October 12, 2022

Mr. Brian J. Sonfield
Designated Agency Ethics Official
U.S. Department of the Treasury
1500 Pennsylvania Ave., NW
Washington, DC 20229

Dear Mr. Sonfield:

The purpose of this letter is to describe the steps that I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed for the position of Commissioner, Internal Revenue Service. It is my responsibility to understand and comply with commitments outlined in this agreement.

SECTION 1 – GENERAL COMMITMENTS

As required by the criminal conflicts of interest law at 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter in which I know that I have a financial interest directly and predictably affected by the matter, or in which I know that a person whose interests are imputed to me has a financial interest directly and predictably affected by the particular matter, unless I first obtain 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). I understand that the interests of the following persons are imputed to me:

- Any spouse or minor child of mine;
- Any general partner of a partnership in which I am a limited or general partner;
- Any organization in which I serve as an officer, director, trustee, general partner, or employee; and
- Any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

In the event that an actual or potential conflict of interest arises during my appointment, I will consult with an agency ethics official and take the measures necessary to resolve the conflict, such as recusal from the particular matter or divestiture of an asset.

If I have a managed account or otherwise use the services of an investment professional during my appointment, I will ensure that the account manager or investment professional obtains my 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 regulatory exemption for diversified mutual funds and unit investment trusts at 5 C.F.R. § 2640.201(a), obligations of the United States, or municipal bonds.

I will receive a live ethics briefing from a member of the ethics office after my confirmation but not later than 15 days after my appointment pursuant to the ethics program regulation at 5 C.F.R. § 2638.305. Within 90 days of my confirmation, I will submit my Certification of Ethics Agreement Compliance which documents my compliance with this ethics agreement.

I understand that as an appointee I will be required to sign the Ethics Pledge (Exec. Order No. 13989) and that I will be bound by it. Among other obligations, I will be required to recuse from particular matters involving specific parties involving my former employer or former clients for a period of two years after I am appointed, with the exception of federal, state and local government.

I will not modify this ethics agreement without your approval and the approval of the U.S. Office of Government Ethics pursuant to the ethics agreement requirements contained in the financial disclosure regulation at 5 C.F.R. § 2634.803(a)(4).

SECTION 2 – BOSTON CONSULTING GROUP, INC.

Upon confirmation, I will resign from my positions as Managing Director and Partner of The Boston Consulting Group, Inc., The Boston Consulting Group, LLP, and BCG Federal (a wholly-owned subsidiary of BCG, Inc) (collectively referred to as BCG), and as a Board Member of the Center for Public Impact (a wholly-owned non-profit subsidiary of BCG). Pursuant to the impartiality regulation at 5 C.F.R. § 2635.502, for a period of one year after my resignation, I will not participate personally and substantially in any particular matter involving specific parties in which I know BCG or Center for Public Impact is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d). In addition, I will not participate personally and substantially in any particular matter involving specific parties in which I know a former non-federal client of mine is a party or represents a party for a period of one year after I last provided service to that client, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

Based upon written company policies and my employment agreement, I am entitled to receive a prorated Regional System Performance Bonus (RSPB) and a Managing Director Performance Bonus (MDPB) for work performed in calendar year 2022. If I were to remain with BCG during calendar year 2023, I would be entitled to receive a prorated RSPB and MDPB for work performed in 2023. The RSPB is determined according to an objective formula tied to the company's performance during the fiscal year (January 1 to December 31 of the year in question); the MDPB is based on both an objective formula tied to the company's performance during the fiscal year, as well as a subjective element tied to my performance during the fiscal year. For both my 2022 and 2023 RSPB and MDPB bonuses, BCG assesses the objective elements after the end of the relevant calendar year. The subjective element of my 2022 and 2023 MDPB will be determined either at the end of the performance period or upon my departure, whichever is earlier. If my resignation does not occur until 2023, BCG will apply the lowest subjective discretionary rating when calculating the pro-rated amount of my 2023 MDPB, thus limiting the basis of my 2023 MDPB to objective metrics only. Pursuant to BCG's written policies, I am entitled to receive my prorated 2022 MDPB in May of 2023 and my prorated 2022 RSPB in December 2023. If I work for any period of 2023, I am entitled to receive my prorated 2023 MDPB in May of 2024 and my prorated 2023 RSPB in December of 2024. BCG has in the past and may in its discretion again, pay these amounts to me earlier than the dates set forth above. Until the date on which both the subjective and objective elements of each payment are determined, I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interests of BCG, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1). Once the value of each bonus is established, I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the ability or willingness of BCG to pay that bonus, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1).

I also current hold an equity interest in BCG. As required by BCG's written policies, upon the date of my departure, BCG will redeem my equity interest and use the gross proceeds to pay off any remaining loans I have with the company that were taken out to acquire my equity interests. At its discretion, BCG will either (i) place the net proceeds into an account that bears interest at market rates and return the net proceeds (with the interest) on the one-year anniversary of my departure; or (ii) return the net proceeds (with interest if any) at such earlier time as BCG may determine. Until BCG returns these proceeds, I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the ability or willingness of BCG to fulfill its contractual obligations to me, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1).

SECTION 3 – OTHER RESIGNATIONS

Upon confirmation, I will resign from my position on the Board of Directors of the National Capital Region Red Cross (NCR Red Cross) and the Duke University Terry Sanford School of Public Policy Alumni Board. Both of these positions are uncompensated and I hold no equity interests in these organizations. Pursuant to the impartiality regulation at 5 C.F.R. § 2635.502, for a period of one year after my resignation, I will not participate personally and substantially in any particular matter involving specific parties in which I know the NCR Red Cross or Duke University is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

SECTION 4 – SPOUSE EMPLOYMENT

My spouse is employed by the Fairfax County (Virginia) Public Schools (FCPS), in a position for which she receives a fixed annual salary and a bonus tied to her performance. Pursuant to the impartiality regulation at 5 C.F.R. § 2635.502, for as long as my spouse continues to work for the FCPS, I will not participate personally and substantially in any particular matter involving specific parties in which I know the FCPS is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

SECTION 5 – PUBLIC POSTING

I have been advised that this ethics agreement and the Certification of Ethics Agreement Compliance will be posted publicly, consistent with the public information law at 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.

Sincerely,

Daniel Werfel