



Executive Committee

Information Item IV-A

October 11, 2018

2018 Board Member Ethics Training

Washington Metropolitan Area Transit Authority

Board Action/Information Summary

☐ Action ☒ Information

MEAD Number:
202025

Resolution:
☐ Yes ☒ No

TITLE:

2018 Board Member Ethics Training

PRESENTATION SUMMARY:

This presentation satisfies the annual ethics training requirement in the Board's Code of Ethics.

PURPOSE:

To fulfill the requirement to provide annual, in-person ethics training for Board members.

DESCRIPTION:

The Board's Code of Ethics requires annual, in-person ethics training.

Key Highlights:

This session will fulfill the training requirement and will cover Board member responsibilities under the Code, including use of official position; fiduciary duties; identifying and resolving conflicts of interest; rules regarding acceptance of gifts; and disclosures.

Background and History:

In November 2016, the Board adopted an updated Code of Ethics.

Discussion:

The approved Code of Ethics requires Board members to complete annual, in-person ethics training.

FUNDING IMPACT:

This project is a training using existing staff resources; no funding impact.

Define current or potential funding impact, including source of reimbursable funds.	
Project Manager:	Phillip Staub/Jennifer Ellison

Project Department/Office:	COUN/SECT
-------------------------------	-----------

TIMELINE:

Previous Actions	November 2016 - Board approval of revised Code of Ethics
Anticipated actions after presentation	Ongoing - Ethics training for newly-appointed Board members 2019 - Board annual ethics training for 2019

RECOMMENDATION:

Complete Code of Ethics-required training for Board members at the October 11, 2018 Executive Committee meeting.

Ethics Training for Board Members

Phillip Staub
October 11, 2018



Purpose

- Provide annual ethics training required by Board Code of Ethics



Use of Official Position

The San Diego Union-Tribune

Report: Camp Pendleton general
reprimanded for inappropriate use of aide
in Iraq

By **Andrew Dyer**

JULY 17, 2018

Use of Official Position

Compact Prohibits (Section 10)

- Financial interests in a contract or transfer of property
- Soliciting or accepting benefits in connection with services performed
- Offering benefit for appointment or privilege with WMATA

Code Prohibits (Art. IX)

- Using position for gain or endorsement
- Disclosing non-public information to further interest
- Disclosing non-public information other than in accordance with Duty of Confidentiality
- Misusing Metro property or personnel
- Offering money for position
- Receiving compensation from Metro other than reasonable expenses.

