

Department of Justice
Washington, D.C. 20530

September 23, 1970

[Handwritten red ink signatures and initials, including "JFK" and "attn:"]

MEMORANDUM:

TO: Honorable John W. Dean III
Counsel to the President

FROM: Thomas E. Kauper
TEK Deputy Assistant Attorney General
Office of Legal Counsel

SUBJECT: Postal Rate Commission.

Per our conversation, there is attached a marked copy of the PRC order, reflecting changes in accord with your instructions.

Attachment

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Deputy Assistant Attorney General
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EXECUTIVE ORDER

PROVIDING FOR THE REGULATION OF CONDUCT
FOR THE POSTAL RATE COMMISSION AND ITS EMPLOYEES

^{Under}
~~WHEREAS pursuant to~~ the Postal Reorganization Act (Public Law 91-375), the Postal Rate Commission (referred to hereafter as the "Commission") is charged with ~~critical responsibilities~~ ~~in~~ the establishment and adjustment of fair and equitable rates of postage, fees for postal services, and classifications of mail, ~~and~~

~~WHEREAS~~ It is essential to public confidence in the United States Postal Service that ~~fairness and equity be manifest in the determination of postal rates, fees, and classifications;~~ and

~~WHEREAS the public interest demands that~~ the activities, procedures, decisions, and recommendations of the Commission be irreproachably impartial and disinterested and ~~unquestionably~~ free from taint or suspicion of favoritism of any kind whatsoever, both in fact and in appearance. ^e

NOW, THEREFORE, by virtue of the authority vested in me by Section 301 of Title 3 and Section 7301 of Title 5, United States Code, and as President of the United States, it is hereby ordered as follows:

Section 101. The Commission is subject to Executive Order No. 11222 of May 8, 1965, "Prescribing Standards of Ethical Conduct for Government Officers and Employees", and Part 735 of the regulations of the Civil Service Commission (5 CFR Part 735). In addition to the application of that

Order and those regulations to the Commission, the successful performance of the responsibilities of the Commission are so uniquely dependent on general public confidence that special procedures as set forth in or under authority of this Order are essential in the formulation and administration of the standards of conduct regulations applicable to the Commissioners and employees of the Commission.

Sec. 102. ~~In order to avail the Commission of the special expertise of the Civil Service Commission in the area of ethical conduct,~~ the Civil Service Commission shall prepare ^{the initial} standards of conduct regulations for the Commission. The regulations shall contain such provisions as ~~the Civil Service Commission determines~~ will ensure that ~~the regulations for the Commission are the most comprehensive of the conduct regulations within the executive branch;~~ and that the Commissioners and employees of the Commission are fully guarded against involvement in conflicts of interest situations, or the appearance thereof, or other conduct that may lessen public confidence. The regulations ~~are not to be limited by the terms of Executive Order No. 11222~~ and shall include provision for:

(a) concurrent filing of confidential statements of outside employment and financial interests by employees of the Commission with a designated official of the Commission and the Chairman of the Civil Service Commission;

(b) strict control of informal or ex parte contacts between individuals having, or likely to have, business with the Commission and the Commissioners or employees of the Commission. The control of such contacts shall include, but not be limited to, the

maintenance of public records of such contacts which fully identify the individuals involved and the nature of the subject matter discussed;

(c) absolute prohibition against the receipt of honoraria, travel expenses, entertainment, gifts, loans, favors, or any thing of value by a Commissioner or employee of the Commission from an individual (other than one having a close family or personal relationship) or organization having, or likely to have, business with the Commission; and

(d) immediate filing of a report by a Commissioner or employee of the Commission with the Chairman of the Civil Service Commission and the Attorney General concerning

- (1) any offer of a bribe or the use or attempted use of undue influence or coercion to have such Commissioner or employee act or not act in regard to his official responsibilities and
- (2) the violation of any law or regulation directly or indirectly related to the responsibilities of the Commission.

Sec. 103. The Civil Service Commission shall ^{issue} ~~submit~~ the initial standards of conduct regulations applicable to the Commission ~~to the Federal Register for publication~~ not later than 30 days after the effective date of this Order. ~~Any amendment or revision of the standards of conduct regulations applicable to the Commission may be prepared and issued only by the Civil Service Commission.~~ Thereafter, the Commission may from time to time amend the regulations, consistent with this Order. The regulations and any amendments thereto shall be published in the Federal Register.

