



ETHICS DAY FINANCIAL DISCLOSURE PRESENTATION

*A Practical Guide to Financial Disclosures Season
for Filers and Ethics Counselors*



AGENDA

▶ PART 1: Background on Financial Disclosure PART 2: Ethics Officer Responsibilities

A Review of Financial Disclosure Documents and Procedures

- Filer Designation Process
- Employee Appeals
- Who Does What During Filing Season
- Important Dates and Deadlines

▶ PART 3: Filing Your Statement

Step by Step Guide to Filing the Financial Disclosure Form

- Who?
- What Am I Filing?
 - Understanding the Questions
- **FAILING TO FILE**
- Update



PART 1: Background on Financial Disclosure

- ▶ BEGA's Financial Disclosure Authority:
 - D.C. Code § 1-1162.24(a)(1)
 - D.C. Code § 1-1162.25(a)
 - DPM § 1810.1, *et seq.*



PART 1: Background on Financial Disclosure Filing (cont'd)

- ▶ Why collect financial disclosures
 - BEGA was formed in response to past bribery and corruption in District government
 - BEGA is the District's ethics authority. As such, we collect financial disclosure forms so that we can review the activities of District employees to prevent potential conflicts of interests before they happen and stop any activities that pose an actual conflict of interest.



PART 2: Ethics Officer Responsibilities

A Review of Financial Disclosure Documents and Procedures



"I can't thank you because you have a thankless job."



PART 2: Ethics Officer Responsibilities – *Filer Designation Process*

- District employees are designated as financial disclosure filers by their respective agencies
 - BEGA has no part in the initial designation
 - Designation determinations are made by reviewing an employees job duties and salary
 - **Public Financial Disclosure Statement Filer:** all public officials and certain board members and commission members
 - **Public Financial Disclosure Statement Filer:**
 1. any employee who, as a part of his or her job duties, makes decisions or participates substantially in areas of contracting, procurement, administration of grants or subsidies, developing policies, land use planning, inspecting, licensing, regulating, or auditing, or **acts in areas of responsibility that may create a conflict of interest or the appearance of a conflict of interest.**
and
 2. Who is paid at a rate of Excepted Service 9 or above –
- Note: Last year this threshold salary was \$101,296 but is subject to change



PART 2: Ethics Officer Responsibilities – *Filer Designation Process*

- **Confidential Financial Disclosure Statement Filer**
 1. Any employee who, as a part of his or her job duties, makes decisions or participates substantially in areas of contracting, procurement, administration of grants or subsidies, developing policies, land use planning, inspecting, licensing, regulating, or auditing, or acts in areas of responsibility that may create a conflict of interest or the appearance of a conflict of interest

And

2. Who is paid at a rate below Excepted Service 9



PART 2: Ethics Officer Responsibilities – *Filer Designation Process*

- ▶ A District employee should only be designated to file a financial disclosure statement if that employee held a position that made them eligible for designation for more than thirty (30) days within the prior calendar year
 - Because the financial disclosure form is like taxes, in that it inquires about information from the previous year, a new employee should not be designated to file (for the current year) even if that employee's job duties align with filer job duties
 - Any new employee who did not work 30 days in the reporting year can be designated in the following year



PART 2: Ethics Officer Responsibilities – *Employee Appeals*

- Employees can appeal both public and confidential designations
- Employees must appeal their designation *within* their agency
- Employees have only five *(5) days* to appeal their designations so it is important to let employees know about their right to appeal by informing them of it in that initial designation notice



PART 2: Ethics Officer Responsibilities – *Who Does What During Filing Season*

- BEGA

- Notify all PUBLIC filers of their designation
- Make a final decision on employee designation appeals *IF* employee disagrees with agency decision
- Enter agency public filer list into FDS E-filing system and generate log-in credentials for public filers
- Notify all non-compliant PFDS non-filers of their filing requirement and ask them to file
- Collect fines from and bring enforcement actions against non-compliant filers

