protocol should not be burdened with the obligation of publicly disclosing gifts reported to the Office of Protocol or with requesting a formal accounting by the officials cited--requirements which Protocol contends are satisfied by existing procedures. State also continues to believe that the Foreign Gifts and Decorations Act confers no investigative powers on the Chief of Protocol and that therefore the Office of Protocol is not authorized to require such an accounting.

Office of Protocol officials told us in January 1977 that they were taking no additional steps to publicly disclose gifts reported, because these records are already open to the public under the Freedom of Information Act. The State Department disagreed with our suggestion that gift records be periodically reported in the Federal Register, stating that such disclosures are likely to cause embarrassment to the donors.

Recommendation 4--Provide more detailed guidance to Federal agencies concerning those provisions of the act which are confusing or subject to misinterpretation.

Two points have been clarified in the December 20, 1976, memorandum to the heads of all Federal agencies on employee responsibilities under the Foreign Gifts and Decorations Act of 1966. These are (1) minimal value is defined as being \$50 retail in the United States and (2) the burden of proof to establish that a gift from a foreign government is of minimal value rests with the recipient of the gift. The other items below which were considered confusing or subject to misinterpretation as stated in our March 1975 report were not addressed.

- Definitions of gift and foreign government.
- Status of gifts received from quasi-governmental or multinational organizations.
- Confusion on types of gifts required to be reported.
- Whether a trip or travel could be accepted at the expense of a foreign government.
- Whether the President or his delegate could authorize disposal of foreign gifts and decorations without regard to restrictions of other statutes governing disposal of U.S. property.

No action has been taken on this recommendation in terms of providing comprehensive and overall guidance to Federal agencies. Protocol officials informed us in January 1977 that they clarify confusing provisions of the act on an ad hoc basis as needs arise (i.e., when contacted by agencies with questions).

Recommendation 5--Direct the Chief of Protocol to note and document gifts known to have been received but not reported or deposited. After notifying the gift recipient of his responsibilities, consideration should be given to notifying the Congress and other appropriate officials and to documenting action taken.

Again, State's position remains unchanged and no actions have been taken. The Department maintains that actions which we noted the Office of Protocol could have taken to effect compliance are not being taken due to the absence of enforcement authority.

Office of Protocol officials expressed the opinion that this recommendation lies in the realm of employee conduct and ethics and therefore, the employees' actions should be monitored by the appropriate employing Federal agencies.

Recommendation 6--Direct the Chief of Protocol to periodically follow up on gifts retained for official use.

State believes that responsibility for property control and an inventory system for gifts retained for official use must rest with the user who possesses physical control of an item. In its January 1975 comments on a draft of our report, the Department informed us that new criteria had been developed for passing upon such agency requests and that subsequent correspondence with agencies would state agency responsibilities concerning the safeguarding of this property.

Office of Protocol officials advised us in January 1977 that the new criteria has not been formalized in writing. However, the criteria is that an item will be approved for official use if a similar item is normally used in the course of an agency's official business and is furnished as part of the agency's inventory. Language in the letters approving items for retention for official use states that the gifts are Federal property and should be accounted for and safeguarded at all times in accordance with standard Federal property management procedures. If at any time the gift is not desired, it should be forwarded to the Office of Protocol for disposition as provided for under the act.

Recommendation 7--Direct the Chief of Protocol to review recurring requests for authority to retain various classes of medals and badges and consider providing blanket concurrence to the Armed Forces for those badges and medals that are of nominal stature.

The Department of State, when commenting on a draft of our prior report in January 1975, told us that a review of recurring requests would be undertaken, with a possible provision of blanket concurrence where appropriate. In January 1977, State informed us that no further blanket concurrences have been granted beyond those previously approved allowing the Army and Air Force to review their department's requests to retain qualifications and skill badges. However, in the event that requests for retention

of other nominal awards should reach such a level as to cause administrative problems, consideration will also be given to providing blanket concurrence on these awards.

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We discussed the status of the recommendations made to the Secretary of State with Department officials and believe that the substance of the recommendations made in our March 1975 report is still valid. However, State's position is that it does not have the authority to require compliance with the 1966 act nor believes it appropriate to have this authority and does not have the resources to monitor compliance.

Our review of financial disclosure systems and regulations concerning standards for conduct of executive branch departments and agencies also affects the subject of gifts. During the past 3 years, we have issued some 20 reports on this subject, and in February 1977 we issued a summary report recommending that the President establish an Office of Ethics in the executive branch with adequate resources to ensure enforcement and compliance. Should such an office be established, we believe it should have responsibility for issuing rules and regulations and establishing the criteria for minimum value.