THE WHITE HOUSE

September 1970

September 16, 1970

Statement Concerning the Postal Rate Commission

One of the major reforms of government in this Administration has been the establishment of a new United States Postal Service and a new Postal Rate Commission. In order that the public may have the greatest possible confidence in these new institutions, I am today signing an executive order which will establish certain standards of conduct for the members of the Postal Rate Commission and its employees and provide a means by which the Civil Service Commission may regulate that conduct.

The Postal Reorganization Act of August 12, 1970, transfers the responsibility for setting postal rates from the Congress to the Governors of the new Postal Service and to the new Postal Rate Commission. The Act thus removes the function of postal ratemaking from the political arena. It is designed to protect the ratemaking process from the influence of any special interests. But if the public is to have full confidence in the Act, then postal ratemaking must be completely free from even the appearance of such pressures, it must be marked by unquestionable fairness and impartiality. The order which I am issuing today will help us achieve these conditions.

This new executive order complements an older one, Executive Order 11222, "prescribing standards of ethical conduct for government officers and employees," which applies to Executive Branch personnel

generally, including the Board of Governors of the Postal Service itself. The order that I have signed today extends Executive Order 11222 so that it also applies to the Postal Rate Commission. In addition, the new order directs the Civil Service Commission to take special action to insure that the members of this Commission and its employees will not be involved in any conflict of interest situation, nor even in the appearance of such a situation, nor in any other conduct that may lessen public confidence in the Postal Rate Commission. The following points will be included in the new standard of conduct regulations.

1. Commissioners and employees will be required to file with the Chairman of the Civil Service Commission confidential statements concerning financial interests and outside employment.

2. All informal or ex parte contacts between Commissioners or employees of the Commission and any individual having business with the Commission or likely to have business with the Commission will be strictly controlled.

3. No Commissioner and no employee of the Commission will be allowed to accept honoraria, travel expenses, entertainments, gifts, loans, favors or the like, from any individual (other than one having a close family or personal relationship) or organization having business with the Commission or likely to have business with the Commission.

The Civil Service Commission has a great deal of experience in establishing and enforcing such standards of conduct. It is appropriate that we turn to this body for assistance as the new Postal Rate Commission prepares to begin its duties. It is true, of course, that rules and regulations can never guarantee high standards of conduct. Only the character of the individuals concerned can do that. But it is important nevertheless to spell out ethical standards so that there can be no misunderstanding concerning our official expectations. Declared ethical standards can foster ethical habits of conduct and can serve as a guide and a constant reminder of how important it is that the Commission act in a fair and impartial manner. The order I have signed today will help the Postal Rate Commission perform its duties in a way which avoids any taint whatsoever of favoritism or impropriety. It will help the Commission to develop that high degree of public confidence which is essential for the success of the postal reform.

#

THE WHITE HOUSE

WASHINGTON

September 14, 1970

MEMORANDUM FOR TOD HULLIN

SUBJECT POSTAL RATE COMMISSION - CONFLICT
OF INTEREST

After review of the Executive Order and regulations, I agree that some change is essential.

John Dean advised that as this is the first time the Administration has spoken on the question of conflicts for a year, he wants to ensure that we speak with a tough, hard voice. The Postal Rate Commission would be subject to more intense lobbying pressure than just about any other group in the government. He therefore wants to make sure there are no possibilities for a conflict.

The Executive Order will probably stay the same. However, he has some additional work to do on the regulations, - particularly in reference to the section on gifts which is very restrictive. I question the provision making it impossible for a Commission member to accept travel expenses for any type of speech.

Dean also feels that the Civil Service Commission is best qualified to do this job. I noted that by going so strongly with the Civil Service Commission for this Executive Order that we would be locking ourselves into that agency from now on. He feels this is the right way to go, and it is my judgment that the Civil Service Commission is the best place for the responsibility to lie.

RECOMMENDATION

That we proceed with development of the regulations which I will review upon completion.


