

KANSAS

KANSAS RACING AND GAMING COMMISSION

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Subject		Number	Draft #
Code of Conduct		1-02	(2007-006)
Adopted	Last Revision	Rescinds	
September 20, 2007			
Executive Director Authorization		Commission Authorization	
Signatures on file.			
Stephen L. Martino, Executive Director	Date	Carol H. Sader, Chairperson, KRGC	Date

A. Purpose/Background

In the discharge of its powers, duties and responsibilities, the Kansas Racing and Gaming Commission (Commission) must conduct itself according to high ethical standards. The Commission's members, employees and agents are expected to discharge their duties with loyalty and in such a manner to as to promote and preserve public trust and confidence in the Commission and the regulatory process.

It is therefore essential that the Commission's members, employees and agents must avoid situations where private interest in outside business activities and opportunity for financial or personal gain could influence their decision in giving favored treatment to any organization or person. They must avoid circumstances and conduct in outside activities that appear questionable to the general public.

B. Policy/Procedure

1. Policy and Application.

- a. The purpose of this Code is to assure that the Commission's members, employees and agents avoid situations, relationships or associations that may lead to or represent a conflict of interest for the Commission or its members, employees and agents. The provisions in this Code are intended to augment statutory provisions. All Commission members, employees and agents should remain aware of their responsibilities under the Kansas Expanded Lottery Act and other statutes governing gaming law and ethical conduct of public officials and state employees and agents. For purposes of this Code the terms "employee" or "agent" shall include all state employees in the service of the Commission. If an employee or agent of the Commission has a question or concern as to the applicability of this Code to a current or prospective situation, relationship or association, that question or concern should be presented to the Executive Director for clarification or guidance.
- b. Each member of the Commission and all of its employees are directed to read and comply with this Code of Conduct. Upon accepting an appointment to the Commission or employment with the Commission, each member or employee shall sign a statement acknowledging that they have read the Code of Conduct, understand its terms and agree

to abide by its terms as currently adopted or as may be amended from time to time. Should a member of the Commission or employee find himself or herself unable or unwilling to comply with the Code of Conduct as adopted herein or as may be amended, such member or employee shall immediately inform the members of the Commission and the Executive Director.

- c. No Commission member, employee or agent shall use or attempt to use his or her official position to secure any privilege, advantage, favor or influence for himself, herself or others.
 - d. Commission members, employees and agents of the Commission shall bear responsibility for adherence to this policy and to the specific prohibitions and restrictions set forth in this Code.
 - e. Certain of the prohibitions in this Subpart (1) affect or extend to the spouses, parents and children of Commission members, employees or agents. For purposes of this Code, these represent the lineal relations of Commission members, employees and agents and, in the case of children, legally adopted children. It is recognized that in some cases, a Commission member, employee or agent may have limited influence over the decisions of lineal relatives, and that limited influence will be taken into consideration in evaluating the circumstances of an alleged violation.
2. Duty to Avoid Conflict of Interest

- a. Commission members, employees and agents and their respective spouses, parents and children have a duty to avoid relationships that may cause or have the appearance of causing a conflict of interest. A conflict of interest means a situation in which a Commission member's, employee's or agent's private interest, whether personal, financial or otherwise, influences or creates the appearance that it may influence the Commission member's, employee's or agent's judgment in the performance of his or her regulatory duties and responsibilities in a fair and impartial manner.

3. Gambling and Other Restrictions

- a. Except as may be required in the conduct of official duties, a Commission member, employee or agent shall not engage in gambling at any lottery gaming facility or racetrack gaming facility in Kansas, or engage in legalized gambling in any establishment identified by Commission action that, in the judgment of the Commission, could represent a potential for a conflict of interest.¹
- b. Commission members, employees or agents shall not engage in excessive or inappropriate fraternization with licensees and adhere to policies and directives regarding personal conduct while on the premises of any entity subject to licensure or approval by the Commission.
- c. Commission members, employees or agents are prohibited from accepting any complimentary services from any entity or individual licensed by the Commission.
- d. No Commission member, employee or agent shall stay overnight in a guest room at any facility licensed or certified by the Commission except in the normal course of his/her duties.

¹ This section provides for restrictions on gambling in addition to those provided in the Kansas Expanded Lottery Act prohibiting Commission members, employees and agents and their family members from gambling at Kansas lottery gaming facilities and racetrack gaming facilities.

4. Other Employment

- a. Commission members, employees and agents must not hold or pursue employment, office, position, business or occupation that may conflict with the Commission member, employee or agent's official duties. Commission members, employees and agents may engage in other employment so long as it does not interfere or conflict with their duties, provided that such employment is disclosed to the Executive Director of the Commission and approved by the Commission or its designee.
- b. Disclosure of other employment must be made at the time of appointment to the Commission or at the time the employee is hired to work for the Commission or prior to accepting the other employment. Any Commission member who discloses outside employment to the Commission shall recuse himself or herself from any discussion and decision made by the Commission relative to his/her outside employment.
- c. Commission members, employees and agents may not solicit, suggest, request or recommend the appointment of any person to an office, place or position or the hiring of any person for direct or indirect employment to any applicant for or holder of a license issued by the Commission or to any representative or agent of such applicant for or holder of a license issued by the Commission.

