

42 IAC 1-5-5 Conflict of interest (IC 4-2-6-5.5)
42 IAC 1-5-6 Conflict of economic interests (IC 4-2-6-9)
42 IAC 1-5-7 Prohibition against financial interest in contract (IC 4-2-6-10.5)
42 IAC 1-5-10 Benefiting from confidential information
42 IAC 1-5-11 Divulging confidential information
**IC 4-2-6-6 Present or former state officers, employees, and special state appointees;
compensation resulting from confidential information**
IC 4-2-6-17 Use of state property for other than official business
42 IAC 1-5-13 Ghost employment
IC 35-44.1-1-4 Conflict of interest

An Indiana State Police Trooper sought advice regarding outside employment providing educational consulting to the Indiana Criminal Justice Institute. SEC was unable to approve the Trooper's outside employment due to a potential conflict of interests as he would have a financial interest in an existing state contract.

October 10, 2019
2019-FAO-020

The Indiana State Ethics Commission (Commission) issues the following advisory opinion concerning the State Code of Ethics (Code) pursuant to IC 4-2-6-4(b)(1). The following opinion is based exclusively on sworn testimony and documents presented by the requestor.

BACKGROUND

The Ethics Officer for the Indiana State Police (ISP) is requesting a Formal Advisory Opinion on behalf of an Indiana State Trooper ("Trooper"), a Drug Recognition Expert (DRE) and a DRE Instructor for ISP, related to his non-department employment providing educational consulting to the Indiana Criminal Justice Institute (ICJI).

ICJI contracted with Dedicated Training Resources, LLC to serve as the State's DRE Coordinator. Dedicated Training Resources, LLC, by member, Marshall Depew, as the State of Indiana's DRE Coordinator, asked the Trooper to provide educational consulting services to ICJI on the effects and long-term deficits of drug use and impairment. The purpose of this training is to reduce the impact of the drug epidemic affecting Indiana. Trooper is a DRE instructor for ISP and has been instructing outside law enforcement agencies together with another State Trooper (*see* 2019-FAO-021) for approximately two years.

Prior to Dedicated Training Resources, LLC's contract with the State, ICJI contracted with Assured Program Solutions, LLC to serve as the State's DRE Coordinator. The Ethics Officer provides that the Trooper, through his own LLC, DC Consulting, LLC, had provided educational consulting services to Assured Program Solutions, LLC as the former DRE Coordinator. The Ethics Officer is now asking the Commission whether he can provide such services to the new DRE Coordinator, Dedicated Training Resources, LLC.

The Ethics Officer provides that instructing DRE courses for ISP personnel is a part of the Trooper's official state duties. As a consultant to Dedicated Training Resources, LLC, he would be conducting the training through his own LLC, outside of his state hours, to police officers from various police agencies and would not use state equipment or resources when doing so.

The Ethics Officer requested an Informal Advisory Opinion (IAO) from the Office of Inspector General (OIG) on behalf of the Trooper in January of 2017. In this request she asked whether it would be permissible for the Trooper to provide DRE training services to Gibson Insurance during his off-duty hours; this current outside employment opportunity seems unrelated to the Gibson Insurance opportunity other than in both cases he was being hired to provide DRE training. There was no state contract connected to the Gibson Insurance opportunity. The IAO advised that the opportunity would likely not create any conflicts of interests for the Trooper but that the Ethics Officer could seek a Formal Advisory Opinion from the Commission if she wanted a final determination; she did not pursue this option.

In August of 2019, the Ethics Officer requested an IAO from the OIG regarding a similar request for another Trooper of ISP. In the information she provided to the OIG in this IAO request, the Ethics Officer mentioned that the Trooper was also invited to provide the training services to the DRE Coordinator along with the other Trooper. ICJI's Ethics Officer provided additional information and clarified that if the Trooper accepts this opportunity, he would be a subcontractor of Dedicated Training Resources, LLC and would be providing DRE instruction to police officers from various police agencies. ICJI would not be contracting with the Trooper; ICJI only contracts with the DRE Coordinator for the State.

The ISP Ethics Officer is now requesting a Formal Advisory Opinion on behalf of the Trooper regarding whether he can accept the opportunity to subcontract with Dedicated Training Resources, LLC to provide training services that are similar to the services he provides in his role at ISP.

