



GUIDANCE DOCUMENT FOR CHAPTERS SURFACE NAVY ASSOCIATION POLICY ON THE ACCEPTANCE AND SOLICITATION OF CONTRIBUTIONS OR GIFTS FROM CORPORATE SPONSORS

Revised 14 July 2004 - Effective Immediately

Ref: (a) DODDIR 5500.7 (Joint Ethics Regulation)
(b) DODINST 5410.20

PURPOSE

To define the Surface Navy Association policy on the acceptance and solicitation of contributions or gifts from corporate sponsors.

BACKGROUND

The Corporate Sponsors of the Surface Navy Association (SNA) are vital in achieving the Association's goals. The income from corporate sponsorships supplements members' dues and supports the Association's special projects, awards and scholarship programs. Current policy requires all corporate sponsorships be handled through the SNA National Office. Less clear is the SNA policy with respect to corporate sponsor financial support for and solicitation of funds by individual chapters to support specific chapter events. As a matter of policy, chapters with a large active duty contingent are encouraged to have an active duty President and a non active duty Vice President. In the course of their activities as chapter heads, active duty officers could be placed in the position of appearing to be engaged in the solicitation of support from defense industry sources of various kinds, and in the acceptance of monetary contributions. Any actual impropriety or appearance of impropriety by an SNA member should be scrupulously avoided.

POLICY SUMMARY

All financial dealings between the Surface Navy Association and corporate sponsors will be handled through the National office. If a corporate sponsor desires to support a specific chapter event, they shall be directed to contact the SNA Executive Director at the National office. It will be the function of the Executive Director to coordinate contributions and ensure that they are made to the National association. These will then be distributed to the individual chapter as appropriate.

DISCUSSION

- 1 *Relationship between SNA & Corporate Sponsors.*** SNA encourages active participation by our corporate sponsors in local chapter programs. Corporate members play a vital role in our chapter organizations and provide a valuable contribution in ensuring the diversity of our organization. A number of corporate sponsors have indicated a desire to provide monetary support for local chapter programs. SNA, while not discouraging monetary support, wants to ensure that these contributions are handled in an appropriate manner. If these donations are made to individual chapters, the donation could be large enough to complicate the chapter's tax status and require that chapter to file a tax return separate from National. Also, unless a chapter is separately incorporated, its tax-exempt status (ie. IRS section 501(C)3) stems from the National Association.
- 2 *Prohibited Activities by DOD Personnel (Active Duty, Reserve Duty and Civilian DOD Employees).***

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- a By virtue of their status, SNA members who are serving as DOD Personnel (Active Duty, Reserve Duty and Civilian DOD Employees) are subject to the provisions of reference (a). Corporate sponsors are likely to be contractors doing business with the Department of Defense (DOD) or one of its subordinate agencies and are subject to the ethical rules and prohibitions concerning sponsorship, endorsement, and the provision and exchange of gifts as stated in reference (a). In addition, these contractors and SNA itself are considered non-Federal entities under reference (a) in that they are not connected in any official sense or capacity with any part of the Federal government.
- b Per section 3-209 of reference (a), “[e]ndorsement of a non-Federal entity, event, product, service, or enterprise may be neither stated nor implied by DOD or DOD employees in their official capacities and titles, positions, or organization names may not be used to suggest official endorsement or preferential treatment of any non-Federal entity” except in certain authorized instances such as Navy Relief. Furthermore, per section 3-210, “DOD employees shall not officially endorse or appear to endorse membership drives or fundraising for any non-Federal entity”, except, again, in the case of certain authorized instances such as fundraising for Navy-Marine Corps Relief.
- c On the other hand, per section 3-300a of reference (a), “DOD employees may voluntarily participate in activities of non-Federal entities as individuals in their personal capacities, provided they act exclusively outside the scope of their official positions.” Additional relevant provisions of this subsection are as follows:
- DOD employees may not use or allow the use of their official titles, positions or organization names in connection with activities performed in their personal capacities as this tends to suggest official endorsement or preferential treatment by DOD of any non-Federal entity involved. Military grade and military department as part of an individual's name (e.g., Captain Smith, U.S. Navy) may be used, the same as other conventional titles such as Mr., Ms., or Honorable, in relationship to personal activities.
 - Purely personal, unofficial volunteer efforts to support fundraising outside the Federal Government workplace are not prohibited where the efforts do not imply DOD endorsement. While our principal concern is the issue of conflict of interest with DOD contractors, local non-DOD related enterprises are not normally of concern. It is recommended that local chapters keep a list of donations with a value in excess of \$500.00 with the identity of the donor. This list should be forwarded to SNA National with the chapter's tax information at the end of the year. Any sizeable donation (in excess of \$1,000.00) from non-DOD enterprises should be reviewed by SNA National prior to acceptance.
- d Section 3-301 of reference (a) provides in relevant part as follows:
- DOD employees may become members and may participate in the management of non-Federal entities as individuals in a personal capacity provided they act exclusively outside the scope of their official position. Except [for such service in such organizations as Navy-Marine Corps Relief], a DOD employee may not