Bud Krogh

It's too strong - let's change it so the CSC isn't necessarily our automatic choice hereafter and for too many factual increases

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

SEPTEMBER 11, 1970

FOR BUD KROGH

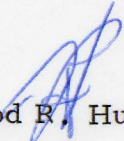
RE: POSTAL RATE COMMISSION - CONFLICT
OF INTEREST

Attached is the material prepared by John Dean on the
Postal Rate Commission -- Conflict of Interest.

John Ehrlichman feels that this material is too restrictive
and relies too heavily on the Civil Service Commission.

He has asked that I forward this material to you for your
review and recommendations.

Many thanks.



Tod R. Hullin

Attachment

K
to
not
include

THE WHITE HOUSE
WASHINGTON

September 9, 1970

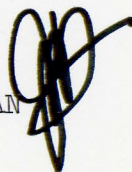
MEMORANDUM FOR JOHN EHRLICHMAN
H. R. HALDEMAN

SUBJECT: Postal Rate Commission - Conflict of Interest

Attached for your information is a proposed Executive Order providing for the regulation of conduct of the Postal Rate Commission and its employees. Also attached is a draft set of regulations for the Rate Commission to be issued by the Civil Service Commission under the authority of and pursuant to the proposed Executive Order.

I have also sent to Jim Keogh a draft Presidential Statement to accompany the issuance of the Executive Order.

I would appreciate any thoughts you have regarding the timing for issuance of the Executive Order. I will proceed to prepare an appropriate memorandum for submission of this material to the President. OMB is presently reviewing the proposed Executive Order.

JOHN DEAN 

cc: Flanigan
Flemming
Weber



UNITED STATES CIVIL SERVICE COMMISSION

IN REPLY PLEASE REFER TO

WASHINGTON, D.C. 20415

SEP 4 1970

YOUR REFERENCE

Honorable George P. Shultz
Director
Office of Management and Budget
Executive Office of the President
Washington, D. C. 20503

Dear Mr. Shultz:

Enclosed is a proposed Executive order providing for the regulation of conduct for the Postal Rate Commission and its employees. This Order was prepared at the request of John W. Dean III, Counsel to the President, with the cooperation of Louis A. Cox, Deputy General Counsel of the Post Office Department, and Thomas E. Kauper, Deputy Assistant Attorney General, Office of Legal Counsel, Department of Justice.

Subchapter I of chapter 36 of title 39, United States Code, as enacted by the Postal Reorganization Act, Public Law 91-375, established the Postal Rate Commission as an independent agency in the executive branch. The Postal Rate Commission (hereinafter referred to as the "Commission") is vested with critical duties with respect to the establishment and adjustment of postage rates, fees for postal services, and mail classification. A requisite for public confidence in the United States Postal Service and the Commission is a guarantee that postal rates, fees, and classifications are determined in a fair and wholly objective manner with no improper outside influence of any type or degree.

Past experience establishes that postal rates and related decisions, which involve millions of dollars, are of vital concern not only to the general public but particularly to large mail users. This concern inevitably produces pressures which may have tremendous impact on those involved in the decisional process. To ensure that the activities, proceedings, and decisions of the Commission are made with complete independence and impartiality within proper official channels, the President, by the proposed Executive order, requires the establishment of special procedures for the regulation of the conduct of the Commission and its employees.

Under the special procedures, the Civil Service Commission will prepare and issue standards of conduct regulations applicable to the Commissioners and the employees of the Commission. The Civil Service Commission was selected for this task by reason of that agency's extensive experience in the areas of ethical conduct under Executive Order No. 11222. The expertise of the Civil Service Commission will enable it to prescribe regulations that will be the most comprehensive of those in existence in the executive branch. The regulations will make it possible for the Commission, immediately from its inception, to operate under all-inclusive rules which will protect against any involvement in conflicts-of-interest situations, the appearance thereof, or other conduct which may affect adversely the confidence of the public in the integrity of the Commission and its staff.

The regulations which the proposed Executive order directs the Civil Service Commission to prepare and publish within 30 days from the effective date of the Order will include express provisions for a concurrent filing of financial disclosure statements within the Commission and with the Chairman of the Civil Service Commission; the strict control of ex parte contacts and a prohibition against receiving gifts, entertainments, and like favors; and for the immediate filing of a special report should any offer of a bribe be made to, or undue influence brought to bear on, a Commissioner or employee of the Commission. These provisions, when included with the comprehensive provisions and the basic standards of Executive Order No. 11222 which will be applicable to the Commission, will provide an exceptional set of conduct regulations which should prove most advantageous to the Commission in achieving the integrity of operations so basic to its mission.