- Agency

- Notify all CONFIDENTIAL filers of their designation
- Process and decide on all initial employee designation appeals
- Compile and send to BEGA a list of all PFDS filers and CFDS filers
Both lists should include: full name, address, email address, grade, salary, and employment status
- Submit a *complete* and *true* Confidential Filer Review Report to BEGA
- Contact CFDS non-filers at least once and inform them of non-compliance and ask them to file
- Review Confidential Financial Disclosure Statements and Complete Confidential Filer Review Report



Important Dates and Deadlines

- **March 1st** – Agency must provide BEGA with a list of all public filers
- **April 15th** –
 - BEGA must notify employees that they have been designated as public filers
 - Agency must notify employees that they have been designated as confidential filers
- **May 1st** – Agency must provide BEGA with a list of all public filers
- **May 15th** – All designated filers must file their FDS
- **June 1st** – Agency must submit a *completed* Confidential Filer Review Report to BEGA
- **June 15th** – BEGA is required to submit a list of all non-filers to the D.C. Register for publication



PART 3: Filing Your Statement

Step by Step Guide to Filing the Financial Disclosure Form





PART 3: Filing Your Statement – *Who files?*

- **Public Filer**– Will receive an email and letter in the mail notifying you of your filing obligation. Public Filer’s are required to file using the BEGA E-filing system. Your notification letter will include your credentials to log into the website and the deadline by which you must file your statement.
- **Confidential Filer**– Will be notified by the Ethics Officer for their agency. The Confidential Financial Disclosure Statement will be provided by the Ethics Officer or the filer can download a copy from the BEGA website.



PART 3: Filing Your Statement – *What am I filing?*

- The Financial Disclosure Statement is comprised of fifteen (15) questions that seek to explore designated employees financial interests, holdings and outside work activities



Let's Review the
Questions!





FDS Questions 1 & 2

- Did you have any non-District employment or engage in any outside business during 2017 for which you received compensation of \$200 or more?
 - * We want to know whether you, your spouse, or children have other jobs or business endeavors that may pose a conflict of interest with your District job

If you have a day job, other than your D.C. government position, and you have clients, you must disclose:

- The identity of your client, the nature of the services provided, and the income earned if your client has a contract with the District
- The identity of your client, the nature of the services provided, and the income earned if your client stands to gain financially & directly from pending legislation before the Council
- If you were employed by a client that had a contract with the District government or if the client stands to gain from District legislation that was pending in the reporting year



FDS Questions 1 & 2 (cont'd)

BEGA TIP

- Answer “No” if you were only employed by the District government in the reporting year.
- “Employment” includes full-time, part-time, and freelance work.



FDS Questions 3 & 4

- Did you serve in any unpaid position (without compensation) as an officer, director, partner, consultant, contractor, volunteer, member or in any other formal capacity of a non-government board or other outside entity during 2017?
 - * We want to know if you, your spouse, or your children served in any unpaid position (meaning ‘without compensation’) in any formal capacity of a non-government board or other outside entity during 2017?

You must disclose honoraria (aka money) in excess of \$200 received for speeches, appearances, or articles, if the client has business with the District (i.e. a contract, pending legislation for which they would receive a direct financial benefit).

- Same for spouses, dependent children, & domestic partners.
- If you don't know whether the client does business with the District...disclose!



Questions 3 & 4 (con'd)

- The filer does not need to include:
 - Membership on a D.C. Bar Committee because it is an instrumentality of the District government (& you will be asked about DC Bar membership in Question 14)
 - Membership in the American Bar Association (unless you have a fiduciary obligation or a policy/management role)
 - Basic membership in a non-profit organization (i.e. you work in a soup kitchen)
 - Membership in a religious or civic organization



Question 3 & 4 (cont'd)

BEGA TIP

- Only answer “Yes,” if you or your spouse, domestic partner, or dependent child(ren) had a fiduciary role and/or control over the entity’s management or operations.
 - For example:
 - If you simply volunteered at a soup kitchen, that would not need to be disclosed because you did not have a fiduciary role or control over the organization.
 - However, if you served as an unpaid Board Member or Treasurer of the soup kitchen, that would need to be disclosed, because you would have served in a formal capacity with some level of control over the organization.