Fiduciary Duties

THE
NATIONAL LAW REVIEW

NYU v. Sacerdote – Thoughts for Plan Fiduciaries

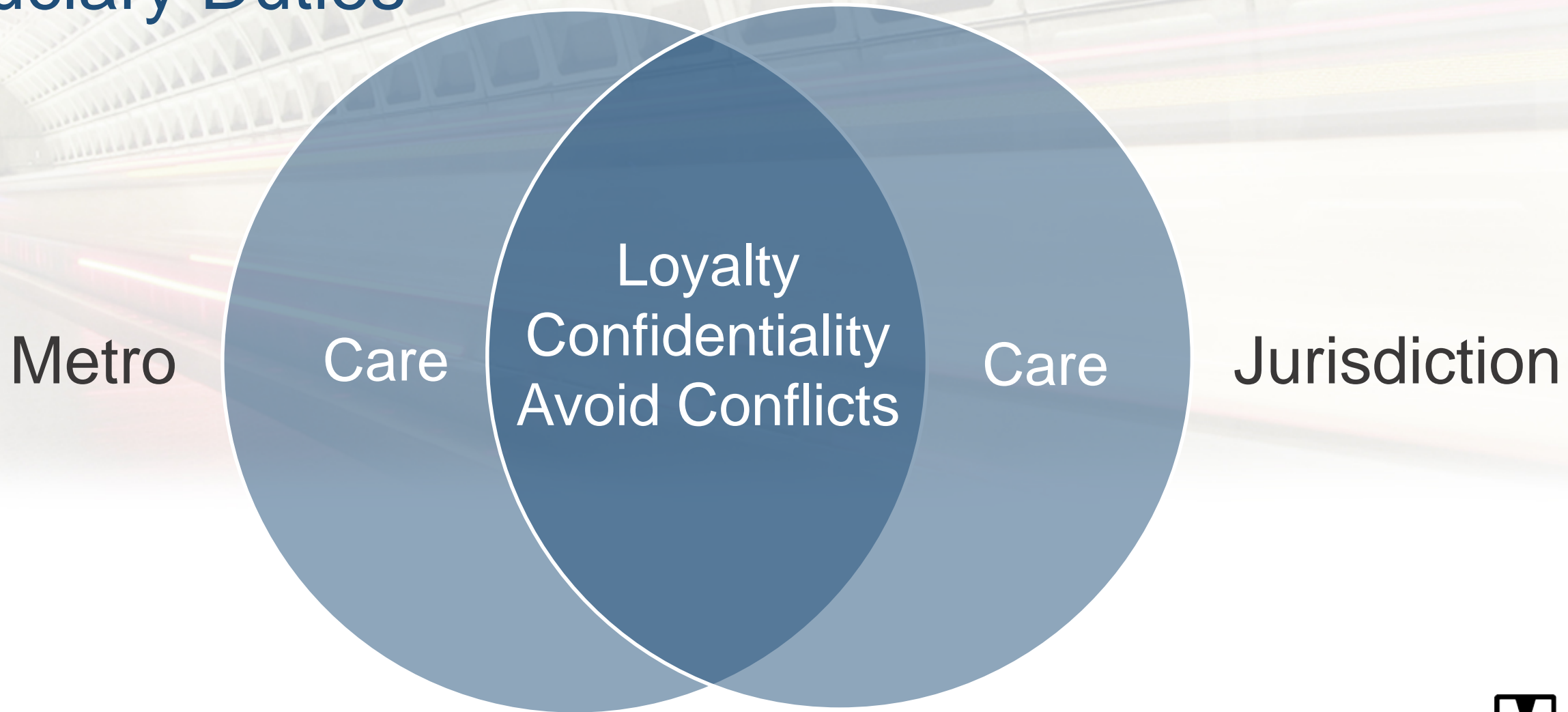
Thursday, September 13, 2018

ARTICLE BY

Monica A. Novak
Allison Sumi Crowe

*Drinker Biddle & Reath LLP
Publications*

Fiduciary Duties



Actual Conflicts

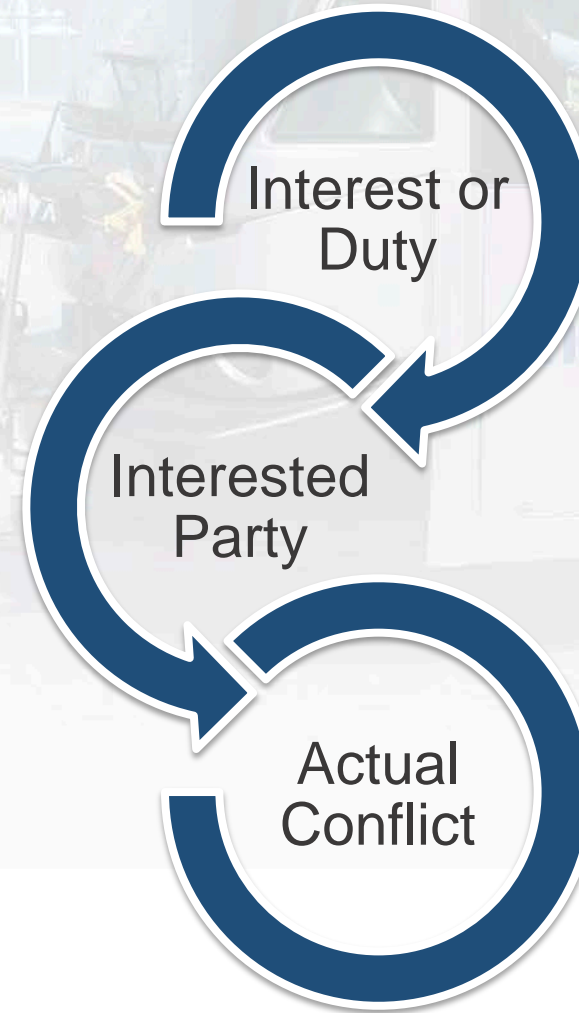
THE
NATIONAL LAW REVIEW

**SEC Settles Charges for Failure to Disclose Conflicts
of Interest**

Monday, September 24, 2018

Actual Conflicts

- Substantial Interest or Duty in Interested Party, Business or Property that may benefit or be harmed by Board action (Code Art. IV)
- Nine enumerated Substantial Interests or Duties (Code Art. III.L)