ISSUES

- 1) Would the Trooper's outside employment as a subcontractor with Dedicated Training Resources, LLC create any conflicts of interests for him under the Code of Ethics?
- 2) What other ethics issues, if any, arise for the Trooper given his position as a DRE instructor and his simultaneous outside employment providing DRE training services as a subcontractor to Dedicated Training Resources, LLC?

RELEVANT LAW

IC 4-2-6-5.5 (42 IAC 1-5-5)

Conflict of interest; advisory opinion by commission

Sec. 5.5. (a) A current state officer, employee, or special state appointee may not knowingly do any of the following:

(1) Accept other employment involving compensation of substantial value if the responsibilities of that employment are inherently incompatible with the responsibilities of public office or require the individual's recusal from matters so central or critical to the performance of the individual's official duties that the individual's ability to perform those duties would be materially impaired.

(2) Accept employment or engage in business or professional activity that would require the individual to disclose confidential information that was gained in the course of state employment.

(3) Use or attempt to use the individual's official position to secure unwarranted privileges or exemptions that are:

(A) of substantial value; and

(B) not properly available to similarly situated individuals outside state government.

(b) A written advisory opinion issued by the commission stating that an individual's outside employment does not violate subsection (a)(1) or (a)(2) is conclusive proof that the individual's outside employment does not violate subsection (a)(1) or (a)(2).

IC 4-2-6-9 (42 IAC 1-5-6)

Conflict of economic interests; commission advisory opinions; disclosure statement; written determinations

Sec. 9. (a) A state officer, an employee, or a special state appointee may not participate in any decision or vote, or matter relating to that decision or vote, if the state officer, employee, or special state appointee has knowledge that any of the following has a financial interest in the outcome of the matter:

(1) The state officer, employee, or special state appointee.

(2) A member of the immediate family of the state officer, employee, or special state appointee.

(3) A business organization in which the state officer, employee, or special state appointee is serving as an officer, a director, a member, a trustee, a partner, or an employee.

(4) Any person or organization with whom the state officer, employee, or special state appointee is negotiating or has an arrangement concerning prospective employment.

(b) A state officer, an employee, or a special state appointee who identifies a potential conflict of interest shall notify the person's appointing authority and ethics officer in writing and do either of the following:

(1) Seek an advisory opinion from the commission by filing a written description detailing the nature and circumstances of the particular matter and making full disclosure of any related financial interest in the matter. The commission shall:

(A) with the approval of the appointing authority, assign the particular matter to another person and implement all necessary procedures to screen the state officer, employee, or special state appointee seeking an advisory opinion from involvement in the matter; or

(B) make a written determination that the interest is not so substantial that the commission considers it likely to affect the integrity of the services that the state expects from the state officer, employee, or special state appointee.

(2) File a written disclosure statement with the commission that:

(A) details the conflict of interest;

- (B) describes and affirms the implementation of a screen established by the ethics officer;
- (C) is signed by both:
 - (i) the state officer, employee, or special state appointee who identifies the potential conflict of interest; and
 - (ii) the agency ethics officer;
- (D) includes a copy of the disclosure provided to the appointing authority; and
- (E) is filed not later than seven (7) days after the conduct that gives rise to the conflict.

A written disclosure filed under this subdivision shall be posted on the inspector general's Internet web site.

(c) A written determination under subsection (b)(1)(B) constitutes conclusive proof that it is not a violation for the state officer, employee, or special state appointee who sought an advisory opinion under this section to participate in the particular matter. A written determination under subsection (b)(1)(B) shall be filed with the appointing authority.

IC 4-2-6-10.5 (42 IAC 1-5-7)

Prohibition against financial interest in contract; exceptions; disclosure statement; penalty for failure to file statement

Sec. 10.5. (a) Subject to subsection (b), a state officer, an employee, or a special state appointee may not knowingly have a financial interest in a contract made by an agency.

(b) The prohibition in subsection (a) does not apply to a state officer, an employee, or a special state appointee who:

- (1) does not participate in or have contracting responsibility for the contracting agency; and
- (2) files a written statement with the inspector general before the state officer, employee, or special state appointee executes the contract with the state agency.