The Civil Service Commission recommends that the proposed Executive order be cleared in accordance with established practices and that it be submitted for approval by the President as promptly as possible.

By direction of the Commission:

Sincerely yours,

Robert E. Hampton
Chairman

Enclosure

EXECUTIVE ORDER

PROVIDING FOR THE REGULATION OF CONDUCT
FOR THE POSTAL RATE COMMISSION AND ITS EMPLOYEES

WHEREAS pursuant to the Postal Reorganization Act (Public Law 91-375), the Postal Rate Commission (referred to hereafter as the "Commission") is charged with critical responsibilities in the establishment and adjustment of fair and equitable rates of postage, fees for postal services, and classifications of mail; and

WHEREAS it is essential to public confidence in the United States Postal Service that fairness and equity be manifest in the determination of postal rates, fees, and classifications; and

WHEREAS the public interest demands that the activities, procedures, decisions, and recommendations of the Commission be irreproachably impartial and disinterested and unquestionably free from taint or suspicion of favoritism of any kind whatsoever, both in fact and in appearance;

NOW, THEREFORE, by virtue of the authority vested in me by Section 301 of Title 3 and Section 7301 of Title 5, United States Code, and as President of the United States, it is hereby ordered as follows:

Section 101. The Commission is subject to Executive Order No. 11222 of May 8, 1965, "Prescribing Standards of Ethical Conduct for Government Officers and Employees", and Part 735 of the regulations of the Civil Service Commission (5 CFR Part 735). In addition to the application of that Order and those regulations to the Commission, the successful performance of the responsibilities of the Commission are so uniquely dependent on general public confidence that special procedures as set forth in or under authority of this Order are essential in the formulation and administration of the standards of conduct regulations applicable to the Commissioners and employees of the Commission.

Sec. 102. In recognition of the expertise of the Civil Service Commission in the area of ethical conduct, the Civil Service Commission shall prepare standards of conduct regulations for the Commission.

The regulations shall contain such provisions as the Civil Service

Substantive { Commission determines will ensure that the regulations for the Commission are the most comprehensive of the conduct regulations within the executive branch; and that the Commissioners and employees of the Commission are fully guarded against involvement in conflicts of interest situations, or the appearance thereof, or other conduct that may lessen public confidence. The regulations are not to be limited by the terms of Executive Order No. 11222 and shall include provision for:

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(2) the violation of any law or regulation directly or indirectly related to the responsibilities of the Commission.

Sec. 103. The Civil Service Commission shall submit the standards of conduct regulations applicable to the Commission to the Federal Register for publication not later than 30 days after the effective date of this Order. Any amendment or revision of the standards of conduct regulations applicable to the Commission may be prepared and issued only by the Civil Service Commission.

THE WHITE HOUSE

September 1970

THE WHITE HOUSE

WASHINGTON

September 9, 1970

MEMORANDUM FOR JOHN EHRLICHMAN
H. R. HALDEMAN

SUBJECT Postal Rate Commission - Conflict of Interest

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WHEREAS the public interest demands that the activities, procedures, decisions, and recommendations of the Commission be irreproachably impartial and disinterested and unquestionably free from taint or suspicion of favoritism of any kind whatsoever, both in fact and in appearance;

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THE WHITE HOUSE

September 1970

Draft 9/1/70

STATEMENT BY THE PRESIDENT UPON ISSUING ORDER
PRESCRIBING ARRANGEMENTS FOR THE REGULATION
OF CONDUCT FOR THE POSTAL RATE COMMISSION

The Postal Reorganization Act of August 12, 1970, transfers responsibility for setting postal rates from the Congress to the Governors of the new Postal Service and the new Postal Rate Commission. The Act removes postal ratemaking from the political arena, and provides a means whereby postal rates can be established without special interest pressures of dubious propriety. If the goals of the Act are to be attained, postal ratemaking must be completely removed from the reach of these pressures - both in fact and in appearance - and must be marked by unquestionable fairness and impartiality.

I have today signed an Executive order providing for regulation of conduct for the Postal Rate Commission. This order complements Executive Order 11222, "Prescribing Standards of Ethical Conduct for Government Officers and Employees," which applies to executive branch personnel generally and is applicable to the Board of Governors of the Postal Service. The order that I have signed today not only makes Executive Order 11222 applicable to the Postal Rate Commission, but also directs the Civil Service Commission to prescribe standards of conduct regulations for the Rate Commission to ensure

that the Commissioners and employees of the Commission are fully guarded against involvement in conflicts of interest situations, or the appearance thereof, or other conduct that may lessen public confidence.

The standards of conduct for the Rate Commission will provide for -

- filing of confidential statements of outside employment and financial interests by Commissioners and employees of the Commission with the Chairman of the Civil Service Commission;
- strict control of informal or ex parte contacts between individuals having, or likely to have, business with the Commission and the Commissioners or employees of the Commission; and
- prohibition against acceptance of honoraria, travel expenses, entertainment, gifts, loans, favors, or the like, from an individual (other than one having a close family or personal relationship) or organization having, or likely to have, business with the Commission.

By having the Civil Service Commission prescribe the necessary standards of conduct, the new Postal Rate Commission will be enabled to avail itself of the on-going knowledge of the Government's most experienced body in this field and will have the guidance of standards already established as it prepares to begin performance of its duties.

Compliance with the high standards of conduct that must be observed by Government employees if the people's confidence in their Government is to be maintained can never be fully assured by enactment of laws or promulgation of regulations - it is a matter of individual probity, individual character, individual awareness, individual habits of mind and of life. But declared ethical standards can foster ethical habits of conduct and serve as a guide and a constant reminder of the vital importance of fairness and impartiality in the discharge of public duties. The order that I have signed today will assist the Postal Rate Commission to perform its duties at all times so as to avoid any taint whatsoever of favoritism or impropriety and to earn the high degree of public confidence in its judgment and its processes that is so important to the success of postal reform.

September 9, 1970

MEMORANDUM FOR JIM KEOGH

Pursuant to our conversation, I am forwarding a draft statement and related documents re the proposed Executive Order providing for the regulation of conduct for the Postal Rate Commission and its employees.

I was hopeful of having the Executive Order issued this week, but now I will shoot for next week.

Thank you.

John Dean



John Dean

The Postmaster General
Washington, D.C. 20260

August 17, 1970

MEMORANDUM FOR JOHN D. EHRLICHMAN

I agree completely with the letter to the President from
Congressmen Udall and Henderson (copy attached). I
think this is of overriding importance and represents a
real danger that we must take into consideration.

Winton M. Blount

Enclosure

CC: Honorable Peter M. Flanigan
Assistant to the President

Recd 8/19/70 J

Congress of the United States

House of Representatives

Washington, D.C. 20515

August 12, 1970

The Honorable Richard Nixon
President of the United States
The White House
Washington, D.C.

Dear Mr. President:

The undersigned are proud to have played active roles in the long and difficult legislative battle to achieve passage of the Postal Reform Act of 1970. We have high hopes that this Act will in time bring savings, efficiency and better postal service to the American people. We are most anxious that this new postal service succeed and that it meet the expectations which led us to fight for its creation.

Our pleasure at the enactment of this legislation is tempered, however, by our realization that the approach taken toward operational aspects of the new postal service will largely determine whether the enterprise succeeds or fails. We write this letter to underline our joint concern about risks and pitfalls which need to be avoided as the transition is made to the new system. We believe that many features of that system will require close attention in the coming months, but our object in writing to you at this time is to discuss the new Postal Rate Commission.

Mr. President, we recognize the large and important role played in our society by independent regulatory commissions. Some have earned the complete confidence of the public, while others have at times fallen short of this goal. While the Postal Rate Commission is not an independent regulatory agency and shares a large measure of its rate-setting procedures with the Board of Governors, there are certain similarities between the Commission and

the independent regulatory agencies. These similarities are most apparent in the relationship of user groups to the Rate Commission.