5. Restrictions on Receiving Gifts

- a. Commission members, employees and agents and their spouses, children and parents may not, directly or indirectly, accept any gift, gratuity, service, compensation, travel, lodging or any thing of value, with the exception of unsolicited items of an incidental nature, from a Commission licensee, applicant, or their affiliates, key personnel and representatives. This prohibition may be extended by Commission action to any entity or individual that, in the judgment of the Commission, could represent a potential for a conflict of interest.

6. Prohibition on Holding or Acquiring Ownership

- a. Commission members, employees or agents and their spouses, children and parents may not, directly or indirectly, hold or acquire or cause or encourage any other person to acquire any actual or contingent form of ownership interest or other financial interest in a Commission licensee, applicant, or its affiliates, key persons and representatives. This prohibition may extend to the holding or acquisition of an interest in any entity identified by Commission action that, in the judgment of the Commission, could represent the potential for or the appearance of a conflict of interest. The holding or acquisition of an interest in such entities through an indirect means – such as through a mutual fund – shall not be prohibited, except that the Commission may identify specific investments or funds that, in its judgment, are so influenced by gaming holdings as to represent the potential for or the appearance of a conflict of interest.²
- b. A Commission member leaving office, or an employee or agent's termination or resignation from employment with the Commission, is precluded for a period of 1 year from acquiring any actual or contingent form of ownership interest, or other financial interest in, a licensee, applicant, or their affiliates, key personnel and representatives. This prohibition may be extended by Commission action to any entity that, in the judgment of the Commission, could represent a potential for or the appearance of a

² These provisions are in addition to those in the Kansas Expanded Lottery Act making it a criminal offense for Commission members, employees and certain family members to enter into any business dealing, venture or contract with an owner or lessee of a Kansas lottery gaming facility or racetrack gaming facility.

conflict of interest. The holding or acquisition of an interest in such entities through an indirect means – such as through a mutual fund – shall not be prohibited, except that the Commission may identify specific investments or funds that, in its judgment, are so influenced by gaming holdings as to represent the potential for or the appearance of a conflict of interest.

7. Prohibition on Economic Associations

- a. Commission members, employees or agents and their spouses, children and parents shall not be employed by or solicit employment or directly or indirectly under contract with, or have any economic association with:
 - i. licensee,
 - ii. applicant,
 - iii. licensee or applicant affiliates,
 - iv. licensee or applicant key personnel and
 - v. representatives of any race track, racing association or any person, organization or entity engaged in the conducting of greyhound or horse racing in the State of Kansas.

8. Disclosure of Economic Associations

- a. Each Commission member who owns or is employed by a firm or business entity shall, to the best of the member's ability, identify any current economic relationship, whether direct or indirect, which could create the appearance of a conflict of interest that may exist between the Commission member's firm or business entity and any licensee, applicant, their affiliates, key personnel and representatives. The Commission member shall declare his or her intention to refrain from deliberations and voting on questions related to the gaming entity in such relationship. This requirement may be extended by Commission action to any entity or individual that, in the judgment of the Commission, could represent the potential for or the appearance of a conflict of interest.

9. Restrictions on Professional Service Agents

- a. For purposes of this provision, professional service agents of the Commission include any person, corporation or organization providing legal, accounting, financial, public relations, auditing, architectural, data processing, gaming regulatory or management consulting services.
- b. Professional service agents of the Commission may be subject to terms and conditions relating to restrictions or prohibitions in representation, employment and contracting with licensees, applicants, their affiliates, key personnel or representatives. Such restrictions and prohibitions shall be contained in the professional service contracts of the Commission.

10. Disclosure statements

- a. Commission members and employees required by law to submit a Statement of Substantial Interest shall complete and timely file such statements and provide a copy to the Commission for its review in addition to filing with the Office of the Secretary of State. The financial disclosure statements shall be filed with the Executive Director.

11. Restrictive Covenant

- a. Former Commission members, employees or agents shall not for a period of 5 years after termination of their Commission appointment or employment engage in any employment or contractual relations with, or have any financial interest in, any licensee, applicant, their affiliates, key personnel or representatives.

12. Violations

- a. Violation of this Code by a member of the Commission may result in written notification to the Office of the Attorney General for consideration of a possible ouster action, per K.S.A. 74-714. Violation of this Code by a Commission employee or agent may result in discipline up to and including termination. Violation of this Code by professional service agents of the Commission may result in warning letters leading up to termination of the professional service agent contract with the Commission.

13. Ex Parte Communications

- a. No member of the Commission shall knowingly have *ex parte* communications relating to a matter pending before the Commission that may require a public vote of the Commission with any party or any representative or agent of a party to the matter pending before the Commission or any person with a material interest in the outcome of the matter pending before the Commission. As *ex parte* communications, either oral, written, electronic or otherwise communicated, may occur inadvertently, any member of the Commission participating in such communication shall report the details about the communication to the Executive Director.

D. Citations/References

K.S.A. 74-714; Kansas Expanded Lottery Act (2007 S.B. 66)

E. Attachments

Code of Conduct Receipt Form

F. Action

The provisions of this Code shall be effective and binding as of September 20, 2007, upon the Kansas Racing and Gaming Commission's members, employees and agents. Amendments to the Code shall be effective and binding on the date of adoption.