To date, no new legislation has been passed to strengthen the provisions of the Foreign Gifts and Decorations Act. In our opinion, regardless of congressional actions being taken to establish a financial disclosure system for top-level Government officers and employees, legislative action is still needed to strengthen the provisions of the Foreign Gifts and Decorations Act to

--establish points of responsibility in each of the three branches of the Government to assure compliance with the act,

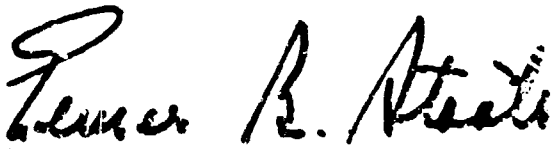
--report and deposit gifts within a specific period of time from their receipt,

B-159008

- provide coverage for temporary or intermittent experts and consultants,
- establish effective penalties for noncompliance with the act;
- give the General Services Administration responsibility for defining minimal value subject to evaluation every 3 years, and
- provide for approval of the Secretary of State or his delegate before foreign gifts may be sold and give the General Services Administration explicit authority to conduct negotiated sales.

A proposed revised statute draft which incorporates these changes is included as appendix II.

Copies of this report are being sent to the Director, Office of Management and Budget; Secretary of State; Administrator, General Services Administration; and Chairman, Civil Service Commission.


Luther B. Stettin
Comptroller General
of the United States

COMPTROLLER GENERAL'S REPORT TO
THE COMMITTEE ON FOREIGN
RELATIONS
UNITED STATES SENATE

PROPOSALS TO STRENGTHEN THE
FORFIGN GIFTS AND DECORATIONS
ACT OF 1966
Multiagency

D I G E S T

WHY THE REVIEW WAS MADE

The Senate Committee on Foreign Relations asked GAO to review administration and operation of the Foreign Gifts and Decorations Act of 1966 and subsequent legislation, Executive orders, and regulations. (See p. 37.)

The Chief of Protocol, Department of State is responsible for administering the act. (See p. 2.)

FINDINGS AND CONCLUSIONS

Deficiencies in the act and its implementing regulations limit the effectiveness of the law.

Gifts and decorations legislation

Implementing provisions of the Constitution (see p. 1), the 1966 Act

- prohibits Government employees from soliciting gifts and decorations, and
- discourages acceptance of unsolicited gifts from other governments by limiting conditions under which gifts may be accepted. (See p. 1.)

Acceptance of unsolicited gifts and decorations is permissible if their refusal might offend or embarrass the donor or adversely affect the foreign relations of the United States. (See p. 1.)

The act permits acceptance and retention of gifts of minimal value and decorations for outstanding or meritorious service. All other gifts and decorations may not be retained and are the property of the United States. (See p. 1.)

Reporting of gifts

The act applies to Presidents, Vice Presidents, Members of the Congress and employees in all three branches of Federal Government, including civilian and military. It does not apply to some experts and consultants hired by the Government. (See p. 4.)

The President, Vice President, and Secretary of State and members of their families are the principal recipients of gifts from foreign governments. (See p. 4.)

As of September 1, 1974, 542 foreign gifts were reported by 141 employees of the executive

and legislative branches to the Office of Protocol. (See p. 4.)

This total does not include a large number of gifts received by Presidents Johnson or Nixon. Neither had reported to Protocol the gifts recorded by their Gift Units. (See p. 4.)

President Johnson's gifts are in the LBJ Library in Austin, Texas. Most of President Nixon's gifts are in storage at the National Archives. (See pp. 7 and 8.)

Gifts received by the Presidents are handled exclusively by a White House Gift Unit. The White House Gift Unit did not identify all gifts received by former President Nixon and members of his family. (See pp. 5 to 7.)

President Ford has approved new procedures relating to the acceptance of foreign gifts received by him and his family. GAO believes the new procedures will improve reporting and controlling these gifts under the act. (See p. 7.)

As of March 1975, Vice President Rockefeller's staff and the Department of State's staff were developing new procedures for handling gifts. (See p. 13.)

Records GAO has examined indicate that some Government officials may have received gifts which, up to the present, have not been reported to the Chief of Protocol. GAO was unable to

ascertain whether these were isolated instances or representative of a more general problem of a lack of reporting. (See pp. 4, 8, and 10.)

