Subject: FILER’S LAST NAME, Review of Financial Disclosure Report & Guidance

Thank you for submitting your [YEAR] Financial Disclosure Report.

This email is to alert you to any potential ethics issues identified during our review of your report, including conflicts of interest between your duties as a Government official and your actual or imputed financial interests and affiliations. A criminal conflict of interest arises when you are asked to participate personally and substantially in a particular matter that will have a direct and predictable effect on the financial interests of you, your spouse, your minor child(ren), a general partner, any organization in which you serve as an officer, director, trustee, general partner, or current/prospective employer. Federal ethics regulations also prohibit your participation in particular matters involving parties with whom you have or have had a personal or business relationship that may give rise to questions concerning your impartiality in the matter unless you first obtain written authorization.

**[*For Reviewers: This template covers a variety of common issues, as indicated by the italicized headings in brackets – you can remove inapplicable sections as necessary/appropriate. This template does not cover every possible issue – reviewers should add specific topics as appropriate.]***

[*Stocks/Equity Interests, including* *Defense Contractor Interests*] A review of your completed Financial Disclosure Report reveals that you have actual or imputed financial interest in securities, to include stock in at least one Defense contractor including but not limited to the following: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. For your reference, a list of DoD contractors can be found at <https://dodsoco.ogc.osd.mil/ETHICS-TOPICS/Conflicts-of-Interest/>. Note that this list only represents a "snapshot" in time and is not exhaustive. **Additionally, DoD contractors are not the only entities that may pose conflicts, and it is your responsibility to monitor your financial interests throughout the year for any potential conflict with your official duties.** If you, your spouse, and/or your dependent child collectively own more than $15,000 of stock in any entity, you have a conflict of interest related to that entity. If your duties would require you to participate in matters involving or affecting ANY entity in which you have an actual or imputed financial interest, you must inform your supervisor and our office before participating in the matter.

[*Holding Companies*] If you own more than $15,000 in a company whose business is to invest in or own other entities, please note that you have a potential conflict of interest not only with the parent company, but with any entities in which the parent company holds a controlling interest. For example, if you own shares in Berkshire Hathaway (BH), you have a potential conflict of interest with any company in which BH holds a controlling interest. It is the employee’s responsibility to monitor such holdings and avoid participating in matters where a conflict of interest exists.

[*Sector Mutual Funds*] I note that you reported a financial interest in at least one sector mutual fund (MF) or sector exchange traded fund (ETF), including but not limited to the following: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. If your cumulative fund holdings in any one sector exceed $50,000, then you have a conflict of interest related to any company held within those sector funds, except companies that are outside of the stated sector. For example, if you hold interests in pharmaceutical sector funds valued greater than $50,000, you have a conflict with each pharmaceutical company held within those funds, but not with an energy company held within the fund.

[*Application of Exemptions*] Federal ethics regulations provide exemptions for ownership of sector mutual funds, sector unit investment trusts, and publicly traded securities valued at or below a certain threshold “de minimis” amount. As of the date of this notice, those amounts are:

1. For sector fund funds and sector unit investment trusts: $50,000 (aggregated for all funds/trusts that concentrate in the same sector)

2. For publicly traded securities: $15,000 (party matters).

Note that you must consult with ethics officials concerning applicability of these exemptions and these amounts are subject to change at any time. Also, reliance on these exemptions requires close monitoring of asset values. **WARNING**: If at any time you participate in a matter impacting your financial interest and the asset value at that time exceeds the de minimis amount, you will have violated the criminal conflict of interest statute.

[*Former Employer/client*] I note that you reported that, within the last year, you served as an officer, director, trustee, general partner, employee, agent, attorney, consultant, or contractor with the following non-federal entity: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. For one year after serving in that position, you may not participate in matters in which that entity is or represents a party, unless you first receive written authorization. IAW 5 CFR § 2635.502. This restriction applies to all employees in the Executive Branch.

Employees of the Department of Defense and its agencies are subject to an additional restriction. For two years after serving as an employee, officer, director, trustee, or general partner with a non-Federal entity, DoD employees are prohibited from participating personally and substantially in a particular matter involving specific parties where that non-federal entity is, or represents, a party to the matter, unless you first receive written authorization. (*See* §1117 of the 2022 National Defense Authorization Act.)

[*Spouse Income Source(s)*] You reported that your spouse receives non-investment or earned income from: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. You may not participate in matters involving your spouse’s employer, unless you first receive written authorization. Additionally, if your spouse holds any financial interest in the employer (e.g., stock options, profits interest, company performance-based bonuses, etc.), these are imputed to you, and you would be prohibited under the criminal conflict of interest statute from participating in matters that will have a direct and predictable effect on the company.

