

February 14, 2025

Ms. Danica Irvine
Alternate Designated Agency Ethics Official
Office of the General Counsel
Department of Defense
Washington, DC 20310

Dear Ms. Irvine:

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 Secretary of the Navy. 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, even if uncompensated; 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.

If I rely on a de minimis exemption under 5 C.F.R. § 2640.202 with regard to any of my financial interests in securities, I will monitor the value of those interests. If the aggregate value of interests affected by a particular matter increases and exceeds the de minimis threshold, I will not participate personally and substantially in the particular matter that to my knowledge has a direct and predictable effect on the interests, unless I first obtain a written waiver pursuant to 18 U.S.C. § 208(b)(1).

I will receive a live ethics briefing from a member of the ethics office after my confirmation but not later than 7 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 will not modify this ethics agreement without your approval and the approval of the U.S. Office of Government Ethics (OGE) pursuant to the ethics agreement requirements contained in the financial disclosure regulation at 5 C.F.R. § 2634.803(a)(4).

SECTION 2 – RESIGNATIONS

Upon confirmation, I will resign from all the positions listed in Appendix A. Additionally, I previously resigned from all the positions listed in Appendix B. Pursuant to the impartiality regulation at 5 C.F.R. § 2635.502, for a period of one year after my resignation from each of these entities, I will not participate personally and substantially in any particular matter involving specific parties in which I know that entity is a party or represents a party, unless I am first authorized to participate, pursuant to § 2635.502(d).

SECTION 3 – RUGGER MANAGEMENT LLC

I am the managing member of Rugger Management LLC. Additionally, my spouse is employed by Rugger Management LLC in a position for which my spouse receives a fixed annual salary. Upon my confirmation, I will resign from my position as managing member of Rugger Management LLC. During my appointment, I will not manage this entity or provide any other services to it or the funds it manages. Instead, I will receive only passive investment income from it. As Secretary, 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 Rugger Management LLC, or its underlying holdings, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1).

SECTION 4 – GRANTOR’S TRUST

Prior to assuming the duties of Secretary, the grantor trust status of Family Trusts Numbers 1 and 2 will be terminated, which also will terminate my financial interest in the holdings of the trusts and any and all associated powers and obligations. Neither my spouse nor I is a beneficiary of these trusts, and I am not the trustee of these trusts.

SECTION 5 – DIVESTITURE

As soon as practicable but not later than 90 days after my confirmation, I will divest my interests in the following entities:

- Blue Owl Capital Inc.
- MSD Hospitality Partners LP
- Red Cell Partners, LLC
- Red Cell Incubation Fund GP, LLC

With regard to each of these entities, 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 the entity until I have divested it, 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 have verified that I will be able to carry out the divestitures within the timeframe described above.

I understand that I may be eligible to request a Certificate of Divestiture for qualifying assets and that a Certificate of Divestiture is effective only if obtained prior to divestiture. Regardless of whether I receive a Certificate of Divestiture, I will ensure that all divestitures discussed in this agreement occur within the agreed upon timeframes and that all proceeds are invested in non-conflicting assets. I understand that I must timely submit my request for a Certificate of Divestiture to allow for adequate time for OGE to process the Certificate of Divestiture, and in order to divest assets within the agreed upon timeframe.

I (including my spouse and dependent children if applicable) will not repurchase any asset I was required to divest without consulting with my agency ethics official and the U.S. Office of Government Ethics.

SECTION 6 – OTHER COMMITMENTS

In addition to the impartiality regulation at 5 C.F.R. § 2635.502, I understand that as an employee of the Department of Defense I will be required to comply with Section 1117 of the National Defense Authorization Act for Fiscal Year 2022. Therefore, for a period of two years after my resignation from any organization, including a trade organization, for which I served as an employee, officer, director, trustee, or general partner, I will not knowingly participate personally and substantially in any particular matter involving specific parties in which that organization is a party or represents a party to the matter, unless I am authorized to participate, pursuant to Section 1117(b).

SECTION 7 – 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,

John Phelan

John Phelan

APPENDIX A – FUTURE RESIGNATIONS

- President, John and Amy Phelan Family Foundation
- Member, Board of Dean’s Advisors, Harvard Business School
- Managing Member, Rugger Investments LLC
- Managing Member, Rugger Capital LLC
- Managing Member, Rugger Holdings LLC
- Managing Member, Rugger Credit LLC
- Managing Member, Rugger Special Opportunities LLC
- Managing Member, Rugger Real Estate LLC
- Managing Member, Rugger Art Investments LLC
- Managing Member, Rugger Venture Capital LLC
- Managing Member, Rugger La La Land Holdings LLC
- Managing Member, Blue Marlin Holdings LLC
- Managing Member, 1902-1906 South Ocean Boulevard, LLC
- Managing Member, Fishing Maestro, LLC
- Managing Member, Hunting Maestro, LLC
- Managing Member, PFI Resources, LLC
- Managing Member, 284 North Star, LLC
- Investment Manager, Cap 2012 Holdings LLC
- Board Member, 26North Partners GP LLC
- Board Member, AeCe ISA Ltd.
- Board Member, AeBe ISA Ltd.
- Trustee, JCP 2008 Trust
- Trustee, Andrew Teller, Jr. Exempt Trust
- Trustee, Andrew Teller, Jr. Nonexempt Trust
- Trustee, Andrew Teller, Jr. Primary Trust
- Trustee, Douglas P. Braff Exempt Trust
- Trustee, Jane B. Paquet Exempt Trust
- Executive Board Member, Dedman College, Southern Methodist University
- Member, Advisory Board, Phelan U.S. Centre, London School of Economics
- Member, North American Client Advisory Board, Citi Private Bank

APPENDIX B – RESIGNATIONS IN PAST 12 MONTHS

- Board Member, Federal Enforcement Homeland Security Foundation
- Board Member, Spirit of America
- Chairman of the Board, Third Option Foundation
- Chairman; Member of Executive Committee, Finance Committee, Investment Committee, and Foundation Board of Directors Committee, Aspen Art Museum
- Member, Executive Council Board of Trustees, Investment Committee, and Nominating Committee, Whitney Museum of American Art
- Board Member, Fish & Wildlife Foundation of Florida
- Member, Endowment Investment Committee, Southern Methodist University
- Member, North American Advisory Board, London School of Economics