Administration of the act

The reporting system under the act relies heavily on voluntary compliance by the recipient. Neither the act nor its regulations require that gifts be reported within a specific time, nor is there an effective penalty for noncompliance.

These deficiencies limit the effectiveness of the law. (See p. 15.)

However, the Chief of Protocol could have

--alerted the Congress to difficulties encountered,

--requested the White House and other Federal agencies or units to report gifts received by their employees,

--advised gift recipients of the provisions of the act, and

--retained or prepared records of gifts known to have been received but not reported. (See pp. 17 and 18.)

Individuals receiving gifts often are in the higher civil service grades or hold elective or high appointee positions. GAO noted a reluctance on the part of the Office of Protocol to approach such individuals concerning requirements of the act. (See p. 18.)

APPENDIX I

Here are other aspects of the act and its regulations requiring clarification or change:

--Regulations do not explain that the act applies to gifts given by officials of any foreign governmental subdivision, not solely national governments. (See p. 20.)

--Regulations fail to explain that all gifts whether given as a personal or state gift, are under the provisions of the law. (See p. 20.)

--Neither the regulations nor the act state whether or not gifts from foreign quasi-government organizations or multinational organizations need to be reported. (See p. 16.)

Neither the act nor its regulations require an independent appraisal of the gifts. The burden of determining a gift's worth--"minimal value" defined as \$50 or less--rests with the recipient. (See p. 17.)

The act also applies to intangible gifts such as travel. However, as a general rule, intangible gifts of more than minimal value may not be accepted. (See p. 21.)

Questionable disposition and use of gifts

Once a gift is reported to the Chief of Protocol, he may permit its use for official purposes or declare it excess personal property and transfer it

APPENDIX I

to the General Services Administration for disposition. The Chief of Protocol was unable to locate all gifts, indicative of inadequate control. (See pp. 29 and 31.)

Generally, the General Services Administration advises suitable Government units, such as museums, that items are available. If there are no requests, the items may be sold.

As of September 1, 1974, 433 gifts had been turned over to the General Services Administration. Of these, 283 were on hand and 143 were transferred, with the remaining 7 being sold by the Administration.

One museum, to which gifts had been transferred, had exchanged or sold 26 items. Better control over disposition of gifts is needed. (See pp. 29 to 31.)

Decorations

The provisions of the act regarding decorations are generally being followed. (See pp. 33 and 34.)

RECOMMENDATIONS

The Secretary of State should develop clear procedures for the recording, control, and custody of gifts subject to reporting under the 1966 act. These procedures should include:

--Requesting that Federal agencies and U.S. missions report to the Chief of Protocol

Federal employees who received decorations or gifts beyond minimal value.

- Directing the Chief of Protocol to periodically disclose to the public, gifts reported to him; request an accounting of gifts received by the Vice President, the White House staff, and Secretary of State; and note and document gifts retained for official use, and gifts not deposited but known to have been received. (See pp. 12 and 23.)

AGENCY ACTIONS AND UNRESOLVED ISSUES

In disagreeing with GAO recommendations, the Department of State

- was of the opinion that it could not have taken any action which would have led to broader compliance with the act,
- said that actions which GAO feels the Office of Protocol could have taken, were not taken due to the absence of enforcement and compliance authority, and
- indicated that the Office of Protocol's reticence to advise the Congress of difficulties encountered in administering the act stemmed from Protocol's inability to effect compliance in a general way, rather than from sensitivity toward gift

recipients. (See pp. 12, 13, 23, and 24.)

The act and its regulations limit the State Department's administrative effectiveness. However, actions GAO indicated the Department could have taken were prudent administrative steps readily available.

In addition comments were received from the Department of Defense, Executive Office of the President, General Services Administration, and Smithsonian Institution and are discussed, where appropriate, in the report.

MATTERS FOR CONSIDERATION BY THE CONGRESS

GAO believes a need exists to amend the Foreign Gifts and Decorations Act to provide the basis for adequately implementing the constitutional intent to control the impact of gifts given by foreign governments. Further, a need exists for each branch of the Government to establish separate arrangements to see that the statute is followed. GAO believes it is unreasonable to expect the Office of Protocol to be in a position to effectively administer the act with respect to the legislative and judicial branches. GAO believes the act should be amended to require that

- separate entities be responsible for administering the act in each branch of the Government,

APPENDIX I

--gifts be reported and deposited within a specific period of time from receipt,

--there be an effective penalty for noncompliance with the act,

--appropriate coverage for temporary or intermittent experts and consultants be provided,

--permission be required from the Secretary of State before selling or trading a foreign gift, and

--responsibility for defining minimal value be given to the President and be defined as a specific dollar value not subject to interpretation (possibly \$100 U.S. retail price at the time of purchase) with consideration being given by him from time to time to making the value reflect inflation factors. (See pp. 24 and 25.)

