Report on a Case by the Board of Ethical Review

Case No. 66-5

Subject: Conflict of interest-Wife's investment in Project
Section 8-Code of Ethics; Section 8(a)-Code of Ethics.

Facts:
John Doe, P.E., is the city engineer of a municipality. His duties include review of plans and specifications prepared for developers of housing projects, and recommendations to the city council on approval of such projects.

Doe's wife has an investment in one of the development companies operating in the jurisdiction of the city, and plans for one of its projects were reviewed by him and approved by the city council. His wife's investment in the project was not known to the city officials or the public until after his review, recommendation for approval of the project and the approval of the city council. When the fact of his wife's investment was disclosed at a later date, Doe was requested to resign his position on the ground of unethical conduct.

Question:
Is it ethical for a city engineer to review and recommend on plans for a development in which his wife has a financial interest?

References:
Code of Ethics-Section 8-"The Engineer will endeavor to avoid a conflict of interest with his employer or client, but when unavoidable, the Engineer shall fully disclose the circumstances to his employer or client."

Section 8(a)-"The Engineer will inform client or employer of any business connections, interests, or circumstances which may be deemed as influencing his judgment or the quality of his services to his client or employer."

Discussion:
The thrust of the Code's provisions on conflict of interest may be said to be that the Engineer must be above suspicion. He must not only personally avoid a conflict of interest, but must conduct himself in such a manner that there will not be any suspicion of improper conduct.

Assuming that Doe knew of his wife's investment in the development company, he was duty bound under both Section 8 and Section 8(a) of the Code to disclose the facts to his employer. The employer (city council) could then determine in light of all the facts whether the investment might, in its opinion, influence or tend to influence the judgment of the engineer.
While the old concept that man and wife are one person has long since been discarded, it remains a realistic fact that the financial interests of a spouse involves the other. There is a natural tendency for a husband to be solicitous of the interests of his mate.

Whether, in fact, Engineer Doe's judgment was influenced by his wife's investment can be known only by him. This makes it all the more important that he recognize the impression which might be created in the public mind. The failure to disclose the circumstances to his employer only aggravates that possible suspicion, even if unwarranted.

**Conclusion:**
It is unethical for the city engineer to review and recommend on plans for a development in which his wife has a financial interest without prior disclosure of the facts to his employer.

**BOARD OF ETHICAL REVIEW CASE REPORTS:** The Board of Ethical Review was established to provide service to the membership of the NSPE by rendering impartial opinions pertaining to the interpretation of the NSPE code of ethics.