

## MEMORANDUM

January 17, 2008

**TO:** Diego T. Ruiz  
Executive Director

**FROM:** H. David Kotz  
Inspector General

**SUBJECT:** Prohibition on Use of Government Resources and Official Time to Support Private Businesses (No. 444)

Several investigations conducted by the Office of Inspector General (OIG) have uncovered evidence that Commission employees or contractors were using government computer resources and official time to support private businesses, including photography, real estate and computer businesses. In some instances, the amount of time and resources expended in support of the private businesses was quite substantial.

While employees are permitted limited personal use of government office equipment during the employees non-work time, employees are expressly prohibited from using government office equipment to maintain or support a personal private business. SECR 24-4.3, Use of SEC Office Equipment (Revised Mar. 8, 2002); *see also* SECR 24-04.A01, SEC Rules of the Road, Rule #1 (warning employees not to use SEC information technology resources for commercial purposes, or personal financial gain, or in support of “for-profit” activities). The investigations conducted by the OIG demonstrate that several employees are not abiding by these rules.

We believe that management should send a reminder to all Commission employees and contractors of the policies and procedures prohibiting use of Commission resources and time to support personal private businesses. The reminder should include specific examples of the types of activities that are prohibited. Management should also remind employees of the possible penalties for violating these policies and procedures.

### **Recommendation A**

The Office of the Executive Director, in consultation with the Office of the General Counsel and the Office of Information Technology, should send a reminder to all SEC employees and contractors advising that SEC resources and time may not be used to support private businesses, providing specific examples of prohibited activities, and discussing the possible disciplinary actions that may result from such conduct.

cc: Peter Uhlmann, Chief of Staff  
Brian Cartwright, General Counsel  
Richard Humes, Associate General Counsel for Litigation  
William Lenox, Ethics Counsel

Corey Booth, Chief Information Officer  
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