

(13) Prohibition against lobbying with appropriated funds (18 U.S.C. 1913).

Subpart C—Financial Interests and Obligations; Outside Employment

§ 1505.15 General rules.

(a) No employee shall have any direct or indirect financial interest or obligation that conflicts or appears to conflict with the employee's duties and responsibilities.

(b) No employee may negotiate or have any arrangement concerning prospective employment with a person whose financial interests may be directly and substantially affected by the employee's performance of his or her Board duties and responsibilities while the employee is personally and substantially engaged, as part of his or her official duties, in any matter affecting that person. (See 18 U.S.C. 208.)

(c) No employee may participate personally and substantially, by decision, approval, disapproval, recommendation, the rendering of advice, investigation, or other action, in any matter in which the employee, the employee's spouse, minor child, partner, or organization in which the employee serves as an officer, director, trustee, partner, or employee, has a financial interest (other than a deposit in an insured depository institution). (See 18 U.S.C. 208.)

(d) No partner of an employee or a special government employee may act as agent or attorney for any person other than the United States before the Board or RTC in a matter in which the employee participates or has participated, personally and substantially, by decision, approval, disapproval, recommendation, the rendering of advice, investigation, or otherwise or which is the subject of the employee's official responsibility. (See 18 U.S.C. 207.)

(e) An employee shall disqualify himself or herself from participation in any matter in which he or she has a financial interest by notifying his or her supervisor and the DAEO in writing of such matter and financial interest.

(f) The prohibitions of paragraphs (a), (b), (c), and (e) of this section shall not apply if the employee receives the prior written determination by the

President, after consultation with the DAEO and the Office of Government Ethics, that the interest is not so substantial as to be deemed likely to affect the integrity of the employee's services to the Board. (See 18 U.S.C. 208(b)(1).)

§ 1505.16 Extensions of credit.

Unless the credit is extended through the use of a credit card under the same terms and conditions as are offered to the general public and the total line of credit from any one institution does not exceed \$10,000:

(a) Covered employees may not knowingly, directly or indirectly, accept or become obligated on any extension of credit from any institution which the RTC manages as conservator or an assisted or assuming entity, for as long as the institution remains in conservatorship or one year following the end of the RTC's involvement with the assisted or assuming entity. Such an institution will hereafter be referred to as a "prohibited creditor". The DAEO for the Oversight Board will maintain a list of "prohibited creditors" for review by Oversight Board employees. An employee's knowledge that he was accepting or becoming obligated on an extension of credit from such an institution can be presumed if the institution was on the list of prohibited institutions and the employee had a reasonable opportunity to review the list prior to accepting or becoming obligated on an extension of credit from such an institution.

(b) If the adoption of this regulation, change in marital status, commencement of employment, or an action affecting the status of the creditor² results in an extension of credit prohibited by paragraph (a) of this section, such extension of credit may be retained by the covered employee if it is liquidated under its original terms, without renegotiation. If an otherwise

²Such actions include, but are not limited to, mergers, acquisitions, transactions under section 13 of the Federal Deposit Insurance Act (12 U.S.C. 1823) or similar actions beyond the employee's control.

prohibited extension of credit is retained in accordance with this paragraph, the employee shall be disqualified from participating in any particular matter having a direct and predictable impact on the creditor; *Provided*, that the President, after consultation with the DAEO and the Office of Government Ethics, may determine that the obligation will not affect the integrity of the employee's services to the Board.

(c) A covered employee otherwise required to liquidate a non-conforming extension of credit under its original terms may request permission to renegotiate the loan. Any such request shall be made, in writing, to the President, with a copy provided to the DAEO, stating:

- (1) The purpose of the renegotiation;
- (2) The terms and conditions of the original loan;
- (3) The terms and conditions now available to the general public;
- (4) The terms and conditions now offered the employee;
- (5) What action the employee has taken to move the loan to an otherwise nonprohibited creditor; and
- (6) The financial hardship, if any, denial of the request will cause.

(d) No covered employee may renegotiate a loan from a prohibited creditor without the prior written approval of the President, after consultation with the DAEO.

(e) Notwithstanding the restrictions of this section, a covered employee may assume a mortgage loan made by a prohibited creditor under the following circumstances:

- (1) The loan is for employee's personal residence;
- (2) The employee is unable to arrange, without undue financial hardship, a loan from a nonprohibited creditor;
- (3) The terms of the assumption are no more favorable than those made available to the general public by the same creditor;
- (4) The employee receives the prior approval of the appropriate approving official, who shall have consulted with the DAEO; and
- (5) The employee is disqualified from participating in any particular matter

having a direct and predictable impact on the creditor.

(f) An extension of credit to a covered employee's spouse or dependent child shall constitute an extension of credit to the employee.

§ 1505.17 Securities of insured depository institutions.

(a) While employed by the Board an employee may not purchase, own, or control, directly or indirectly, any securities of an insured depository institution or affiliate thereof, except as permitted in this section.

(b)(1) Except as provided in paragraph (b)(2) of this section, an employee may own or control securities of an insured depository institution, or affiliate thereof, whenever:

(i) Ownership or control was acquired prior to commencement of Board employment, or after commencement of employment, through a change in marital status or through circumstances beyond the employee's control, such as inheritance, gift, or merger, acquisition or other change in corporate ownership;

(ii) The employee makes full, written disclosure on the prescribed form to the President and DAEO, within 30 days of commencing employment or acquiring the interest; and

(iii) The employee is disqualified from participating in any particular matter having a direct and predictable impact on the insured depository institution or affiliate; *Provided*, that the President, after consultation with the DAEO and the Office of Government Ethics, may determine that disqualification is not necessary because the employee's interest is too inconsequential to affect the integrity of the employee's services to the Board.

An employee may own or control additional securities which result from a stock split, stock dividend, or the exercise of options or preemptive rights arising out of the ownership of such securities.

(2) The President, after consultation with the DAEO, may require that an employee divest his or her interest in securities whenever disqualification under paragraph (b)(1) of this section might impair the employee's ability to