The act should further be amended to

--require public disclosure and independent appraisal of gifts,

--clarify whether gifts from quasi-governmental and multinational organizations are included under the provisions of the act,

--distinguish and provide for the acceptance of intangible gifts and emoluments of more than minimal value, such as travel, where the benefits

APPENDIX I

clearly accrue to the U.S. Government as opposed to the individual, and when approved by an appropriate official of the executive, legislative, and judicial branches.

--clarify whether the President or his delegate is authorized to dispose of foreign gifts and decorations without considering restrictions of other statutes governing disposal of U.S. property, and

--clarify if a gift from a member of a foreign Head of State's family is to be considered a gift from a foreign government. (See p. 25.)

When considering the amendment and administration of the act, Congress may wish to consider alternative policy options in the interest of perspective. Four approaches are listed below.

--Consenting to the acceptance of gifts, where their refusal would likely cause offense or embarrassment or adversely affect the foreign relations of the United States, with the recipient permitted to retain those of minimal value (current approach).

--Consenting to the recipient's retention of gifts of minimal value, where their refusal would likely cause offense or embarrassment or adversely affect the foreign relations of the United States, and prohibiting the acceptance of gifts above such value.

APPENDIX I

APPENDIX I

--Consenting to the recipient's acceptance and retention of all gifts, where their refusal would likely cause offense or embarrassment or adversely affect the foreign relations of the United States.

--Prohibiting the acceptance of any gifts by Federal employees. (See pp. 25 to 28.)

GAO has drafted a revised statute, based on the current approach and the problems identified during this review. (See app. V.)

REVISED STATUTEA BILL

To amend and improve 5 U.S.C. §7342.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

That 5 U.S.C. §7342 is hereby repealed and the following new section is substituted therefor:

§7342. Receipt and disposition of foreign gifts and decorations.

"(a) For the purpose of this section--

"(1) 'employee' means--

"(A) an employee as defined by section 2105 of this title;

"(B) an expert or consultant while under contract with the United States or any agency, department, or establishment, thereof pursuant to section 3109 of this title;

"(C) an individual employed by, or occupying an office or position in, the government of a territory or possession of the United States or the District of Columbia;

"(D) a member of a uniformed service;

"(E) the President;

"(F) a Member of Congress as defined by section 2106 of this title or any Delegate to the Congress; and

"(G) a member of the family and household of an individual described in subparagraphs (A)-(F) of this paragraph; 1/

1/ This provision would reenact subsection (a)(1)(F) of the existing act. For discussion of problems created by this provision and the countervailing considerations, see p. 16 of our report, ID-75-51, March 26, 1975.

"(2) 'foreign government' means--

"(A) all units of foreign governmental authority, including foreign national, state, local, and municipal governments;

"(B) international and multinational organizations whose membership is composed, in whole or in part, of foreign governments as defined in subparagraph (A) of this paragraph; 2/ and

"(C) an agent or representative of a foreign government as defined in subparagraph (A) and (B) of this paragraph, whether acting in an official or private capacity;

"(3) 'gift' means a present or thing, other than a decoration, tendered by or received from a foreign government, but does not include assistance for which the Congress consents to the acceptance pursuant to section 108A of the Mutual Educational and Cultural Exchange Act of 1961, as amended ;

"(4) 'decoration' means an order, device, medal, badge, insignia, or emblem tendered by or received from a foreign government;

"(5) 'minimal value' means a retail value at time of acceptance not in excess of \$100 in the United States; provided that every three years from the date of enactment of this section, 'minimal value' shall be redefined in regulations prescribed by the Administrator of the General Services Administration in consultation with the Secretary of State to reflect changes in the consumer price index for the prior three-year period; provided further that regulations of the employing agencies of the Government may define 'minimal value' for their employees to be less than the value prescribed under this paragraph;

2/ It is unclear under the existing act whether gifts from such organizations are subject to the act.