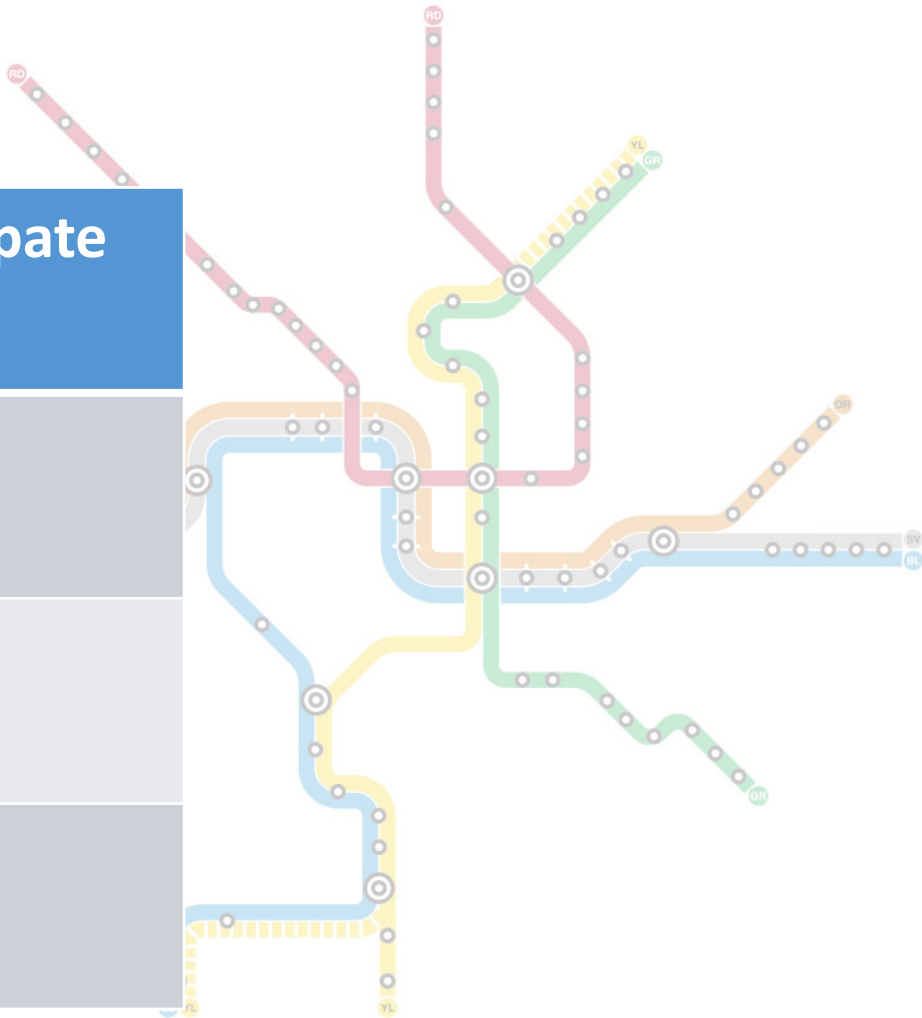
Household Members

- “*Any dependent child*” within the meaning of IRS Code living in the Member’s household (Code Art. III)
- Household members
 - Interests are imputed to Member (Code Art. III)
 - May not be employed by METRO or party to a METRO contract (Code Art. IX)



Resolving Conflicts

Conflict Type	Action	Approval	Participate
Actual	Recusal	None: inform Chair	No
Apparent	Recusal	None; inform Chair	No
Apparent	Declaration	From Chair	Yes



Gifts

THE WALL STREET JOURNAL.

