



U.S. Department of Justice

Washington, D.C. 20530

SEP - 8 2017

David J. Apol
Acting Director and General Counsel
Office of Government Ethics
1201 New York Avenue, NW
Suite 500
Washington, DC 20005-3919

Dear Mr. Apol:

In accordance with the provisions of Title I of the Ethics in Government Act of 1978, as amended, I am forwarding the nominee financial disclosure report of John C. Demers. President Trump nominated Mr. Demers to serve as the Assistant Attorney General for National Security at the U.S. Department of Justice.

We have conducted a thorough review of the enclosed report. The conflict of interest statute, 18 U.S.C. § 208, requires that Mr. Demers recuse himself from participating personally and substantially in any particular matter in which he knows that he has a financial interest directly and predictably affected by the matter, or in which he knows that a person whose interests are imputed to him has a financial interest directly and predictably affected by the matter, unless he first obtains a written waiver, pursuant to Section 208(b)(1), or qualifies for a regulatory exemption, pursuant to Section 208(b)(2). Mr. Demers understands that the interests of the following persons are imputed to him: his spouse; minor children; any general partner of a partnership in which he is a limited or general partner; any organization in which he serves as an officer, director, trustee, general partner or employee; and any person or organization with which he is negotiating or has an arrangement concerning prospective employment. In determining whether a particular matter has a direct and predictable effect on his financial interests or on those of any other person whose interests are imputed to him, Mr. Demers will consult with Department of Justice ethics officials.

Upon confirmation, Mr. Demers will resign from his position with the Boeing Company. Following his departure from the Boeing Company and pursuant to the company's compensation practice for departing executives, Mr. Demers will receive a lump sum annual cash incentive payment for the work performed up to the date of his departure from the Boeing Company. This payment will be pro-rated based on service time and is calculated using a predetermined objective formula. The annual cash incentive payment will be paid by March 15, 2018. He will also receive payment for accrued vacation that has not been used, consistent with company practice for departing employees. Pursuant to the terms of the Supplemental Benefit Plan, Boeing will pay out Mr. Demers' interest in that plan in a lump sum payment in the January following his departure and the rest in annual installments for ten years after reaching

entitlement. Pursuant to the company benefit plans for vice presidents, the Boeing Company will pay for preparation of his 2017 taxes. Mr. Demers will not participate personally and substantially in any particular matter that to his knowledge has a direct and predictable effect on the ability or willingness of the Boeing Company to make these payments, unless he first obtains a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

Mr. Demers also owns shares of Boeing Company common stock and vested stock options for shares of Boeing Company common stock. Mr. Demers does not own unvested stock options. Pursuant to company practice for departing executives, Mr. Demers will receive his already granted performance awards for 2015, 2016, and 2017. Mr. Demers' award payments will be paid three years after grant – the 2015 award in 2018, the 2016 award in 2019, and his 2017 award in 2020. These payments will be pro-rated based on service time and are calculated using an objective formula. He also owns unvested Restricted Stock Units (RSUs) in the Boeing Company, which were granted to him as part of the company plans in 2015, 2016 and 2017, as well as an additional supplemental RSU grant given in 2015. Mr. Demers does not own Career Share RSUs. As soon as administratively possible but no later than 60 days from his separation from the Company, Boeing will vest all of these RSUs in the form of ordinary stock. The ordinary 2015, 2016 and 2017 grants will be pro-rated based on his service time. The 2015 supplemental RSUs will vest in full. This vesting is all in accordance with company practice for departing executives. Mr. Demers also has unvested Performance Based Restricted Stock Units (PBRSUs). The PBRSU payments will be paid pursuant to company practice for departing executives, three years after grant – the 2015 award in 2018, the 2016 award in 2019, and his 2017 award in 2020. These payments will be pro-rated based on service time and will be calculated according to an objective formula. For as long as he retains his interest in the Boeing Company, he will not participate personally and substantially in any particular matter that to his knowledge has a direct and predictable effect on the financial interests of the Boeing Company, unless he first obtains a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

Upon confirmation, Mr. Demers will resign from his position as an adjunct professor with the Georgetown Law Center. For a period of one year after his resignation, he will not participate personally and substantially in any particular matter involving specific parties in which he knows the Georgetown Law Center is a party or represents a party, unless he is first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

Mr. Demers resigned as agent to Paulding, LLC on August 3, 2017. He will continue to have a financial interest in this entity, but he will not provide services material to the production of income. Instead, he will receive only passive investment income from it. He will not participate personally and substantially in any particular matter that to his knowledge has a direct and predictable effect on the financial interests of this entity, unless he first obtains a written waiver pursuant to 18 U.S.C. § 208(b)(1).

Mr. Demers serves as trustee on the F. & G. Family Irrevocable Trust. Upon confirmation, he will resign from this position. For a period of one year after his resignation, he will not participate personally and substantially in any particular matter involving specific parties in

which he knows this trust is a party or represents a party, unless he is first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

Mr. Demers will retain his position as trustee on his family revocable trust. He will not participate personally and substantially in any particular matter that to his knowledge has a direct and predictable effect on the financial interests of this trust, unless he first obtains a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualifies for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

If Mr. Demers has a managed account or otherwise uses the services of an investment professional during his appointment, he will ensure that the account manager or investment professional obtains his prior approval on a case-by-case basis for the purchase of any assets other than cash, cash equivalents, investment funds that qualify for the exemption at 5 C.F.R. § 2640.201(a), obligations of the United States, or municipal bonds.

He will meet in person with Department ethics officials during the first week of his service in the position of Assistant Attorney General for National Security in order to complete the initial ethics briefing required under 5 C.F.R. § 2638.305. If circumstances do not permit a first-week meeting, he will meet with Department ethics officials not later than 15 days after his appointment as required under 5 C.F.R. § 2638.305. Within 90 days of his confirmation, he will document his compliance with this ethics agreement by notifying Department ethics officials in writing when he has completed the steps described in this ethics agreement.

Mr. Demers understands that as an appointee he will be required to sign the Ethics Pledge (Exec. Order No. 13770) and that he will be bound by the requirements and restrictions therein in addition to the commitments he has made in this ethics agreement.

Mr. Demers has been advised that this ethics agreement will be posted publicly, consistent with 5 U.S.C. § 552, on the website of the U.S. Office of Government Ethics with ethics agreements of other Presidential nominees who file public financial disclosure reports.

Based on the above agreements and counseling, I am satisfied that the report presents no conflicts of interest under applicable laws and regulations and that you can so certify to the Senate Judiciary Committee.

Sincerely,

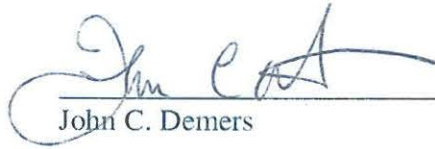


Lee J. Lofthus
Assistant Attorney General
for Administration and
Designated Agency Ethics Official

Enclosure

NOMINEE STATEMENT

I, John C. Demers, have read the attached Ethics Agreement signed by Lee J. Lofthus, Assistant Attorney General and Designated Agency Ethics Official, on SEP - 8 2017, 2017 and I agree to comply with the conflict of interest statutes and regulations, and to follow the procedures set forth in the agreement. I understand that as an appointee I will be required to sign the Ethics Pledge (Exec. Order No. 13770) and that I will be bound by the requirements and restrictions therein in addition to the commitments I have made in this ethics agreement.



John C. Demers

SEP - 8 2017
Date