"(6) 'employing agency of the Government' means the Committee on Standards of Official Conduct for Members and employees of the House of Representatives; the Select Committee on Standards and Conduct for Senators and employees of the Senate; the department, agency, office, or other entity in which an employee is employed for all other legislative branch employees and all executive branch employees; and the Administrative Office of the U.S. Courts for judicial branch employees.

"(b) An employee may not--

"(1) request or otherwise encourage the tender of a gift or decoration; or

"(2) accept a gift or decoration except in accordance with the provisions of subsection (c) and (d).

"(c) (1) Congress consents to--

"(A) the accepting and retaining by an employee of a gift of minimal value tendered or received as a souvenir or mark of courtesy; and

"(B) the accepting by an employee of a gift of more than minimal value when it appears that to refuse the gift would likely cause offense or embarrassment or otherwise adversely affect the foreign relations of the United States; provided, however, that a gift of more than minimal value is deemed to have been accepted on behalf of the United States and, upon acceptance, shall become the property of the United States; provided further, that an employee may accept gifts of travel expenses such as transportation, food, and lodging of more than minimal value from a foreign government only when the employing agency of the Government determines that (1) the

employee is on official business, (2) the expenses would otherwise be reimbursable by the United States, and (3) the circumstances and conditions make acceptance of such expenses necessary. The Secretary of State shall promulgate uniform guidelines for the use of the Government to implement this proviso.

"(2) Within 60 days of acceptance of a gift of more than minimal value, the donee shall--

"(A) deposit the gift for disposal with the Secretary of State or his delegate; or

"(B) subject to the approval of the employing agency of the Government and the concurrence of the Secretary of State, deposit the gift for official use with the employing agency of the Government. Within 30 days of termination of the official use, the employing agency of the Government shall deposit the gift for disposal with the Secretary of State.

"(3) when a donee deposits a gift of more than minimal value for disposal or for official use under subsection (c)(2), or within 30 days of acceptance of travel expenses as provided in subsection (c)(1)(B); the donee shall file a statement with the Secretary of State containing the information prescribed in subsection (f) of this section for that gift.

"(d) Congress consents to the accepting, retaining, and wearing by an employee of a decoration tendered in recognition of active field service in time of combat operations or awarded for other outstanding or unusually meritorious performance, subject to the approval of the employing agency of the Government and the concurrence of the Secretary of State. Without this approval and concurrence, the decoration is deemed to have been accepted on behalf of the United States, shall become the property of the United States, and shall be deposited by the donee, within 60 days of acceptance, with the Secretary of State or his delegate for official use or disposal.

"(e) Gifts and decorations that have been deposited with the Secretary of State or his delegate for disposal shall be (1) returned to the donor, or (2) forwarded to the General Services Administration for transfer, donation, or other disposal in accordance with the provisions of the Federal Property and Administrative Services Act of 1949 (63 Stat. 377). However, no gift or decoration that has been deposited for disposal shall be sold except with the approval of the Secretary of State or his delegate after determining that the sale will not adversely affect the foreign relations of the United States. Gifts and decorations may be sold by negotiated sales. 3/

"(f) As soon as practicable after December 31 of a calendar year but no later than January 31 of the succeeding year, the

3/ It is the view of the State Department and General Services Administration that the present Foreign Gifts and Decorations Act contains an independent grant of authority to dispose of U.S. property. If this proposed subsection (e) is not enacted, the Congress should place some restrictions on the types of disposition that may be authorized.

Secretary of State shall compile a listing of all statements filed in accordance with subsection (c)(3) and shall cause the listing to be published in the Federal Register. The listing shall include the following information for each gift reported:

"(1) the name and position of the employee;

"(2) a brief description of each gift accepted;

"(3) the foreign government that presented each gift; and

"(4) the date of acceptance of each gift.

"(g) (1) The Secretary of State shall prescribe regulations to carry out the purpose of this section. These regulations shall be implemented by each of the employing agencies of the Government for their employees.

"(2) The employing agency of the Government shall document cases in which there is reason to believe that an employee has violated this section and refer such cases to the Department of Justice; obtain an independent appraisal of gifts when necessary; and take other similar actions necessary to carry out the purpose of this section.

"(h) (1) Any employee who fails to deposit a gift of more than minimal value as required under subsections (c)(2)(A) or (B) of this section shall, upon conviction, be punished by a fine of not more than \$1,000 or by imprisonment for not more than twelve months, or by both such fine and imprisonment.

"(2) The penalty authorized in 18 U.S.C. §641 for unlawfully converting property of the United States shall apply to the unlawful retention of gifts of more than minimal value."