FDS Questions 5 & 6

- During 2017, did you have any agreements with a former or current employer, other than with the District of Columbia, for future payments or benefits (*such as separation pay, partnership buyouts, or pension or retirement pay*) or for future employment or for a leave of absence?

You need to disclose if you still have a relationship with your former employer

- You must disclose if you are on a leave of absence, even if the amount of time is undefined
- You must disclose if you are owed commissions on an on-going basis

You do not need to disclose that you are still owed your last paycheck or a future pension, which you already have earned



FDS Questions 7 & 8

- Did you have a beneficial interest in or hold any security (*“security” means stocks (any class), bonds (including savings bonds and tax exempt bonds), stock options, warrants, debentures, obligations, notes (not mortgage notes), mortgages (not on one’s home), investment interests in limited partnerships, REITs, and such other evidences of indebtedness and certificates of interest or participation in any profit-sharing agreement as are usually referred to as securities*) at the close of 2017 that exceeded in the aggregate \$1,000 or that produced income of \$200 or more?

*We want to know about your stocks, bonds and other securities that are worth a total of \$1,000 or which brought you income over \$200 last year and that of your spouse or children.



Questions 7 & 8 (cont'd)

➤ The answer should include:

- Stocks
- Stock Options
- Securities
- Bonds
- Trusts

Symbol	Price	Change	Symbol	Price	Change
GOOGL	20.45	10.99	MSFT	28.17	18.59
AMZN	28.17	25.61	FB	28.17	25.10
APPL	25.10	25.61	GOOGL	20.45	10.99
MSFT	28.17	18.59	AMZN	28.17	25.61
FB	28.17	25.10	APPL	25.10	25.61
GOOGL	20.45	10.99	MSFT	28.17	18.59
AMZN	28.17	25.61	FB	28.17	25.10
APPL	25.10	25.61	GOOGL	20.45	10.99
MSFT	28.17	18.59	AMZN	28.17	25.61
FB	28.17	25.10	APPL	25.10	25.61

➤ But not:

- Professionally managed collective investment vehicles that pool money from many investors to purchase securities, such as mutual funds, or professionally managed retirement accounts (unless the filer has control over the individual investments).



FDS Questions 7 & 8 (cont'd)

BEGA TIP

- A “beneficial interest” is the right to receive benefits held by another party (e.g., a beneficiary of a trust has a beneficial interest in the trust property).
- If it would be unduly burdensome to list all of your securities or beneficial interests, you may request a partial waiver from the Board of Ethics by emailing bega@fds.gov. Be sure to explain in your waiver request why answering this question would cause an undue burden.



FDS Questions 9 & 10

- Did your spouse, domestic partner or dependent child(ren) owe any entity or person (*other than a member of their immediate family*) \$1,000 or more, (*excluding: mortgages on your personal residence, student loans, automobile loans, credit card accounts or other revolving credit, and other loans from a federal or state insured or regulated financial institution*) during 2017?
 - * We want to know about any personal loans or debts you, your spouse, or your children may have (*excluding: mortgages on your personal residence, student loans, automobile loans, credit card accounts or other revolving credit, and other loans from a federal or state insured or regulated financial institution*) during 2017?



FDS Questions 11 & 12

- Did you have an interest in any real property located in the District of Columbia during 2017 *aside from your primary personal residence*, where your interest had a fair market value of more than \$1,000, or where the property produced income of \$200 or more?
 - * We want to know about any property you, your spouse, or your children own or have interest in within the District, where your interest had a fair market value of more than \$1,000, or where the property produced income of \$200 or more?
- **NOTE:** The filer should not include his or her personal residence.
- Please include properties that were willed or gifted to you



FDS Questions 11 & 12 (cont'd)

BEGA TIP

- A place is your primary personal residence if it is the main place you live. If you have more than one residence, generally, the one you use most of the time is your primary personal residence. Do not include residences that you do not own, but rent.
- