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Report On The Use Of
Presidential Executive Interchange
Personnel With Oil Industry
Backgrounds By The
Federal Energy Office

B-181013

*UNITED STATES
GENERAL ACCOUNTING OFFICE*

~~702144~~ / 095818

JUNE 21 1974



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

B-181013

The Honorable Charles A. Vanik
House of Representatives

R Dear Mr. Vanik:

In your letter of April 4, 1974, and in subsequent discussions with your office, you asked that we examine the background and employment of certain Presidential Executive Interchange Program personnel with oil or related industry backgrounds working at the Federal Energy Office (FEO) and consider any potential conflict of interest problems. On May 3, 1974, we provided you with an interim report on Mr. Robert C. Bowen. We forwarded a copy to the Department of Justice for such investigation and action as that Department deems warranted. This final report contains information on the remaining interchange personnel that you asked us to examine--Messrs. Ernest R. Russell, Michael T. Tayyabkhan, and Edmond R. Western. 206

In developing these responses, we interviewed Messrs. Russell, Tayyabkhan, and Western; their supervisors; and various officials of FEO, the Departments of Health, Education, and Welfare (HEW) and the Interior, and the President's Commission on Personnel Interchange. We also reviewed their official personnel folders and their correspondence and work-related files.

The Presidential Executive Interchange Program provides for the interchange of managerial skills between the Federal Government and the private sector. Executives in the private sector are selected for year-long assignments in the Government; similarly, Government executives are selected for year-long assignments in the private sector.

The President's Commission on Personnel Interchange selects candidates meeting program requirements and refers them to the most appropriate host organization for additional interviews. Under the interchange program, private sector employees who are assigned to the Government are subject to the same conflict of interest laws and regulations that are applicable to Federal employees.

Our investigation of Messrs. Russell and Tayyabkhan indicated that their duties and responsibilities at FEO did not place them in situations where their decisions had an impact on FEO policies and regulations regarding the private industry concerns they represent. Hence, we found no indication that either interchange executive was involved in even a potential conflict of interest situation. Mr. Western is working in a position where he could affect FEO policies and regulations relating to the private concern that employs him. A FEO Assistant General Counsel told us, however, that on the basis of his investigation he did not believe conflict of interest problems existed regarding any of the three individuals.

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Mr. Russell is on a year's leave of absence from Dow Chemical Company, U.S.A., where his position was product sales manager for ethylene oxide and derivatives. On September 4, 1973, Mr. Russell was assigned to HEW and in January 1974 was transferred to FEO as a special assistant to Mr. William Holmberg, FEO's Director of Regional Operations. Messrs. Russell and Holmberg both said Mr. Russell's duties and responsibilities included performing management audits on regional office operations, providing technical advice on questions relating to petrochemicals, and developing options for policy decisions concerning gasoline allocation. According to Messrs. Russell and Holmberg, Mr. Russell did not draft any regulations or proposals which would affect the chemical industry, and our review of Mr. Russell's files confirmed this fact.

Mr. Tayyabkhan is on a year's leave of absence from Mobil Research and Development Corporation, where he was employed as manager of computer methods and process. Mr. Tayyabkhan began working with the Government in FEO's Office of Economic and Data Analysis and Strategic Planning under the supervision of Mr. Bart Holaday, Deputy Assistant Administrator for Analysis on February 3, 1974, and still holds that position. Messrs. Tayyabkhan and Holaday agreed that Mr. Tayyabkhan is utilized mainly in a support function to provide technical assistance of the Office of Economic and Data Analysis and Strategic Planning in the utilization of FEO's computer system. Our review disclosed that Mr. Tayyabkhan is not involved in any policy decisions affecting the oil industry.

Mr. Western is on a year's leave of absence from the Sun Oil Company where he was natural gas coordinator and is assigned to the position of industrial specialist within FEO's Office of Program and Allocation Policy, Office of Policy, Planning, and Regulations. Mr. Western initially joined Government service on September 2, 1973, as an engineer/industrial specialist with the Programs and Analysis Division, Office of Oil and Gas, Department of the Interior. About February 1, 1974, Mr. Western assumed the position that he currently occupies at FEO. Mr. Western is still considered an Interior Department employee and his personnel records are still maintained by that Department.

Because Mr. Western is working in a position where he could affect FEO policies and regulations relating to the oil industry, detailed answers to the eight questions you raised regarding FEO's use of interchange employees as they regard Mr. Western are set forth below.

WHAT IS THE ACTUAL JOB DESCRIPTION FOR WHICH THE INDIVIDUAL HAS BEEN HIRED?

The official Interior Department position description for Mr. Western states that he is a Natural Gas Systems Engineer/Industrial Specialist (Natural Gas) reporting to the Assistant Director, Programs and Analysis, Office of Oil and Gas, Department of the Interior.

The position description states:

"This position is a senior level, Industrial Specialist Natural Gas assignment, located within the Programs and Analysis Division of the Office of Oil and Gas. * * * the incumbent occupies a position of unusual responsibility and impact on the Office of Oil and Gas and the Department. He works directly under the supervision of the Agency's Assistant Director (Program and Analysis) and is responsible for liaison with other Federal Agencies involved with natural gas and natural (or synthetic) gas liquids."

A copy of Mr. Western's position description is included as appendix I.

According to a FEO memorandum from Mr. Leslie Reed, Deputy Director, Office of Program and Allocation Policy, to Mr. Robert Kane, Director, Administrative Services, Office of Policy, Planning, and Regulations, dated April 5, 1974, Mr. Western's duties at FEO include:

"* * * evaluation and analysis of natural gas data, propane and butane data, forecasts of all forms of energy supply and demand, and of the effect and impact of various government regulations on the general public."

A copy of the memorandum is included as appendix II.

FEO has no job description for Mr. Western because he is still considered an employee of the Department of the Interior.

WHAT ARE AND HAVE BEEN THE NATURE OF THE EMPLOYEE'S ACTUAL ACTIVITIES DURING HIS TERM OF EMPLOYMENT IN HIS FEO POSITION?

At the Interior Department, Mr. Western was under the supervision of Mr. David Oliver, Assistant Director, Programs and Analysis, Office of Oil and Gas. Mr. James Gill, Director, Office of Program and Allocation Policy, Office of Policy, Planning, and Regulations, has been Mr. Western's supervisor since Mr. Western began working at FEO. According to the functional statement for the Office of Program and Allocation Policy, Mr. Gill's office is responsible for developing and managing FEO's allocation programs. Mr. Gill told us that his office is responsible for writing the regulations and policies for FEO allocation programs.

Mr. Western is assigned to the Program Development Division of the Office of Program and Allocation Policy, which, according to the functional statement

"* * * evaluates and recommends changes in existing and proposed energy policies, programs and regulations in terms of achieving objectives and impacts on consumers, industry, production and distribution of energy and related products, economic efficiency and other factors."

A copy of the Office of Program and Allocation Policy functional statement is included as appendix III.

Messrs. Western and Gill told us that Mr. Western's primary responsibility is to answer requests for general information but that his work included:

- Making quantitative analyses (forecasting) in the natural gas and propane area, including analyses of supply and demand, and making comments, including recommendations, on the analyses he makes.
- Answering congressional requests concerning the allocation programs under his office's responsibility.

In the previously cited memorandum from Mr. Reed to Mr. Kane dated April 5, 1974, and in a subsequent memorandum dated May 3, 1974, also from Mr. Reed to Mr. Kane, Mr. Western's duties were described as involving analysis of factual data and providing studies and forecasts which did not require subjective decisions. The memorandum of May 3, 1974, outlined the studies in which Mr. Western was expected to participate:

- "1. Develop data pertaining to present and future natural gas production, SNG manufacture, and importation of LNG.
- "2. Develop data pertaining to the availability and recovery of ethane, propane, butane and other natural gas liquids from natural gas recovery facilities and refineries.
- "3. Obtain and compile data relating to the allocation and distribution of propane and butane.
- "4. Obtain information to enable people involved in regulation writing to define various key items such as refinery capacity, crude oil, lease condensate, etc. Incorporate such definition into various regulations promulgated by FEO.
- "5. Assist other FEO personnel in locating supplies of propane and butane for priority allocations which are mandated by the FEO.

- "6. Perform cost studies of petroleum storage, refining, and pipelines.
- "7. Perform energy conservation studies.
- "8. Obtain information relating to shortfalls of various petroleum products in isolated areas of the country."

According to Mr. Gill and the April 5, 1974, memorandum from Mr. Reed to Mr. Kane, Mr. Western's work is reviewed by other industrial specialists who have technical expertise in the area. In addition, Mr. Gill stated that he or the Deputy Director personally review all of Mr. Western's congressional correspondence, and Mr. Western has no authority to sign off on any documents. A copy of the May 3, 1974, memorandum has been included as appendix IV.

Mr. Western's duties and responsibilities at FEO have been expanded or at least more specifically delineated from the broad statements included on his original position description at Interior.

DID THE EMPLOYEE PRODUCE ANY MATERIAL RELATIVE TO HIS ORIGINAL JOB DESCRIPTION AND WHAT IS THE NATURE OF THESE PAPERS?

Mr. Western said he did not participate in producing his original job description. Our review of Mr. Western's personnel file at Interior showed no indication that Mr. Western had participated in any way in drafting his job description or produced any material relative to it.

HOW WAS THE ORIGINAL JOB DESCRIPTION DESIGNED, AND WAS IT WITH THE AID OF LEGAL COUNSEL'S OFFICE; AND IF SO, WHY THAT WAS NECESSARY?

According to Interior's Personnel Services Division, the Personnel Services Division and the Office of Oil and Gas wrote the original job description for Mr. Western. Also, the Acting Chief of the Personnel Services Division stated that Interior's General Counsel did not participate in writing the job description, and our review of Mr. Western's personnel file confirmed this fact.

IS THE EMPLOYEE A MEMBER OF THE "KITCHEN CABINET" AND WHAT IS THE DEFINITION OF THE "KITCHEN CABINET", DOES IT MEET REGULARLY, WHO ARE ITS MEMBERS, AND WHAT IS THE ACTUAL INTENT, AND WHAT IS THE EMPLOYEE'S ROLE IN THIS ACTIVITY?

In our interim report (B-181013), which we issued to you on May 3, 1974, we defined "kitchen cabinet" and described its activities, as well as the "issues meetings" which replaced the "kitchen cabinet"

meetings in January 1974. Mr. Western's association with the "kitchen cabinet" and "issues meetings" is set forth below.

Mr. Western stated that he heard of the "kitchen cabinet" meetings, but had not attended any. He informed us that he attended two or three "issues meetings" and provided some statistical information but was not involved in any discussions.

Mr. Gill said he had not attended any "kitchen cabinet" meetings but that he had attended "issues meetings" where policy was decided. He said Mr. Western accompanied him to some "issues meetings" and provided technical advice. According to Mr. Gill, Mr. Western probably attended some "issues meetings" without Mr. Gill or another supervisor to hear and analyze his comments. Mr. Gill said Mr. Western participated in "issues meetings" only to provide technical input.

HAS THE EMPLOYEE IN FACT WRITTEN LEGISLATIVE PROPOSALS AND/OR REGULATIONS ON ENERGY MATTERS FOR THE ADMINISTRATOR OF THE FEO AND HAS HE PARTICIPATED OR WRITTEN REGULATIONS AND/OR LEGISLATIVE PROPOSALS RELATING TO OR AFFECTING THE PROPANE INDUSTRY AND/OR THE ALLOCATION OF PROPANE?

As previously stated, Mr. Gill's office formulates the regulations and policies for FEO allocation programs, but the final decisions to adopt such policies are made by FEO's Administrator or Deputy Administrator. According to Mr. Gill, the Office of Policy Analysis helps write the regulations and reviews all the regulations and policies formulated by his office.

Mr. Gill said Mr. Western was involved mostly in propane regulations but was also concerned to some extent with all FEO regulations formulated by his office. According to Mr. Gill, Mr. Western gives valuable advice on the effect that the regulations will have on the oil industry by interpreting the ramifications of a particular position FEO might take. Mr. Gill informed us that he believed men such as Messrs. Western and Robert Bowen, with oil industry backgrounds, could interpret the impact of regulations on the industry and were very important in the formulation of proper regulations.

Mr. Gill said he was not positive if Mr. Western made comments and/or recommendations on legislative proposals, but said he had commented on regulations and policy. Mr. Western stated that he did not feel as though he had made any policy decisions which would affect the oil industry. He said he had seen two or three legislative proposals but had not participated in their formulation.

IS THERE ANY INDICATION WITHIN THE FILE OF OFFICIAL
CORRESPONDENCE OF CONTINUING RELATIONSHIPS WITH FORMER
EMPLOYERS AND/OR ANY OTHER PATTERN WITHIN OFFICIAL
CORRESPONDENCE WHICH WOULD BE IN CONFLICT WITH THE
EMPLOYEE'S DUTIES AS A PUBLIC SERVANT?

Our review of Mr. Western's files did not indicate any official correspondence with Sun Oil Company. Mr. Western said that he had talked with Sun Oil Company personnel a few times about his health insurance but had not discussed any technical matters. He said that he retains the benefits of his health insurance and retirement plan, but does not retain the benefits of Sun Oil Company's savings plan which has been suspended for the year Mr. Western is employed by the Government. He said he was going to contact Sun Oil Company concerning reemployment within the next month or two.

Our review of Mr. Western's files indicated that he had commented at least once on both legislation and regulations.

One memorandum which Mr. Western said he wrote contained comments on legislation, FEO regulations, and recommendations regarding the end of the Arab embargo and the propane supply.

Mr. Western's files also contained letters he drafted to congressmen in response to their requests concerning problems in allocation and other areas under the responsibility of the Office of Policy, Planning, and Regulations. Mr. Western also prepared, for signature by other FEO officials, responses to inquiries from small oil companies concerning an explanation of FEO regulations. Mr. Western said the responses did not call for any conclusions on his part, and our review of his files verified his statement. Mr. Western's files also contained draft regulations with no comments thereon. Mr. Western told us that his comments on regulations are usually verbal.

WHAT MEASURES HAVE BEEN OR ARE BEING TAKEN TO ASSURE
THAT THE EMPLOYEE OR ANY OTHER IS IN COMPLETE COMPLIANCE
WITH CONFLICT OF INTEREST STATUTES AS REGARDS THEIR WORK
WITH THE FEDERAL GOVERNMENT AND THE EMPLOYER FROM WHOM
THEY ARE ON LEAVE AND/OR INDUSTRY WHICH IS AFFECTED BY
THEIR WORK?

In January 1974 the President's Commission on Personnel Interchange adopted a booklet entitled "Compliance with the Laws on Conflict of Interest." The booklet contains a copy of the summary of Public Law 87-849, which deals with conflicts of interest, and Executive Order No. 11222, which prescribes standards of ethical conduct for Government officers and employees. The executive receiving this booklet is to fill out an

Acknowledgement of Receipt which is placed in his personnel folder. The Assistant Executive Director of the Commission told us that Mr. Western was not given a copy of the booklet because he joined the Government before the booklet was adopted but said Interior officials should have advised Mr. Western of his responsibilities to comply with the law and the Executive order when he joined Government service on September 2, 1973. A copy of this booklet is included as appendix V.

Mr. Western did not recall whether Interior officials had advised him on possible conflict of interest. Mr. Western said FEO's General Counsel had explained in general what conflict of interest was, but did not provide any specifics as to how the job should be performed so as to avoid conflict situations. Mr. Western stated that Mr. Ligon, Assistant Administrator, Policy, Planning, and Regulations, told him to use common sense in avoiding conflicts of interest while applying his knowledge to the job. According to Mr. Western, FEO's General Counsel required him to submit a statement of financial interest approximately the first week of April 1974. The submission of a statement of financial interest is required of all participants in the interchange program.

Mr. Gill stated that he did not specifically discuss potential conflict of interest with Mr. Western and assumed that Interior officials had already advised Mr. Western of potential conflict of interest. Mr. Gill informed us that he had not contacted FEO's General Counsel regarding Mr. Western and had not been required to submit an outline of Mr. Western's duties and responsibilities to the General Counsel. Mr. Gill added that he had not seen any statement of financial interest on Mr. Western. He said Mr. Western had, on occasion, refrained from participating in discussions in which he thought potential conflict of interest situations might arise.

In a memorandum dated April 16, 1974, to Mr. Ligon from Robert Montgomery, Deputy General Counsel, Mr. Montgomery stated that:

"If, however, your review of his activities [Mr. Western's] leads you to the conclusion that his responsibilities are not and cannot be restricted along the lines which Johnson developed for Bowen, his assignment will have to be modified unless Mr. Simon finds that Western's financial interest is not so substantial as to impair the integrity of his services to FEO."

In the previously mentioned May 3, 1974, memorandum (see p.4). Mr. Reed stated that Mr. Western would be excluded from meetings involving policy and would not be granted access to confidential or financial information supplied by oil companies or information on the competitive

relationship of individual oil companies. Mr. Reed also stated that Mr. Western would, at times, work under the supervision of Mr. Reed or another member of his staff and that Mr. Western would be excluded from working on any matter which, in Mr. Reed's judgment, might give rise to a possible conflict of interest situation.

A FEO Assistant General Counsel told us that he had two long interviews with Mr. Western and Mr. Ligon in late March or early April, in which he informed Mr. Ligon of the necessity to analyze Mr. Western's functions and duties and to make sure that he does not do any policy work. The Assistant General Counsel told us that, as a result of his investigation, he believed there was no conflict of interest in the Western case.

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Mr. Western's duties and responsibilities at FEO were expanded or at least specifically delineated from the broad statements included in his Department of the Interior job description. The Program Development Division of FEO's Office of Program Allocation Policy to which Mr. Western is assigned is responsible for evaluating and recommending changes in existing and proposed energy policies, programs, and regulations. Mr. Western's superior at FEO told us that Mr. Western had provided advice on the effect that FEO regulations would have on the oil industry. FEO's General Counsel has investigated Mr. Western's situation, however, and found no evidence of conflict of interest.

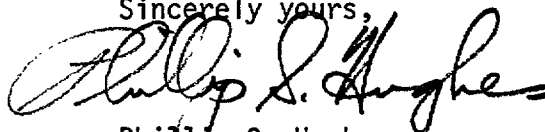
We forwarded a copy of our interim report on Robert C. Bowen to the Justice Department for such actions as it deems warranted. Accordingly, we are also forwarding a copy of this final report to the Justice Department for such consideration as it deems appropriate in conjunction with its consideration of the material furnished earlier regarding Mr. Bowen.

The question of whether actual conflicts of interest have occurred is a matter for consideration by the Department of Justice. In our view, the more important question raised by FEO's use of Presidential Executive Interchange Program personnel with oil and related industry backgrounds concerns the judgment exercised in placing executives on a year's leave of absence from private industry in positions in an agency exercising a regulatory-type responsibility over the activities of the very company to which the individual involved will return at the completion of his year's assignment. It was this action which created potential conflict of interest situations. At your request, we now are making a broad review of the Presidential Executive Interchange Program.

B-181013

As requested, we did not obtain the written comments of FEO on this report, but are advising appropriate officials of our actions and furnishing them copies of the report. We do not plan to distribute this report further unless you agree or publicly announce its contents.

Sincerely yours,

A handwritten signature in cursive script that reads "Phillip S. Hughes". The signature is written in black ink and is positioned above the printed name.

Phillip S. Hughes
Assistant Comptroller General



President's Executive Interchange Program

POSITION DESCRIPTION FORM / FEDERAL AGENCY EXECUTIVE ASSIGNMENT

- 1. Agency Department of the Interior, Office of Oil and Gas
- 2. Address 18th & C Street, N. W.
Washington, D. C. 20240
- 3. Liaison officer:
 - (name) Thomas M. Gernhofer
 - (title) Personnel Management Specialist, Division of Personnel
 - (address) 18th & C Street, N. W. - Room 6223
Washington, D. C. 20240
 - (telephone) 343-6156 (IDS Code 183)
- 4. Position title of proposed assignment Natural Gas Systems
Engineer/Industrial Specialist (Natural Gas)
- 5. Description of proposed executive assignment - Include major duties and responsibilities, location of position in agency, and any other pertinent information. Attach organization chart if available. If established position, attach official position description

This position is a senior level, Industrial Specialist Natural Gas assignment, located within the Programs and Analysis Division of the Office of Oil and Gas. As one of the few available Natural Gas Specialists in the Office of the Assistant Secretary, Energy and Minerals, the incumbent occupies a position of unusual responsibility and impact on the Office of Oil and Gas and the Department. He works directly under the supervision of the Agency's Assistant Director (Programs and Analysis) and is responsible for liaison with other Federal Agencies involved with natural gas and natural (or synthetic) gas liquids.

6. Is this a new position? Yes xx No
7. GS Level Grade 15
8. Location of position (city) Washington, D. C.
9. Executive will report to:
- (name) David R. Oliver
- (title) Assistant Director (Programs and Analysis)
Office of Oil and Gas
- (telephone) 343-4578 (IDS Code 183)
10. Executive supervises: Directly Indirectly
- Professional staff
- Clerical staff
11. Position titles of other working associates Director, Associate Director,
Assistant Directors, Industrial Specialists (Petroleum, Petroleum Refining,
Production, Petroleum and Natural Gas Storage and Transportation, etc.),
Petroleum Engineer, Chemical Engineer, Computer Systems Analyst
12. Experience desired:
- Five (5) years' executive level experience with major interstate gas transmission and/or production company
13. Skills/education desired:
- B.S. in Engineering (Petroleum) or B.S. in Economics

FEDERAL ENERGY OFFICE

SUBJECT: Description of Duties and Responsibilities of Mr. Edmond R. Western DATE: April 5, 1974

FROM: J. Lisle Reed *J. Lisle Reed*

TO: Bob Kane *Bob Kane*

THROUGH: Jud Breslin

Mr. Western joined the Department of Interior, Office of Oil and Gas, in August 1973 on the Executive Interchange Program. It is the objective of the program and of Mr. Western to familiarize the candidate with governmental operations and policy making procedures. In order to accomplish this in a most efficient manner, Mr. Western has been assigned duties that are reflective of his background and capabilities. His duties include evaluation and analysis of natural gas data, propane and butane data, forecasts of all forms of energy supply and demand, and of the effect and impact of various government regulations on the general public.

Mr. Western's work is scrutinized by other industrial specialists who work in corresponding areas of expertise. His work is ultimately reviewed thoroughly by his immediate supervisor and the supervisor takes complete responsibility for the quality and integrity of the work.

Mr. Western's background and inherent capabilities have made him an extremely valuable asset to the Office of Oil and Gas and to this office as well. We feel that the objectives of the Executive Interchange Program are being 100% fulfilled and that a very valuable contribution to the total efforts of our office is being realized from this program.

OFFICE OF ALLOCATION POLICYSTATEMENT OF MISSION

This Office manages the allocation program planning and implementation process for the FEO, carrying it through to the stage of initial program implementation. Contingency planning is an important responsibility with emphasis on specific programs that would be implemented under emergency conditions. Actual program operation is the responsibility of the Assistant Administrator for Operations and Compliance and the Assistant Administrator for Energy Resource Development.

To accomplish this mission, the Office has three divisions. They are:

Program DevelopmentFunctions

The Program Development evaluates and recommends changes in existing and proposed energy policies, programs and regulations in terms of achieving objectives and impacts on consumers, industry, production and distribution of energy and related products, economic efficiency and other factors. Criteria, goals, and standards used will include the ones set forth in the Emergency Petroleum Allocation Act of 1973 and incorporated in the Federal Energy Office Petroleum Allocation and Price Regulations, January 15, 1974, in other laws and regulations, and others developed by the Division.

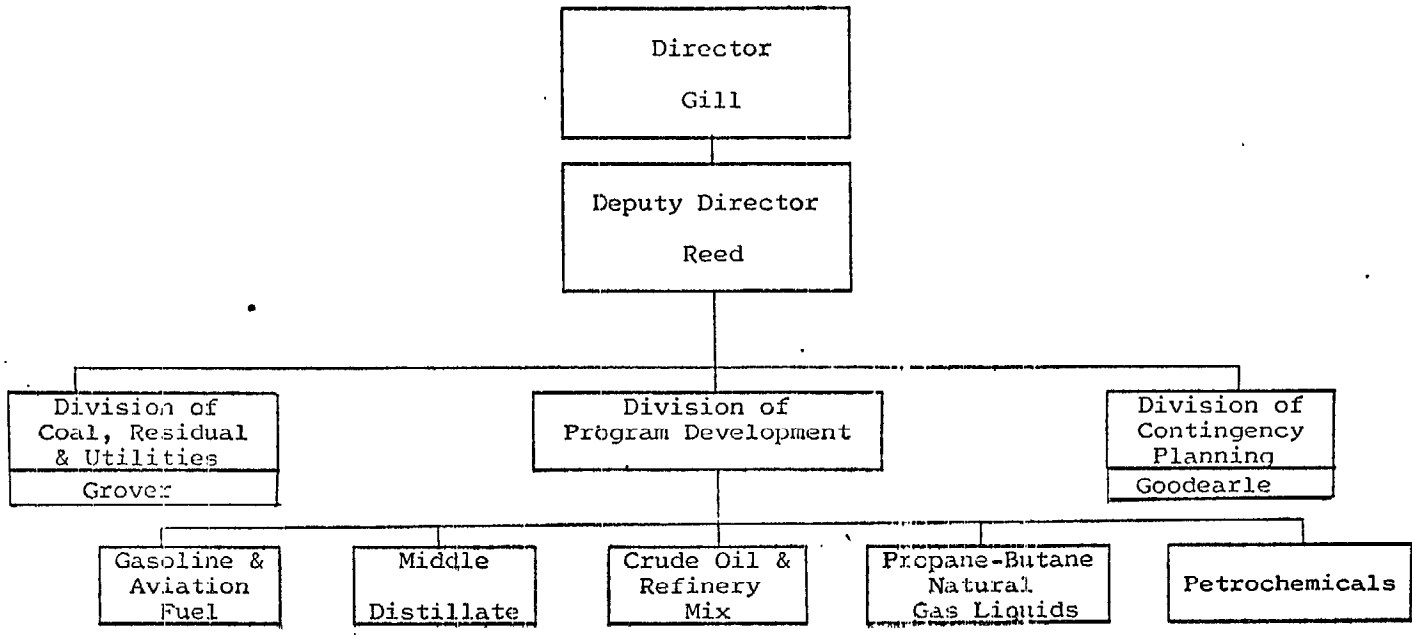
Coal-Residual and Utilities DivisionFunctions

This Division will conduct basic policy planning for the assigned sector of the energy economy, including the preparation of studies and the development of alternative policies for decision. The long-term economic and technological trends in the energy industries will be appraised and the Administration and other parts of FEO will be kept appropriately informed. The Coal-Residual and Utilities Division will serve as a focal and coordination point for Administration, FEO State and Local governments, and industry with respect to matters of FEO policy.

Contingency Planning Division**BEST DOCUMENT AVAILABLE**Functions

In support of this mission, the Office of Contingency Planning carries on several programs and activities and maintains contact with a number of organizations, both public and private. It maintains a standby resource management organization, the Emergency Petroleum and Gas Administration (EPGA), in readiness to mobilize the Nation's oil and gas resources in the event of a National emergency, and selects and trains National Defense Executive Reservists to staff the EPGA. It develops national petroleum readiness plans and assists the States and the petroleum industry in development of their emergency oil and gas plans.

OFFICE OF ALLOCATION POLICY



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FEDERAL ENERGY OFFICE

SUBJECT: Description of Duties and
Responsibilities of
Mr. Edmond R. Western

DATE: MAY 3 1974

FROM: J. Lisle Reed *J. Lisle Reed*

THRU: Jud Breslin

TO: Bob Kane

Mr. Western joined the Department of Interior, Office of Oil and Gas, in August 1973 on the Executive Interchange Program. He is used primarily to collect and analyze factual data and provide technical calculations and studies where subjective judgment and advice are not required. Typical studies for which we expect to use Mr. Western are as follows:

1. Develop data pertaining to present and future natural gas production, SNG manufacture, and importation of LNG.
2. Develop data pertaining to the availability and recovery of ethane, propane, butane and other natural gas liquids from natural gas recovery facilities and refineries.
3. Obtain and compile data relating to the allocation and distribution of propane and butane.

4. Obtain information to enable people involved in regulation writing to define various key items such as refinery capacity, crude oil, lease condensate, etc. Incorporate such definition into various regulations promulgated by FEO.
5. Assist other FEO personnel in locating supplies of propane and butane for priority allocations which are mandated by the FEO.
6. Perform cost studies of petroleum storage, refining, and pipelines.
7. Perform energy conservation studies.
8. Obtain information relating to shortfalls of various petroleum products in isolated areas of the country.

Mr. Western will be excluded from meetings involving future policy or policy changes, and will not represent the Federal Energy Office in any meetings where policy questions might arise. We believe that the bulk of Mr. Western's activities will require him to review and analyze technical and factual information which is publically available.

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Mr. Western will not be granted access to confidential information supplied by oil companies and will not analyze financial data of individual companies or the competitive relationship of individual companies.

Mr. Western will, at all times, work directly under my supervision or under the supervision of another member of the staff. On any matter in which in my judgement a possible conflict of interest could arise, Mr. Western will be excluded, or limited to supplying factual data or engineering analyses. Mr. Western and any staff supervisor working with him will have the responsibility to call to my attention any area of work which may present a conflict with the financial interest of Mr. Western, personally, or the Sun Oil Company.

This office will furnish to the Office of the General Counsel for review any proposed additions to or changes in Mr. Western's duties.

Compliance with the laws on

Conflict of Interest

Commission Statements

Interchange Executive's Receipt Form

*Department of Justice Summary of
Public Law 87-849*

*Executive Order 11222, Prescribing
Standards of Ethical Conduct for
Government Officers and Employees*



BEST DOCUMENT AVAILABLE

PRESIDENT'S COMMISSION ON PERSONNEL INTERCHANGE

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON, D.C. 20415

To Presidential Interchange Executives:

In considering an Interchange Executive's assignment, the Commission staff carefully screens out any assignments that may lead to a conflict of interest situation.

If a question exists, the potential for conflict is explored with Federal agency officials. This could involve consultations with the agency's General Counsel, the General Counsel of the Civil Service Commission or the Department of Justice. If a question remains, the assignment is not made.

The liaison officer of the host organization is directed to make continuing reviews of potential conflicts of interest. If at any time it is determined that a conflict appears to be developing, the Interchange Executive will be transferred to another assignment.

Interchange Executives should become familiar with Federal conflict of interest laws. Private sector executives entering Government service are subject to the same conflict of interest laws and regulations that are applicable to Federal employees. The conflict of interest statutes continue to apply to a Federal employee while on leave-without-pay.

Study these documents carefully and thoroughly. Should you become aware of a possible conflict-of-interest situation or of a situation which gives rise to the appearance of a conflict of interest, you must bring the matter to the attention of the President's Commission on Personnel Interchange, and the federal agency's General Counsel or the private sector Legal Counsel.

Compliance with the Law and the Executive Order is mandatory for all Interchange Executives.

Jay I. Leanse
Executive Director

Acknowledgement of Receipt of
Summary of Public Law 87-849 and Executive Order 11222

Date _____ Location _____

Executive Director
President's Commission on Personnel Interchange

I have received a copy of the Summary of Public Law 87-849 which deals with conflicts of interest and Executive Order No. 11222 which prescribes standards of ethical conduct for Government officers and employees. I understand that during my appointment as an Interchange Executive, I will be subject to this Law and Executive Order. I further understand, that although my appointment as an Interchange Executive will be carefully screened for purposes of insuring compliance with this Law and Executive Order, should I at any time become aware of a possible conflict-of-interest situation or of a situation which gives rise to the appearance of a conflict-of-interest, I should bring the matter to the attention of the official designated for giving advice and counseling on such matters.

Signature _____

Print name of Signer _____

Title or Position _____

Company or Agency/Department _____

I have delivered to the Executive whose name appears above a copy of Summary of Public Law 87-849 and Executive Order 11222 referred to above.

Signature _____

Print name of Signer _____

Title or Position _____

(this form when completed is to be placed in the personnel folder of the acknowledging executive)

BEST DOCUMENT AVAILABLE

Avoiding Conflicts of Interest

Here is a summary prepared by the Department of Justice of the main conflict of interest provisions of Public Law 87-849:

A regular officer or employee of the Government—that is, one appointed or employed to serve more than 130 days in any period of 365 days—is in general subject to the following major prohibitions (the citations are to the new sections of title 18):

1. He may not, except in the discharge of his official duties, represent anyone else before a court or Government agency in a matter in which the United States is a party or has an interest. This prohibition applies both to paid and unpaid representation of another (18 U.S.C. 203 and 205).