(c) A statement filed under subsection (b)(2) must include the following for each contract:

- (1) An affirmation that the state officer, employee, or special state appointee does not participate in or have contracting responsibility for the contracting agency.
- (2) An affirmation that the contract:
 - (A) was made after public notice and, if applicable, through competitive bidding; or
 - (B) was not subject to notice and bidding requirements and the basis for that conclusion.
- (3) A statement making full disclosure of all related financial interests in the contract.
- (4) A statement indicating that the contract can be performed without compromising the performance of the official duties and responsibilities of the state officer, employee, or special state appointee.
- (5) In the case of a contract for professional services, an affirmation by the appointing authority of the contracting agency that no other state officer, employee, or special state appointee of that agency is available to perform those services as part of the regular duties of the state officer, employee, or special state appointee. A state officer, employee, or special state appointee may file an amended statement upon discovery of additional information required to be reported.

(d) A state officer, employee, or special state appointee who:

- (1) fails to file a statement required by rule or this section; or
- (2) files a deficient statement; before the contract start date is, upon a majority vote of the commission, subject to a civil penalty of not more than ten dollars (\$10) for each day the statement remains delinquent or deficient. The maximum penalty under this subsection is one thousand dollars (\$1,000).

42 IAC 1-5-10

Benefiting from confidential information

Sec. 10. A state officer, employee, or special state appointee shall not benefit from, or permit any other person to benefit from, information of a confidential nature except as permitted or required by law.

42 IAC 1-5-11

Divulging confidential information

Sec. 11. A state officer, employee, or special state appointee shall not divulge information of a confidential nature except as permitted by law.

IC 4-2-6-6

Present or former state officers, employees, and special state appointees; compensation resulting from confidential information

Sec. 6. No state officer or employee, former state officer or employee, special state appointee, or former special state appointee shall accept any compensation from any employment, transaction, or investment which was entered into or made as a result of material information of a confidential nature.

IC 4-2-6-17

Use of state property for other than official business; exceptions; Violations

Sec. 17. (a) Subject to IC 4-2-7-5, a state officer, an employee, or a special state appointee may not use state materials, funds, property, personnel, facilities, or equipment for purposes other than official state business unless the use is expressly permitted by a general written agency, departmental, or institutional policy or regulation that has been approved by the commission. The commission may withhold approval of a policy or rule that violates the intent of Indiana law or the code of ethics, even if Indiana law or the code of ethics does not explicitly prohibit that policy or rule.

(b) An individual who violates this section is subject to action under section 12 of this chapter.

42 IAC 1-5-13

Ghost employment

Sec. 13. A state officer, employee, or special state appointee shall not engage in, or direct others to engage in, work other than the performance of official duties during working hours, except as permitted by general written agency, departmental, or institutional policy or regulation.

IC 35-44.1-1-4

Conflict of interest

Sec. 4. (a) The following definitions apply throughout this section:

(1) "Dependent" means any of the following:

(A) The spouse of a public servant.

(B) A child, stepchild, or adoptee (as defined in IC 31-9-2-2) of a public servant who is:

(i) unemancipated; and

(ii) less than eighteen (18) years of age.

(C) An individual more than one-half (1/2) of whose support is provided during a year by the public servant.

(2) "Governmental entity served by the public servant" means the immediate governmental entity being served by a public servant.

(3) "Pecuniary interest" means an interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of:

(A) the public servant; or

(B) a dependent of the public servant who:

(i) is under the direct or indirect administrative control of the public servant; or

(ii) receives a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the public servant.

(b) A public servant who knowingly or intentionally:

(1) has a pecuniary interest in; or

(2) derives a profit from;

a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Level 6 felony.

(c) It is not an offense under this section if any of the following apply:

(1) The public servant or the public servant's dependent receives compensation through salary or an employment contract for:

(A) services provided as a public servant; or

(B) expenses incurred by the public servant as provided by law.

(2) The public servant's interest in the contract or purchase and all other contracts and purchases made by the governmental entity during the twelve (12) months before the date of the contract or purchase was two hundred fifty dollars (\$250) or less.

(3) The contract or purchase involves utility services from a utility whose rate structure is regulated by the state or federal government.

(4) The public servant:

(A) acts in only an advisory capacity for a state supported college or university; and

(B) does not have authority to act on behalf of the college or university in a matter involving a contract or purchase.

