



NATIONAL GOVERNMENT ETHICS
SUMMIT
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So You Think You Know Financial Disclosure?

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Rings Twice Strategic International Growth Hedging Strategies IV, LP

1. Does the fund qualify as an EIF?
2. Do we need a list of the underlying holdings?
3. If filer cannot obtain a list of holdings, what can he do?
4. How does filer report this entry?
5. What information do we need to perform a conflicts analysis?

An excepted investment fund is an investment fund that is:

- i. independently managed
- ii. widely held* and
- iii. either publicly traded or available** or widely diversified***

*A fund is widely held if it has at least 100 investors.

*A fund is publicly traded or available if it was ever open to investors from the public, even if it was restricted by minimum wealth or investment requirements and even if it was restricted to “accredited investors.”

***A fund is widely diversified if it holds no more than 5% of the value of its portfolio in the securities of any one issuer (other than the United States).

See OGE legal advisories LA-14-05 (9/30/2014) and DO-08-022 (7/22/2008),
Financial Disclosure Requirements for Pooled Investment Funds

Conflicts Analysis

Does the fund qualify for one of the exemptions in 5 C.F.R. 2640?

Does filer know the underlying holdings of the fund?

Does the fund manager reveal the underlying holdings of the fund?

Does filer need to obtain a letter from the fund manager?

Can filer rely on no knowledge?

Does filer need to divest the fund?

Q 6: Incentive Stock Option Valuation

- If the filer knows the value of the option, the filer should disclose the value.
- If the options are underwater or the value is unknown or difficult to determine, write “Value not Readily Ascertainable” and include:
 - 1) the name of the stock
 - 2) the number of shares
 - 3) the strike price
 - 4) the expiration date
 - 5) whether options are vested or unvested
 - 6) the date on which the option will vest, if the option is unvested

Q 7: Unvested Options Issues

- Filer will not be able to exercise without accelerated vesting
- Accelerated vesting raises 503 or 209 questions, depending on the timing
- A certificate of divestiture is not available for the exercise of incentive stock options
- A plan for the options will need to be addressed in the Ethics Agreement

Q 8: Additional Assets and Income

- Retirement Accounts such as a 401(k) or pension
- Severance
- Bonus

Q 9: Disclosing a Small Business on Part 2

OGE requires filers to provide a value for a small business, which can be a good faith estimate. OGE suggests the following valuation methods:

- 1) The purchase price
- 2) A recent appraisal
- 3) The assessed value for tax purposes
- 4) The year-end book value (for non-publicly traded businesses)
- 5) The net-worth of the business
- 6) The equity value
- 7) Any other recognized indication of value

Q 9: Part 2 Disclosure

Description	EIF	Value	Income Type	Income Amount
Spade & Archer, LLC	N/A		LLC Distribution	\$1,250,500
Spade & Archer, LLC, anticipated LLC distribution	N/A	\$100,001 - \$250,000		None (or less than \$201)
Spade & Archer, LLC, equity interest	N/A	\$1,000,001 – \$5,000,000		None (or less than \$201)

Q 10: Ethics Agreement

- 1) Resignation from position as co-managing member
- 2) An 18 U.S.C. § 208 recusal to all particular matters affecting Spade and Archer LLC until he has sold his interest in the business
- 3) A discussion regarding the planned sale of the business within 90 days of confirmation
- 4) A 1-year recusal under 5 C.F.R. § 2635.502 from particular matters in which Spade & Archer is a party or represents a party
- 5) A 1-year recusal from the last date of service under 5 C.F.R. § 2635.502 from particular matters in which one of Mr. Archer's former clients a party or represents a party

Q 10: Divesting an Interest in a Small Business

For a conflicting small business interest, the filer needs to have either:

- 1) a definitive sales plan at the time of preclearance, or
- 2) an agreement to forfeit if the sale does not come together quickly enough after confirmation.

Q 11: Part 3 Small Business Disclosures

Employer or Party	City/State	Status and Terms	Date
Spade & Archer, LLC	NY, NY	Pursuant to the LLC agreement, following my withdrawal from the firm, I will receive my final LLC distribution in four quarterly payments. The total amount of the payments will be calculated as of the date of my withdrawal.	4/03
Spade & Archer, LLC	NY, NY	Pursuant to the LLC agreement, following my withdrawal from the firm, I will sell my interest to two of the current partners of the firm. The firm will change its name to Spade Consulting, LLC.	4/03

Q 12: Deferred Compensation

- The deferred compensation plan is in the form of cash
- The amount is fixed at \$150,000 and will not increase before his appointment
- He has not received any payments under this plan yet
- The \$150,000 will be paid out in three equal installments over a period of three years following his resignation

Q12 & Q13: Deferred Compensation

- Part 2: Filer's Employment Assets & Income and Retirement Accounts

Description	EIF	Value	Income Type	Income Amount
Pacific All Risk Insurance Company, deferred compensation: cash receivable	N/A	\$100,001 - \$250,000		None (or less than \$201)

- Part 3: Filer's Employment Agreements and Arrangements

Employer or Party	City/State	Status and Terms	Date
Pacific All Risk Insurance Company	San Diego, CA	Following my resignation, I will receive a cash payout of my deferred compensation in three equal installments over a period of three years.	2/09

Q 14: Deferred Compensation

- 1-year recusal under 5 C.F.R. § 2635.502? 
- 2-year recusal under 5 C.F.R. § 2635.503 ? 
- 18 U.S.C. § 208 recusal to all particular matters affecting Pacific? 
- 18 U.S.C. § 208 recusal to particular matters affecting Pacific's ability or willingness? 

Q 14: Deferred Compensation

- Ethics Agreement

- Resignation from Pacific

- 1-year 5 C.F.R. § 2635.502 recusal from particular matters in which Pacific is a party or represents a party

- Ability or willingness recusal from Pacific until he has received all of his deferred compensation

Deferred Compensation

Instead of being fixed, what if the deferred compensation is invested in underlying assets?

Description	EIF	Value	Income Type	Income Amount
Pacific All Risk Insurance Company, deferred compensation:				
-- Pacific All Risk Insurance	N/A	\$100,001 - \$250,000		None (or less than \$201)

Deferred Compensation

What if the deferred compensation plan tracks the performance of the S&P 500?

Description	EIF	Value	Income Type	Income Amount
Pacific All Risk Insurance Company, deferred compensation: tracks S&P 500	N/A	\$100,001 - \$250,000		None (or less than \$201)

Deferred Compensation

What if the deferred compensation plan tracks the performance of a diversified mutual fund?

Description	EIF	Value	Income Type	Income Amount
Pacific All Risk Insurance Company, deferred compensation: tracks Vanguard S&P 500 Fund	N/A	\$100,001 - \$250,000		None (or less than \$201)

Q 15: Trust

Organization Name	City/State	Organization Type	Position Held	From	To
Family Trust #1	Scottsdale, AZ	Trust	Trustee	8/1999	Present

THANK YOU