2. He may not participate in his governmental capacity in any matter in which he, his spouse, minor child, outside business associate, or person with whom he is negotiating for employment has a financial interest (18 U.S.C. 208).

3. He may not, after his Government employment has ended, represent anyone other than the United States in connection with a matter in which the United States is a party or has an interest and in which he participated personally and substantially for the Government (18 U.S.C. 207(a)).

4. He may not, for one year after his Government employment has ended, represent anyone other than the United States in connection with a matter in which the United States is a party or has an interest and which was within the boundaries of his official responsibility during the last year of his Government service (18 U.S.C. 207(b)). This temporary restraint of course, gives way to the permanent restraint described in paragraph 3 if the matter is one in which he participated personally and substantially.

5. He may not receive any salary, or supplementation of his Government salary, from a private source as compensation for his services to the Government (18 U.S.C. 209).

(This summary is taken from the Department of Justice memorandum summarizing the Provisions of Public Law 87-849, etc. It was

reproduced as a part of the Committee Print, Senate Judiciary Committee, 88th Congress, 1st Session, March 1, 1963, p. 14. It will also be found in the note following 18 U.S.C. 201).

Standards of Ethical Conduct

EXECUTIVE ORDER 11222

PRESCRIBING STANDARDS OF ETHICAL CONDUCT FOR GOVERNMENT OFFICERS AND EMPLOYEES

By virtue of the authority vested in me by section 301 of title 3 of the United States Code, and as President of the United States, it is hereby ordered as follows:

PART I—POLICY

Section 101. Where government is based on the consent of the governed, every citizen is entitled to have complete confidence in the integrity of his government. Each individual officer, employee, or adviser of government must help to earn and must honor that trust by his own integrity and conduct in all official actions.

PART II—STANDARDS OF CONDUCT

Section 201.(a) Except in accordance with regulations issued pursuant to subsection (b) of this section, no employee shall solicit or accept, directly or indirectly, any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, from any person, corporation, or group which—

(1) has, or is seeking to obtain, contractual or other business or financial relationships with his agency;

(2) conducts operations or activities which are regulated by his agency; or

(3) has interests which may be substantially affected by the performance or non-performance of his official duty.

(b) Agency heads are authorized to issue regulations, coordinated and approved by the Civil Service Commission, implementing the provisions of subsection (a) of this section, and to provide for such exceptions

therein as may be necessary and appropriate in view of the nature of their agency's work and the duties and responsibilities of their employer. For example, it may be appropriate to make such exceptions: (1) permitting the use of family or personal relationships where the circumstances make it clear that it is those relationships rather than the business of the persons concerned which are the motivating factors--the clearest illustration being the parents, children or spouse of Federal employees; (2) permitting acceptance of food and refreshment available in the ordinary course of a luncheon or dinner or other meeting or on inspection tours where an employee may properly be in attendance; or (3) permitting acceptance of loans from banks or other financial institutions on customary terms to finance proper and usual activities of employees, such as home mortgage loans. This shall be effective upon issuance of such regulations.

(c) It is the intent of this section that employees avoid any action, whether or not specifically prohibited by subsection (a), which might result in, or create the appearance of--

- (1) using public office for private gain;
- (2) giving preferential treatment to any organization or person;
- (3) impeding government efficiency or economy;
- (4) losing complete independence or impartiality of action;
- (5) making a government decision outside official channels; or
- (6) affecting adversely the confidence of the public in the integrity of the Government.

Sec. 202. An employee shall not engage in any outside employment, including teaching, lecturing, or writing, which might result in a conflict, or an apparent conflict, between the private interests of the employee and his official government duties and responsibilities, although such teaching, lecturing, and writing by employees are generally to be encouraged so long as the laws, the provisions of this order, and Civil Service Commission and agency regulations covering conflict of interest and outside employment are observed.

Sec. 203. Employees may not (a) have direct or indirect financial interest in, or (b) be a consultant, advisor, or agent to conflict

substantially, with their responsibilities and duties as Federal employees, or (b) engage in, directly or indirectly, financial transactions as a result of, or primarily relying upon, information obtained through their employment. Aside from these restrictions, employees are free to engage in lawful financial transactions to the same extent as private citizens. Agencies may, however, further restrict such transactions in the light of the special circumstances of their individual missions.

Sec. 204. An employee shall not use Federal property of any kind for other than officially approved activities. He must protect and conserve all Federal property, including equipment and supplies, entrusted or issued to him.

Sec. 205. An employee shall not directly or indirectly make use of, or permit others to make use of, for the purpose of furthering a private interest, official information not made available to the general public.

Sec. 206. An employee is expected to meet all just financial obligations, especially those--such as Federal, State, or local taxes-- which are imposed by law.

PART III--STANDARDS OF ETHICAL CONDUCT FOR SPECIAL GOVERNMENT EMPLOYEES

Section 301. This part applies to all "special Government employees" as defined in section 202 of title 18 of the United States Code, who are employed in the executive branch.

Sec. 302. A consultant, adviser or other special Government employee must refrain from any use of his public office which is motivated by, the desire for private gain for himself or other persons, including particularly those with whom he has family, business, or financial ties.

Sec. 303. A consultant, adviser, or other special Government employee shall not use any inside information obtained as a result of his government service for private personal gain, either by direct action or his part or by counsel, recommendations or suggestions to others, including particularly those with whom he has family, business, or financial ties.

Sec. 304. An adviser, consultant, or other special Government employee shall not use

his position in any way to coerce, or give the appearance of coercing, another person to provide any financial benefit to him or persons with whom he has family, business, or financial ties.

