



Federal Aviation Administration

Memorandum

Date: JUN 20 2013
To: All Flight Standards Employees
From: John M. Allen, Director, Flight Standards Service, AFS-1
Prepared by: Sandra M. Granger
Subject: Flight Standards' Ethical Conduct and Financial Disclosure Policy

This memorandum rescinds the April 9, 2008, memorandum entitled Flight Standards Reiteration of Ethical Conduct Policy contained in DOT Order 3750.7, Ethical Conduct and Financial Disclosure.

This memorandum is a reminder to all Flight Standards Employees of the requirements under the Standards of Ethical Conduct published at Title 5 of the Code of Federal Regulations, Parts 2634-2636, 2638, 2641, 6001 and FAA Order 3750.7A, Ethical Conduct and Financial Disclosure, dated October 24, 2011.

This memorandum changes the timeframe in Issue 3 below from **2-years to a 1-year hiatus between prior outside employment and FAA assignments**. The terms "certificate holder" and "holding company" are used throughout the policy to correct any past confusion in the application of Issue 3. For the purpose of this policy, a holding company includes the parent corporation and any subsidiaries it controls (e.g., AMR, US Airways Group, United Continental Holdings, Inc., Alaska Air Group, etc.). Where prior employment was with a holding company, the employee's **1-year** hiatus includes assignments to any of the holding company's subsidiary certificate holders.

This memorandum also expands the scope of Issue 2 to include additional family relationships (e.g., parent and child) under familial employment with certificate holders or holding companies.

The Flight Standards organization continually strives to maintain the highest standards of safety globally. While industry continues to change and grow with advances and transformations in technology, environment and economics, our commitment to high standards remains steadfast. It is the responsibility of each employee in Flight Standards who provides services to industry to maintain high standards and public trust. We are aware that perceptions are not always the reality; however, it is our obligation as public servants to protect the government's integrity by avoiding any actual or appearance of a conflict of interests while performing our duties and responsibilities.

Issue 1: Divestiture of Reemployment and/or Recall Rights with Aviation-Related Organizations

FAA employees, their spouse or minor children are prohibited from owning “stocks or other securities interests” in airlines or aircraft manufacturing companies or in a supplier of components or parts to an airline or aircraft manufacturing company. Both the FAA and the Office of the Secretary of Transportation have determined that prohibited “**other interests**” include holding reemployment and/or recall rights. The FAA is a high visibility agency with significant public safety responsibilities that make it often the focus of attention from the public, who seek reassurances that those responsibilities are discharged effectively, vigorously, and even-handedly. Therefore, the agency has adopted a strict but certain policy that can be quickly implemented to rectify situations that violate the spirit as well as the letter of the requirements in order to promote public confidence in the integrity of the agency.

Flight Standards employees owning “**other interests**” in an aviation-related organization must divest themselves of those interests. Those Flight Standards employees who are annually required to complete an OGE-450, Confidential Financial Disclosure Report, must, when completing Part IV, Agreements and or Arrangements, show any former employer with whom they hold reemployment rights and/or recall rights. This requirement also applies to new employees who must complete an OGE-450 within 30 days of assuming a position designated to file a disclosure report.

Issue 2: Familial Employment with Certificate Holders or Holding Companies

All managers must ensure that no current or future employee certifies, oversees, or inspects any certificate holder or holding company for which their spouse, parent, or child works. If this should occur, the employee should be reassigned to work functions of another certificate holder or holding company.

Issue 3: One-Year Hiatus between Employment with Certificate Holders or Holding Companies and FAA Assignment

Attached are the Flight Standards “*Guidelines for Avoiding Conflict of Interests in Inspector Work Assignments.*” It states, in part, that inspectors should **not** be assigned to certification, surveillance, or inspection of a certificate holder or holding company with whom they were employed in industry for a period of **1-year** from the time they separated from employment with the certificate holder or holding company. Also, they shall **not** be assigned to be team leaders or serve on national, regional or local inspection teams (National Aviation Safety Inspector Program NASIP or equivalent) during this time period.” Each employee should ensure that he or she is in compliance with this policy and each manager should ensure that his/her employee(s) are not given an assignment that would conflict with agency policy or federal regulations.

The *Flight Standards Managers Annual Certification on Conflict of Interests* tool is attached. Managers will sign the certification that inspectors are **not** assigned to oversee, inspect, or certify a certificate holder or holding company with whom they were employed for a period of **1-year** from the time they separated from that certificate holder or holding company. This tool is also to

be used to document that *new* employees are **not** assigned to the certification, surveillance, or inspection of any certificate holder or holding company for a period of **1-year** from the time they separated from that certificate holder or holding company.

Issue 4: Use of Flight Privileges by Flight Standards Employees

Flight Standards Executives may not use flight privileges derived from previous employment with a certificate holder or holding company.

The policy, contained in FAA Order 3750.7A, establishes procedures under which FAA employees may obtain permission to use flight privileges they have because of their previous employment with a certificate holder or holding company or because of current or past employment of a family member which includes the employee's spouse, children, mother, father, sister and brother.