United Technologies to Pay \$13.9 Million to Settle SEC Bribery Case

By *Samuel Rubinfeld* and *Micah Maidenberg*

Sept. 12, 2018 2:17 p.m. ET

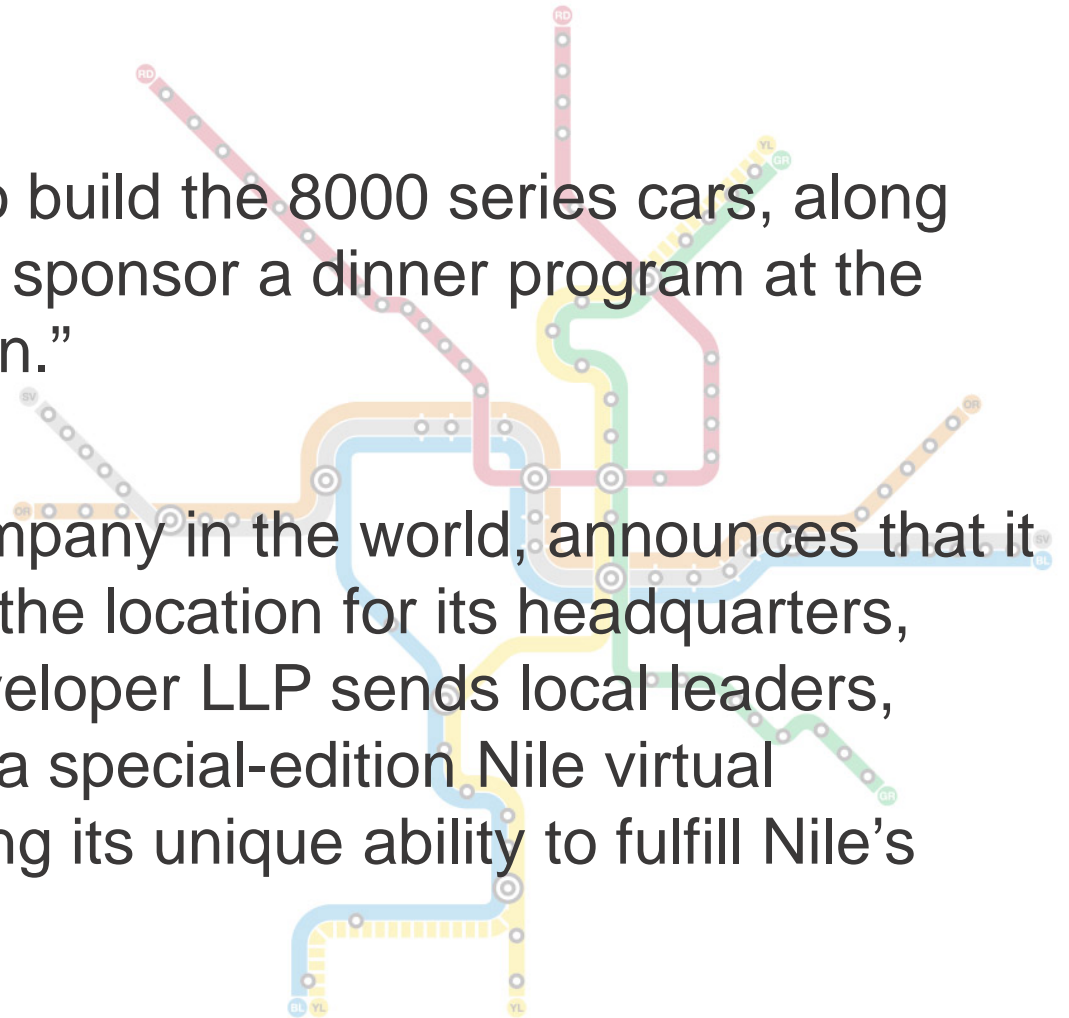
Gifts

- General rules against soliciting or accepting gifts from Prohibited Sources (Code Art. VII)
- Prohibited Sources (Code Art. III)
 - Interested parties
 - Interests may be substantially affected by Member
 - Offering gift due to Member's position on Board
- Applies to Household Members



Gift Scenarios

- RailCar Inc. of Kentucky submits a proposal to build the 8000 series cars, along with Kawasaki, Alstom and Bombardier. They sponsor a dinner program at the APTA conference with the topic, “Buy American.”
- Nile.com, the largest electronic commerce company in the world, announces that it has selected the Washington Metro region as the location for its headquarters, which will be in a transit-friendly location. Developer LLP sends local leaders, including Metro officials and Board members, a special-edition Nile virtual assistant with other promotional material touting its unique ability to fulfill Nile’s needs.