These observations lead us to believe that the patterns and attitudes within and about an agency are often set in the early months and years of its existence. We urge you to employ your influence and prestige to insure that the new Postal Rate Commission becomes a model of what an independent regulatory commission ought to be. We think the decisions you make in the next few weeks and the leadership you exhibit in launching the new postal service can have far-reaching and permanent benefits that will help achieve the goals we all sought in advocating postal reform.

Our strong feelings about the Postal Rate Commission are built upon participation, as members of the House Post Office and Civil Service Committee, in Congressional action on several postal rate bills in past years. We have learned that rate decisions involve hundreds of millions of dollars and are of great concern and interest to large organized groups of mail users. We have also learned that these decisions involve complex technical questions. The philosophy of the new Act is that Congress will lay down broad guidelines for policies governing postal rates, but that we will leave the task of applying those guidelines to the combined efforts of the Board of Governors and the Postal Rate Commission. There is a shared responsibility between the Postal Service and the Rate Commission in this effort in that the Service must make the initial recommendations which the Commission must act upon. After the final recommendation, the Board of Governors must place the final decision into effect. The Commissioners will have to be conscious of the heavy burden placed on the Board of Governors in recommending rate changes and should give great weight to the needs of this huge enterprise in their deliberations. Within this context, the Rate Commissioners and their professional staff should act in producing a rate structure consistent with Congressional policy.

Given the transfer of rate setting authority from the Congress to the Postal Service and Rate Commission, it is apparent to us that one of the potential dangers of the new arrangement is that the intensive, well-financed, and expert lobbying activities previously directed to

Congress will be primarily focused on the five members of that commission. We do not suggest that the interested parties have in the past or will in the future resort to dishonest or dishonorable means. We recognize that there are legitimate business interests which have a large stake in decisions that are made. These groups have every right to be heard and should have every opportunity to make their case in an honorable way using accepted techniques of persuasion.

But if we are to have fair and just rate policies, if the public is to have confidence in the way rates are determined, and if the Post Office is to generate the revenues necessary to bring about the modernization and improvements we all seek -- then it is vital that the Rate Commissioners not only be exceptionally well qualified and above reproach, but that the general public believes this is the case. As we have all learned over the years, the appearance of impropriety can be just as damaging to the public confidence as impropriety itself.

Much has been said in recent days, particularly by opponents of postal reform, about the inability of the new system to preserve requisite ethical standards. These comments reflect a cynicism about whether the new Postal Service can avoid politics as usual in its operations. Fears have been expressed that the Rate Commissioners and members of the Board of Governors will be individuals who are closely identified with large mail user groups. It has been contended that if Congress is removed as a buffer between special interests and the public, the new Service will in time be heavily influenced and perhaps captured by user groups.

Mr. President, we believe that these potential problems can be largely if not entirely avoided if you take certain steps at the outset. Specifically, we solicit your consideration of several main points:

1. We urge that exceptional care be used in the search for talented individuals to serve as the first Postal Rate Commissioners. It is vital, in our judgment, that these individuals have no prior connections with or background in the commercial operations of the large mail users. We recognize the advantages that previous familiarity with postal matters would bring to the rate setting function. We believe, however, that

rate decisions are not so complicated that a person of exceptional ability cannot quickly overcome a lack of prior experience, and that there would be a great deterioration of public confidence if the Commissioners were picked from the ranks of those who have been connected with or who have represented large mailer groups.

2. We urge that you meet with the first Rate Commissioners prior to their formal appointment, and that you indicate to them in the strongest possible terms that the hopes of all of us rest on their objectivity, complete impartiality and fidelity to the public trust.
3. We urge that you advise the new Commissioners of your strong desire that they initially and immediately establish administrative practices and procedures within the Commission designed to make it a model for other regulatory agencies in terms of complete impartiality and public confidence. We assume that Executive Order 11222 of May 8, 1965, will be applicable to the new commission, but if it is not we think the Commissioners would want to adopt its terms by regulation to apply to themselves and to chief staff employees.
4. We hope you will urge the Rate Commissioners not only to adopt the standards of ethical conduct defined in Executive Order 11222, but to expand and to enlarge them as necessary in order to insure--
 - a. That all Rate Commissioners and key staff employees are annually required to disclose to the Civil Service Commission and/or the appropriate Congressional Committees the financial information referred to in Part IV of the Executive Order cited above;
 - b. That strict rules are adopted regarding informal or ex parte contacts with individuals, groups, or their representatives having business with the Commission. Such rules should require a public record to be made and kept of any such

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contacts including luncheons, informal gatherings or any occasion on which matters pending before the Commission are the subject of discussion;

- c. That such regulations include strong prohibitions against the acceptance of honoraria, travel expenses, entertainment or the like in connection with attendance at conventions or gatherings of industrial groups.