(5) A public servant under the jurisdiction of the state ethics commission (as provided in IC 4-2-6-2.5) obtains from the state ethics commission, following full and truthful disclosure, written approval that the public servant will not or does not have a conflict of interest in connection with the contract or purchase under IC 4-2-6 and this section. The approval required under this subdivision must be:

- (A) granted to the public servant before action is taken in connection with the contract or purchase by the governmental entity served; or
- (B) sought by the public servant as soon as possible after the contract is executed or the purchase is made and the public servant becomes aware of the facts that give rise to a question of conflict of interest.

(6) A public servant makes a disclosure that meets the requirements of subsection (d) or (e) and is:

- (A) not a member or on the staff of the governing body empowered to contract or purchase on behalf of the governmental entity, and functions and performs duties for the governmental entity unrelated to the contract or purchase;
- (B) appointed by an elected public servant;
- (C) employed by the governing body of a school corporation and the contract or purchase involves the employment of a dependent or the payment of fees to a dependent;
- (D) elected; or
- (E) a member of, or a person appointed by, the board of trustees of a state supported college or university.

(7) The public servant is a member of the governing board of, or is a physician employed or contracted by, a hospital organized or operated under IC 16-22-1 through IC 16-22-5 or IC 16-23-1.

(d) A disclosure must:

- (1) be in writing;
- (2) describe the contract or purchase to be made by the governmental entity;
- (3) describe the pecuniary interest that the public servant has in the contract or purchase;
- (4) be affirmed under penalty of perjury;
- (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity before final action on the contract or purchase;
- (6) be filed within fifteen (15) days after final action on the contract or purchase with:
 - (A) the state board of accounts; and
 - (B) if the governmental entity is a governmental entity other than the state or a state supported college or university, the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase; and
- (7) contain, if the public servant is appointed, the written approval of the elected public servant (if any) or the board of trustees of a state supported college or university (if any) that appointed the public servant.

(e) This subsection applies only to a person who is a member of, or a person appointed by, the board of trustees of a state supported college or university. A person to whom this subsection applies complies with the disclosure requirements of this chapter with respect to the person's pecuniary interest in a particular type of contract or purchase which is made on a regular basis from a particular vendor if the individual files with the state board of accounts and the board of trustees a statement of pecuniary interest in that particular type of contract or purchase made with that particular vendor. The statement required by this subsection must be made on an annual basis.

ANALYSIS

The Commission does not provide advice regarding past conduct; therefore, it does not advise whether the Trooper's outside employment with the previous DRE Coordinator was in compliance with the Code of Ethics prior to seeking this opinion. Accordingly, this opinion only addresses the Trooper's outside employment with Dedicated Training Resources, LLC going forward.

A. Outside employment

An outside employment or professional activity opportunity creates a conflict of interests under IC 4-2-6-5.5(a) if it results in the employee: 1) receiving compensation of substantial value when the responsibilities of the employment are inherently incompatible with the responsibilities of public office or require the employee's recusal from matters so central or critical to the performance of his or her official duties that his or her ability to perform them would be materially impaired; 2) disclosing confidential information that was gained in the course of state employment; or 3) using or attempting to use his or her official position to secure unwarranted privileges or exemptions of substantial value that are not properly available to similarly situated individuals outside state government.

A written advisory opinion issued by the Commission stating that an individual's outside employment does not violate subsection (a)(1) or (a)(2) is conclusive proof that the individual's outside employment does not violate subsection (a)(1) or (a)(2).

The Commission generally defers to an agency's Ethics Officer regarding outside employment opportunities since it views them as being in the best position to determine whether a conflict of interests might exist between an employee's state duties and an outside employment opportunity.

Regarding subsection (1), nothing in the information the Ethics Officer provided indicates that the Trooper's potential consulting position with Dedicated Training Resources, LLC is inherently incompatible with his ISP position or would require his recusal from his official state duties to the extent that his ability to perform them would be materially impaired. The duties of each position are similar and do not appear to overlap. Further, the Trooper will be providing the training services through Dedicated Training Resources, LLC during his off-duty time.

As for subsection two (2), nothing in the information the Ethics Officer provided indicates that this arrangement would require the Trooper to disclose confidential information; therefore, such employment will not violate this subsection. So long as the Trooper does not use his official ISP position to secure unwarranted privileges or exemptions that subsection (3) prohibits, IC 4-2-6-5.5 does not prohibit him from working with Dedicated Training Resources, LLC to provide off-duty DRE training while also working for ISP.

