



Appendix E. Prohibited Source Determination and Analysis

Introduction This appendix provides pertinent information to aid Auxiliarists in determining and analyzing prohibited sources of gifts.

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E.1. Defining a Gift

A gift is a gratuitous, voluntary transfer of ownership in property or the gratuitous provision of a service without consideration or compensation. Said another way, a gift is anything of value that is not paid for by the recipient - including, but not limited to:

- Cash
- Checks
- Money Orders
- Negotiable Instruments
- Securities
- Endowments
- Scholarships
- Personal Property
- Real Property
- Services

E.2. Defining a Prohibited Source

A prohibited source is any person, company, organization, or non-Federal Government entity that:

- Is doing business with the Coast Guard or Coast Guard Auxiliary.
- Is seeking business with the Coast Guard or Coast Guard Auxiliary.
- Conducts activities that are regulated by the Coast Guard or Coast Guard Auxiliary.
- Has interests that might be substantially affected by Coast Guard or Coast Guard Auxiliary personnel performing or not performing their duties.
- Is an organization or association having a majority of members that meet one or more of the above criteria.

E.3. Exemptions

Recreational boaters, although technically regulated by the Coast Guard, are exempted as a class from the prohibited source definition. Additionally, attorneys who devote less than a majority of their professional time to representing (or lobbying for) prohibited sources and who derive less than a majority of their personal income from such representation (or lobbying) are exempted as a class from the prohibited source definition.



E.4. Prohibited Source Determination and Analysis

Chapter 5, Section H of this manual requires certain Auxiliarists to make a prohibited source determination and analysis before permitting an Auxiliary unit to solicit and accept a gift from an outside source or to accept an unsolicited gift from an outside source.

The prohibited source determination is made by applying the prohibited source definition to the prospective gift donor. If the prospective gift donor is not a prohibited source and the value of the gift does not exceed \$2500, approval can be given to the Auxiliary unit to solicit and accept the gift, or to accept the unsolicited gift. If the prospective donor is a prohibited source and the value of the gift does not exceed \$2500, approval can be given to the Auxiliary unit to solicit and accept the gift or to accept the unsolicited gift only after considering certain factors and concluding that approval is in the Coast Guard's and Auxiliary's interest.

The analysis factors that must be considered are:

- The positive impact on the Coast Guard or Auxiliary in granting approval.
 - The business or regulatory relationship between the prospective donor and the Coast Guard or Auxiliary.
 - The nature and sensitivity of any matter pending between the prospective donor and the Coast Guard or Auxiliary.
 - The likelihood of adverse publicity.
 - Whether a reasonable member of the public, knowing all of the facts, would lose confidence in the Coast Guard or Auxiliary.
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