Mr. President, if you should decide to take the actions we have outlined, we believe you will have done much to insure the initial success of the United States Postal Service. We think our ideas are shared by many members of Congress, and we hope for your favorable consideration of them.

Sincerely,

David M. Henderson

Morris K. Udall

EXECUTIVE ORDER _____

PREScribing ARRANGEMENTS FOR THE REGULATION OF
CONDUCT FOR THE POSTAL RATE COMMISSION

WHEREAS, pursuant to the Postal Reorganization Act (Public Law 91-375), the Postal Rate Commission (referred to hereafter as the "Commission") is charged with critical responsibilities in the establishment and adjustment of fair and equitable rates of postage, fees for postal services, and classifications of mail; and

WHEREAS, it is essential to public confidence in the United States Postal Service that fairness and equity be manifest in the determination of postal rates, fees, and classifications; and

WHEREAS, the public interest demands that the activities, procedures, decisions, and recommendations of the Commission be irreproachably impartial and disinterested and unquestionably free from taint or suspicion of favoritism of any kind whatsoever, both in fact and in appearance;

NOW, THEREFORE, by virtue of the authority vested in me by Section 301 of Title 3 and Section 7301 of Title 5, United States Code, and as President of the United States, it is hereby ordered as follows:

Section 101. The Commission is subject to Executive Order 11222, "Prescribing Standards of Ethical Conduct for Government Officers and Employees", and Part 735 of the regulations of the Civil Service Commission (5 CFR Part 735). Notwithstanding the application of that Order and those regulations to the Commission, the successful performance of the responsibilities of the Commission are so uniquely dependent on general public confidence that special procedures are essential in the formulation and administration of the standards of conduct regulations applicable to the Commissioners and employees of the Commission.

as set forth in this Order

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Sec. 102. In recognition of the expertise of the Civil Service Commission in the area of ethical conduct, the Civil Service Commission shall prepare standards of conduct regulations for the Commission. The regulations shall contain such provisions as the Civil Service Commission determines will ensure that the regulations for the Commission are the most comprehensive of the conduct regulations within the executive branch; and that the Commissioners and employees of the Commission are fully guarded against involvement in conflicts of interest situations, or the appearance thereof, or other conduct that may lessen public confidence. The regulations prepared by the Civil Service Commission are not limited by the terms of Executive Order 11222 and shall include provision for:

(a) The concurrent filing of confidential statements of outside employment and financial interests by employees of the Commission with a designated official of the Commission and the Chairman of the Civil Service Commission.

(b) The strict control of informal or ex parte contacts between individuals having, or likely to have, business with the Commission and the Commissioners and employees of the Commission. The control of such contacts shall include, but not be limited to, the maintenance of a public record of such contacts which fully identifies the individuals involved and the nature of the subject matter discussed.

(c) The complete prohibition against the receipt of honoraria, travel expenses, entertainment, gifts, loans, favors, or any thing of value by a Commissioner or employee of the Commission from an individual (other than one having a close family or personal relationship) or organization having, or likely to have, business with the Commission.

(d) The filing of an immediate report by a Commissioner or employee of the Commission with the Chairman of the Civil Service Commission and the Attorney General of the United States concerning any offer of a bribe or the use or attempted use of undue influence or coercion to have such Commissioner or employee act or not act in

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regard to his official responsibilities. Likewise, such a report shall be made concerning the violation of any law or regulation directly or indirectly related to the responsibilities of the Commission.

Sec. 103. The Civil Service Commission shall submit the standards of conduct regulations for the Commission to the Federal Register for publication not later than 30 days after the effective date of this Order.

[Modifications in Regs. ?]

THE WHITE HOUSE

September , 1970

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