The Commission finds that the Trooper would not have a conflict of interests under this particular rule as the two positions would not overlap; however, the Commission is not able to formally approve this outside position because of conflict of interests concerns under IC 4-2-6-10.5 (see analysis below).

B. Conflict of interests-decisions and votes

IC 4-2-6-9 (a)(1) prohibits the Trooper from participating in any decision or vote, or matter relating to that decision or vote, if he has a financial interest in the outcome of the matter. Similarly, IC 4-2-6-9(a)(3) prohibits the Trooper from participating in any decision or vote, or matter relating to that decision or vote, if a business organization in which he is serving as an officer, a director, a member, a trustee, a partner or an employee has a financial interest in the matter.

The Code defines “financial interest” in IC 4-2-6-1(a)(11) to include “an interest . . . in a purchase, sale, lease, contract, option, or other transaction between an agency and any person; or . . . involving property or services. . .”

A potential conflict of interests would arise for the Trooper if he participates in any matter related to a decision/vote in which Dedicated Training Resources, LLC has a financial interest. This restriction goes beyond the actual decision/vote and prohibits his participation in any matter related to the decision/vote.

Based on the information provided, it does not appear that the Trooper is in a position at ISP in which he would participate in decisions or votes, or matters related to such decisions or votes, in which Dedicated Training Resources, LLC would have a financial interest in the outcome. Accordingly, he does not have a potential conflict of interests at this time.

If, however, the Trooper’s circumstances change and a potential conflict of interests is identified in the future, he must follow the disclosure requirements in IC 4-2-6-9(b), including notifying his agency’s ethics officer and appointing authority in writing and either (1) seek a formal advisory opinion from the Commission; or (2) file a written disclosure form with the OIG.

C. Conflict of interests – contracts

Pursuant to IC 4-2-6-10.5, a state employee may not knowingly have a financial interest in a contract made by any state agency. The Code defines “financial interest” to include an interest arising from employment. The Commission has interpreted this rule to apply when a state employee derives compensation from a contract between a state agency and a third party. This prohibition however does not apply to an employee that does not participate in or have official responsibility for any of the activities of the contracting agency, and files a written statement with the OIG prior to the contract’s execution.

The Commission finds that the Trooper's compensation as a subcontractor to Dedicated Resources, LLC would be derived from an existing state contract. Accordingly, the Trooper has a financial interest in a contract with a state agency. Although he does not have contracting authority for ICJI, he cannot meet the exception to the prohibition because is unable to meet all of the disclosure requirements in IC 4-2-6-10.5(b). Specifically, he would not be able to meet the requirement in IC 4-2-6-10.5(b)(2) of filing a written statement with the OIG before executing a contract with a state agency as the contract between ICJI and Dedicated Training Resources, LLC is already in place.

D. Confidential information

The Trooper is prohibited under 42 IAC 1-5-10 and 42 IAC 1-5-11 from benefitting from, permitting any other person to benefit from, or divulging information of a confidential nature except as permitted or required by law. Similarly, IC 4-2-6-6 prohibits the Trooper from accepting any compensation from any employment, transaction or investment that is entered into or made as a result of material information of a confidential nature. The term "person" is defined in IC 4-2-6-1(a)(13) to encompass both an individual and a corporation. In addition, the definition of "information of a confidential nature" is set forth in IC 4-2-6-1(a)(12).

To the extent the Trooper is exposed to or has access to such confidential information in his position with ISP, he would be prohibited not only from divulging that information but from ever using it to benefit any person, including his outside employer, in any manner.

E. Use of state property and Ghost employment

IC 4-2-6-17 prohibits the Trooper from using state property for any purpose other than for official state business unless the use is expressly permitted by a general written agency, departmental or institutional policy or regulation. Likewise, 42 IAC 1-5-13 prohibits the Trooper from engaging in, or directing others to engage in, work other than the performance of official duties during working hours, except as permitted by general written agency, departmental or institutional policy or regulation.

To the extent that the Trooper observes these provisions in his outside consulting work, such outside employment activity would not violate these ethics laws.

CONCLUSION

The Commission is unable to approve the Trooper's outside employment opportunity with Dedicated Training Resources, LLC. Dedicated Training Resources' contract with ICJI would create a conflict of interests for the Trooper under IC 4-2-6-10.5 as he would have a financial interest in an existing state contract if he were to accept the outside employment opportunity.