

February 26, 2018

Brian J. Sonfield
Assistant General Counsel
(General Law, Ethics & Regulation)
and Designated Agency Ethics Official
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

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 Chief Counsel of the Internal Revenue Service (IRS), U.S. Department of the Treasury.

As required by 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 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 officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

I am the sole shareholder of my law firm, which does business as Law Offices of Michael J. Desmond, APC. Upon confirmation, I will cease providing services to my clients, and I will refer them to other legal counsel for any ongoing legal matters. I will complete all such referrals before I assume the duties of the position of Chief Counsel. If I agree to accept any payment for referrals, I will consult your office regarding the applicability of 18 U.S.C. § 209 before I receive any such payment. Additionally, upon confirmation, I will close the professional corporation. At that time, I will distribute to myself all assets of the corporation and assume personal responsibility for all firm liabilities. Further, all amounts owed to me by any of my clients will be fixed before I assume the duties of the position of Chief Counsel, and 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 any of these clients to pay these amounts. I will not participate personally and substantially in any particular matter involving specific parties in which I know a former 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).

Upon confirmation, I will resign from my positions with the following entities: University of California, Santa Barbara Alumni Association and the SB Athletic Association (dba Santa

Barbara Athletic Association). 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 5 C.F.R. § 2635.502(d).

I will retain my position as trustee of the Revocable Living Trust. I will not receive any fees for the services that I provide as a trustee during my appointment to the position of Chief Counsel. 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 Revocable Living Trust, 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).

My spouse is the owner of Flagstone Pantry. 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 Flagstone Pantry, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1).

Within 90 days of my confirmation, I will divest my interests in the Vanguard Healthcare ETF and the Vanguard Utilities ETF. With regard to each of these funds, until I have divested it, 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 any holding of the fund that is invested in its respective sector, 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 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.

If I rely on a *de minimis* exemption under 5 C.F.R. § 2640.201(b) with regard to any of my financial interests in sector mutual funds, I will monitor the value of those interests. If the aggregate value of my interests in sector mutual funds that concentrate in any one sector exceeds \$50,000, I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interest of any holdings of the funds that are in the specific sector in which the funds concentrate, 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).

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 exemption at 5 C.F.R. § 2640.201(a), obligations of the United States, or municipal bonds.

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.

Following confirmation and before I assume the duties of the position of Chief Counsel of the Internal Revenue Service, I will provide you with a list of every asset that I acquired subsequent to filing my nominee financial disclosure report. I will abide by your decision regarding the divestiture or retention of these assets and, if you direct the divestiture of any asset, I will accomplish the divestiture within 90 days of my confirmation. I will meet in person with you during the first week of my service in the position of Chief Counsel in order to complete the initial ethics briefing required under 5 C.F.R. § 2638.305. Within 90 days of my confirmation, I will document my compliance with this ethics agreement by notifying you in writing when I have completed the steps described in this ethics agreement.

I have 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.

Sincerely,

A handwritten signature in blue ink that reads "Michael Desmond". The signature is written in a cursive, flowing style.

Michael J. Desmond