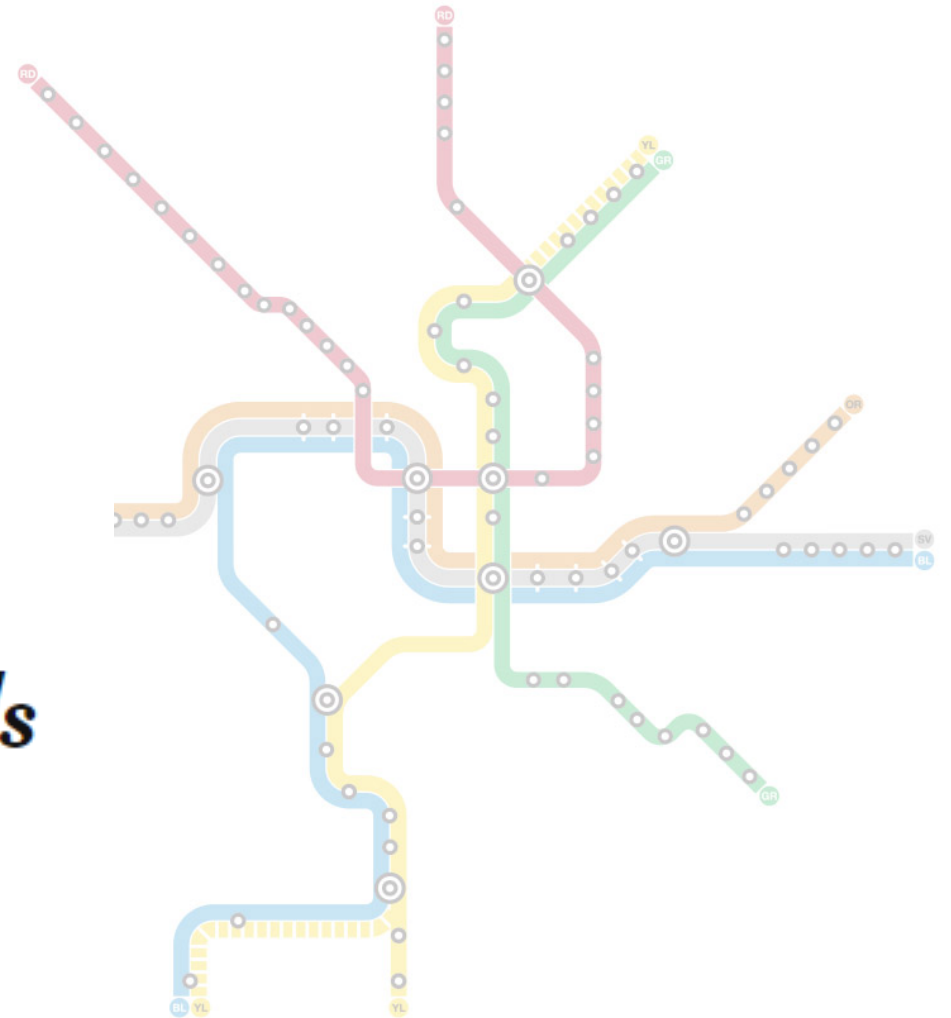
Disclosures

The New York Times

***Top Cancer Researcher Fails to
Disclose Corporate Financial
Ties in Major Research Journals***

By Charles Ornstein and Katie Thomas

Sept. 8, 2018



Ethics Officer

- Help interpret and apply
- Provide formal opinions
- Review disclosures
- Review ethics matters
- Provide training
- Support Ethics Committee