If an FAA employee holds flight privileges due to their own past employment and they or a family member wants to use those privileges, he/she must disqualify themselves from working on any matters involving that certificate holder or holding company. Disqualification includes certification, surveillance, inspection, enroutes, etc., and includes disqualification from "sister" companies owned by the same holding company, i.e. American Airlines and American Eagle Airlines that are owned by AMR Corporation. They must also submit a disqualification statement to their immediate supervisor and legal office (AGC-440 for Headquarters personnel or the local Regional/Center Counsel for field personnel). The appropriate legal office will provide the standard disqualification statement upon request.

In situations where a family member of the FAA employee holds flight privileges through current or past employment with a certificate holder or holding company, and the FAA employee wants to use those privileges, the employee must first disqualify themselves from working on matters involving that certificate holder or holding company. If the family member from whom the flight privileges flow wants to use those privileges, the FAA employee should seek guidance from the appropriate legal office to determine whether they can work on matters involving the certificate holder or holding company. Of course if the family member currently works for the certificate holder or holding company, the employee must be disqualified from working on matters for that certificate holder or holding company.

Notwithstanding the above, in exceptional situations, management may deny an employee's request for disqualification for the purposes of the use of flight privileges when such disqualification would impact matters so crucial or central to the performance of the employee's official duties.

FLIGHT STANDARDS SERVICE GUIDELINES FOR AVOIDING CONFLICT OF INTERESTS IN INSPECTOR WORK ASSIGNMENTS

The aviation industry and the Federal Aviation Administration (FAA) mutually benefit when the agency utilizes the knowledge, skills, and abilities of trained industry personnel to perform the certification, surveillance, and inspection work required by law and regulation. At the same time, there are some limitations which must be followed to avoid either conflict of interests or the appearance of conflict of interests on the part of FAA aviation safety inspectors. It is incumbent on all supervisors, managers, and employees to be aware of and adhere to these guidelines.

1. Inspectors should not be assigned to the certification, surveillance, or inspection of operators with whom they were employed in industry for a period of **1-year** from the time they separated from employment with the certificate holder or holding company. They also shall not be assigned to be team leaders or serve on national, regional, or local inspection teams (National Aviation Safety Inspector Program NASIP or equivalent) during this time period.
2. Inspectors who left the private sector under conditions of duress, who were terminated for cause, for failing training, or who have litigation, grievances, etc., pending against the private sector entity are barred from performing work on that certificate holder or holding company until the litigation or grievance has been settled or for the duration of the **1-year** period, whichever is longer.
3. Regional division managers may, in individual cases, determine that a longer period should apply during which an inspector is not assigned to work with a certificate holder or holding company.
4. The guidelines apply to employees at any level who have responsibility for the oversight, inspection, surveillance, or certification of the certificate holder or holding company.
5. All managers must ensure that no current or future employee certifies, oversees, or inspects any certificate holder or holding company for which their spouses, parent, or child works. If this should occur, the employee should be reassigned to work functions of another certificate holder or holding company.
6. If an FAA employee holds flight privileges due to their own past employment with a certificate holder or holding company, and he/she or a family member wants to use those privileges, he/she must disqualify themselves from working on any matters involving that certificate holder or holding company. Disqualification includes certification, surveillance, inspection, enroutes, etc. and includes disqualification from "sister" companies owned by the same holding company, i.e. American Airlines and American Eagle Airlines that are owned by AMR Corporation.

He or she must also submit a disqualification statement to their immediate supervisor and the appropriate legal office (AGC-440 for Headquarters personnel or the local

Regional/Center Counsel for field personnel). The appropriate legal office will provide the standard disqualification statement upon request.

In situations where a family member of the FAA employee holds flight privileges through current or past employment with a certificate holder or holding company and the FAA employee wants to use those privileges, then the employee must disqualify themselves from working on matters involving that certificate holder or holding company. If the family member from whom the flight privileges flow want to use those privileges (and no longer works for the certificate holder or holding company), then the FAA employee should seek guidance from the appropriate legal office to determine whether they can work on matters involving that certificate holder or holding company. Of course if an employee's family member currently works for the certificate holder or holding company, then the employee may not work on matters involving that certificate holder or holding company.

Notwithstanding the above, in exceptional situations, management may deny an employee's request for disqualification for the purposes of the use of flight privileges when such disqualification would impact matters so crucial or central to the performance of the employee's official duties.

7. Objections to an eligible certified for employment consideration by the Aviation Careers Division, AMH-300, are to be made in writing by the Regional Human Resource Management Division. The objection must describe how the applicant's prior work experience is not compatible with the work assignment or elements of a specific position, unit within an office, or office itself. For example, a former ABC Airlines employee could not be assigned to a geographic inspector position where the predominant assignment was surveillance of ABD operations. Ordinarily AMH-300 will remove the applicant from consideration for the position in question but retain the applicant in the inventory for consideration for other positions and location for which qualified.