[*Outside Employer/Fiduciary*] You indicated that you continue to hold the following outside position(s): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. If your duties would require you to participate in matters involving or affecting ANY entity in which you serve as an officer, director, trustee, general partner or current/prospective employee, you must inform your supervisor or our office before participating in the matter. At that time, you and your supervisor, with assistance from this office, will work towards a solution to remove the conflict of financial interest. Additionally, DoD financial disclosure filers are required by regulation to obtain advance supervisor approval, in coordination with ethics counsel, before engaging in a business activity or compensated outside employment with a prohibited source (e.g. an entity seeking to do business with DoD). Beginning in CY 2024, DoD supervisors must document this approval when signing the employee’s financial disclosure report.

Below is a reminder of the general rules regarding activities with entities outside of the Federal government (even if unpaid):

1. You may not use your public office (authority or title) for the private gain of an outside entity.
2. You may not, with or without compensation, represent an outside entity before any Federal agency or U.S. Courts, where the U.S. is a party or has a substantial interest.
3. You may not make unauthorized use of official time or Government property for your activities with an outside entity.
4. You may not give the appearance that DoD sanctions or endorses any outside entity or its services/products/activities.
5. You may not use or improperly disclose any non-public information, including sensitive, classified, or otherwise protected information acquired as part of your official duties and which is not generally available to the public.
6. If you are a political appointee, you may be subject to an outside earned income limitation or to an outside earned income ban, or both.

If you have no duties that would affect ANY of the entities listed in your financial disclosure report, no further action is required. If you have potentially conflicting duties, please discuss with your supervisor and coordinate with ethics counsel BEFORE participating in the matter. At that time, you and your supervisor, with assistance from this office, will work towards a solution to remove the conflict of financial interest.

If you have any questions, don’t hesitate to contact me.

Regards,

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**Over-reporting Addendum for OGE 450s**:

As an additional note, your report included several diversified mutual funds or diversified exchange traded funds, which are not reportable assets. You should not include assets and information that is not required to be reported. Information that you should NOT report includes: diversified mutual funds, bank accounts, and money market accounts, as well as account numbers and names of account holders. See the "Common Questions" section along the right-hand side of the Assets screen in FDM for additional information. Over-reporting results in more of your confidential information residing in Government files and databases and represents a waste of Government resources due to the time required for report completions, supervisor review, and ethics official certification. You do not need to do anything with your current financial disclosure report that is the subject of this review. Please ensure that you delete non-reportable assets, such as diversified mutual funds, from your next annual OGE 450.

**Other Restrictions that might be applicable for public filers:**

Ethics Pledge Restrictions

* In addition, the President’s Ethics Pledge requires you to recuse yourself for two years from any particular matter involving specific parties in which your former employer or client is or represents a party, if you served that employer or client during the two years prior to your appointment. If you were a registered lobbyist during the prior two years or registered under the Foreign Agents Registration Act, you are also required to recuse yourself for two years after your appointment from any particular matter on which you lobbied or represented the foreign entity during the two years prior to your appointment.

Covered Noncareer Employees

* Use of Name: Under 5 U.S.C. app. § 502(a)(2) and 5 C.F.R. § 2636.305(a)(2), a covered noncareer employee, as defined by 5 C.F.R. § 2636.303(a), is prohibited from permitting the use of their name by any firm, partnership, association, corporation, or other entity which provides professional services involving a fiduciary relationship. Therefore, if a business entity that provides professional services involving a fiduciary relationship bears the name of a prospective covered noncareer employee, the prospective employee must take steps to have the business entity remove their name from the business’s name. If the employee is not successful in having their name removed, the employee must be able to demonstrate that they have taken all reasonable steps to comply with the law.
  + “As a non-career SES, you are prohibited from permitting the use of your name by any firm, partnership, association, corporation, or other entity which provides professional services involving a fiduciary relationship.”
* Teaching for Compensation: A covered noncareer employee may receive compensation for teaching only when specifically authorized in advance by the designated agency ethics official. Covered noncareer employees and their ethics officials should be aware that “teaching” is not limited to teaching that occurs in a formal setting, such as a classroom. Rather, it also extends to instruction on an individual basis or in an informal setting.
  + “As a non-career SES, you are required to receive approval from the designated agency ethics official before receiving compensation for teaching.”