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serve in a personal capacity as an officer, member of the Board of Directors, or in any other similar position in any non-Federal entity offered because of their DOD assignment or position.

- Note that this does not prohibit members from serving as officers of non-Federal entities. Rather, those members who participate in the management of non-Federal entities in a purely personal capacity and who are not so serving because of their official positions are not in violation of this rule.

e Reference (b) provides that "all DOD Components are encouraged to cooperate with industry and with organizations representing industry in public affairs programs and projects which are consistent with national and DOD interests. Except as specifically authorized in section VI., such cooperation will not extend to co-sponsorship of events, programs, or other activities."

- Section VI prohibits co-sponsorship of meetings or symposia in the case of industry or non-Federal organizations "having in their membership entities doing business with, or having the potential to do business with, the Department of Defense." This derives from the general principle that DOD agencies should not appear to favor one organization over others. Sponsorship, though not defined in the instruction, has been broadly construed in numerous ethics opinions and discussions across DOD agencies to include the provision of significant money or services to support an entity or an entity's activities.
- SNA National Officers and Staff. SNA National Officers and staff who are not DOD Personnel are not under the same limitations of references (a) and (b) as are DOD Personnel.

POLICY.

- a It is clear that as DOD Personnel (Active Duty, Reserve Duty and Civilian DOD Employees) may participate in the management of SNA (including the holding of an official position such as Chapter President or as member of the Board of Directors) is permissible under reference (a), provided that such service is purely personal.
- b Solicitation of support for SNA and SNA activities by DOD Personnel (Active Duty, Reserve Duty and Civilian DOD Employees) from defense contractors constitutes a solicitation of support from prohibited sources. Although the support is ostensibly for the benefit of a non-Federal entity and the activity of solicitation is ostensibly the members' personal activity undertaken in their private capacities, the activity creates an appearance of conflict. The nominally personal activities of members who are representatives of a component of DOD in soliciting contributions, gifts, or other support from entities with whom they would be prohibited to deal in an official capacity are not readily distinguishable from official action. The fact that the solicitation and acceptance of contributions, gifts or support is nominally on behalf of the SNA contributes to the difficulty of making the distinction and avoiding the problematic appearance, as the very name and professional purpose of the SNA render confusion as to the purpose of the solicitations, offers, and acceptances and the expectations underlying them likely. In other words, it is not clear that

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members are acting exclusively outside their official capacities, and that the entities being solicited or making contributions are clear about the distinction. This is likely to create an improper appearance; therefore, SNA members who are DOD Personnel (Active Duty, Reserve Duty and Civilian DOD Employees) must avoid such activity.

- c Although nominally personal, the activity by service members to solicit support for SNA from defense contractors may imply official endorsement of contributors or co-sponsorship by the Navy with contributors of the SNA, of SNA activities, or of SNA itself, in violation of reference (b) and must likewise, be avoided.

- d All financial dealings between the Surface Navy Association and corporate sponsors will be handled through the National office. If a corporate sponsor desires to support a specific chapter event, they shall be directed to contact the SNA Executive Director at the National office. It will be the function of the Executive Director to coordinate contributions and ensure that they are made to the National association. These will then be distributed to the individual chapter as appropriate.