Memorandum

U.S. Department of Transportation
National Highway Traffic Safety Administration

NHTSA

Subject: Information about Ethics Obligations of Employees Entering Federal Service

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From: John Donaldson
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To: NHTSA Job Applicants

Individuals considering employment with the National Highway Traffic Safety Administration (NHTSA) need to be aware of certain ethics requirements that apply to Federal employees. There is a one-year "cooling off" period during which a new Federal employee may not work on a matter that involves the employee's previous employer (other than a previous Federal government employer). In addition, depending on the job, you may be required to sell certain assets you hold that would present a conflict of interest with the work you would perform if hired. The purpose of this memorandum is to make you aware of these requirements and their potential impacts on you, to avoid any surprises after you enter public service.

Employees in the Executive branch are subject to the requirements of the Ethics in Government Act (Pub. Law. 95-521) and the Standards of Ethical Conduct set forth in the Office of Government Ethics regulations (5 CFR Part 2635). One regulatory restriction addresses the need for impartiality by providing that an employee generally may not work on a particular matter within one year of leaving a previous non-Federal employer if that employer is a party to the matter or represents a party to the matter. If you currently work for an entity that regularly or even occasionally does business with or has interests before this agency, this restriction is likely to affect you if hired, and your manager will need to ensure that you are not assigned work during the cooling off period that would violate this restriction.

Employees in the Executive branch are also subject to certain criminal conflict-of-interest statutes. While some employees are required to file annual financial disclosure reports identifying their assets (and those of their spouse and dependents) for evaluation of conflicts of interest, the ethics requirements discussed below apply to all Federal employees, whether or not they must file a financial disclosure report.

One conflict-of-interest statute, 18 U.S.C. § 208(a), prohibits an employee from participating personally and substantially in any particular matter in which the employee has a financial interest that is directly and predictably affected by the matter. This prohibition also applies to the financial interests of an employee's spouse and dependents because those interests are attributed to the employee. The meaning and impact of this restriction are discussed below.

NHTSA oversees the safe manufacture of motor vehicles and equipment by setting safety standards and verifying compliance with those standards, investigating safety-related defects, and enforcing recalls and remedies of defective motor vehicles and equipment. The agency also sets fuel economy standards for cars and trucks (known as "CAFE" standards). Under its authority, NHTSA regulates or conducts business with many entities, and many entities seek to do business with the agency or have an interest in issues before the agency. Examples of entities include, but are not limited to, motor vehicle manufacturers, vehicle equipment manufacturers and suppliers, and companies involved in the newly emerging autonomous vehicle arena. NHTSA's authority extends beyond motor vehicles to such areas as grants and research on human behavior, and it is possible for a conflict of interest to arise in those areas. However, it is in the area of motor vehicle practice that a conflict of interest is most likely to arise based upon the typical assets held by individuals.

Under Federal ethics laws, a conflict of interest arises if an employee works on a matter involving or affecting the interests of a particular entity while the employee (or the employee's spouse or minor child) owns assets (such as stocks) issued by that entity. To avoid such a conflict of interest, the employee must either divest of the asset or be recused from working on the matter or any other matter affecting that entity (unless the asset falls below limited exemption amounts). There are instances where it is not possible for the employee to be recused, such as when the employee's work on the matter is essential or an integral part of assigned job responsibilities. In those instances, an employee must partially or fully divest of the asset.

Depending on the responsibilities of the job for which you are applying, you may be required to sell assets that would constitute a conflict of interest with your job responsibilities upon acceptance of employment at NHTSA. (The responsibility not to hold assets that would create a conflict of interest is a continuing one that lasts throughout Federal employment.) If you have any questions about how the discussion in this memorandum might affect you, please inform the Human Resources specialist, who can put you in touch with a NHTSA ethics official for guidance. Note that such guidance is limited to discussing potential conflicts of interest and divestiture requirements based on the duties of the position for which you are applying and does not include providing personal financial advice.

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