Sec. 305. An adviser, consultant, or other special Government employee shall not receive or solicit from persons having business with his agency anything of value as a gift, gratuity, loan or favor for himself or persons with whom he has family, business, or financial ties while employed by the Government or in connection with his work with the Government.

Sec. 306. Each agency shall, at the time of employment of a consultant, adviser, or other special Government employee require him to supply it with a statement of all other employment. The statement shall list the names of all the corporations, companies, firms, State or local governmental organizations, research organizations and educational or other institutions in which he is serving as employee, member, owner, director, trustee, adviser, or consultant. In addition, it shall list such other financial information as the appointing department or agency shall decide is relevant in the light of the duties the appointee is to perform. The appointee may, but need not, be required to reveal precise amounts of investments. The statement shall be kept current throughout the period during which the employee is on the Government rolls.

PART IV—REPORTING OF FINANCIAL INTERESTS

Section 401.(a) Not later than 90 days after the date of this order, the head of each agency, each Presidential appointee in the Executive Office of the President who is not subordinate to the head of an agency in that Office, and each full-time member of a committee, board, or commission appointed by the President, shall submit to the Chairman of the Civil Service Commission a statement containing the following:

(1) A list of the names of all corporations, companies, firms, or other business enterprises, partnerships, nonprofit organizations, and educational or other institutions in which he is connected as an

employee, officer, owner, director, trustee,

partner, advisor, or consultant; or

(B) in which he has any continuing financial interests, through a pension or retirement plan, shared income, or otherwise, as a result of his current or prior employment or business or professional association; or

(C) in which he has any financial interest through the ownership of stocks, bonds, or other securities.

(2) A list of the names of his creditors, other than those to whom he may be indebted by reason of a mortgage on property which he occupies as a personal residence or to whom he may be indebted for current and ordinary household and living expenses.

(3) A list of his interests in real property or rights in lands, other than property which he occupies as a personal residence.

(b) Each person who enters upon duty after the date of this order in an office or position as to which a statement is required by this section shall submit such statement not later than 30 days after the date of his entrance on duty.

(c) Each statement required by this section shall be kept up to date by submission of amended statements of any changes in, or additions to, the information required to be included in the original statement, on a quarterly basis.

Sec. 402. The Civil Service Commission shall prescribe regulations, not inconsistent with this part, to require the submission of statements of financial interests by such employees, subordinate to the heads of agencies, as the Commission may designate. The Commission shall prescribe the form and content of such statements and the time or times and places for such submission.

Sec. 403.(a) The interest of a spouse, minor child, or other member of his immediate household shall be considered to be an interest of a person required to submit a statement by or pursuant to this part.

(b) In the event any information required to be included in a statement required by or pursuant to this part is not known to the person required to submit such statement but is known to other persons, the person concerned shall request such other persons to submit the required information on his behalf.

(c) This part shall not be construed to

require the submission of any information relating to any person's connection with, or interest in, any professional society or any charitable, religious, social, fraternal, educational, fraternal, public service, civic, or political organization or any similar organization not conducted as a business enterprise and which is not engaged in the ownership or conduct of a business enterprise.

Sec. 404. The Chairman of the Civil Service Commission shall report to the President any information contained in statements required by section 401 of this part which may indicate a conflict between the financial interests of the official concerned and the performance of his services for the Government. The Commission shall report, or by regulation require reporting, to the head of the agency concerned any information contained in statements submitted pursuant to regulations issued under section 402 of this part which may indicate a conflict between the financial interests of the officer or employee concerned and the performance of his services for the Government.

Sec. 405. The statements and amended statements required by or pursuant to this part shall be held in confidence, and no information as to the contents thereof shall be disclosed except as the Chairman of the Civil Service Commission or the head of the agency concerned may determine for good cause shown.

Sec. 406. The statements and amended statements required by or pursuant to this part shall be in addition to, and not in substitution for, or in derogation of, any similar requirement imposed by law, regulation, or order. The submission of a statement or amended statements required by or pursuant to this part shall not be deemed to permit any person to participate in any matter in which his participation is prohibited by law, regulation, or order.

PART V—DELEGATING AUTHORITY OF THE PRESIDENT UNDER SECTIONS 205 AND 208 OF TITLE 18 OF THE UNITED STATES CODE RELATING TO CONFLICTS OF INTEREST

Section 501. As used in this part, *department* means an executive department, *agency* means an independent agency or

establishment or a Government corporation, and *head of an agency* means, in the case of an agency headed by more than one person, the chairman or comparable member of such agency.

Sec. 502. There is delegated, in accordance with and to the extent prescribed in sections 503 and 504 of this part, the authority of the President under sections 205 and 208(b) of title 18, United States Code, to permit certain actions by an officer or employee of the Government, including a special Government employee, for appointment to whose position the President is responsible.

Sec. 503. Insofar as the authority of the President referred to in section 502 extends to any appointee of the President subordinate to or subject to the chairmanship of the head of a department or agency, it is delegated to such department or agency head.

Sec. 504. Insofar as the authority of the President referred to in section 502 extends to an appointee of the President who is within or attached to a department or agency for purposes of administration, it is delegated to the head of such department or agency.

Sec. 505. Notwithstanding any provision of the preceding sections of this part to the contrary, this part does not include a delegation of the authority of the President referred to in section 52 insofar as it extends to:

- (a) The head of any department or agency in the executive branch;
- (b) Presidential appointees in the Executive Office of the President who are not subordinate to the head of an agency in that Office; and
- (c) Presidential appointees to committees, boards, commissions, or similar groups established by the President.

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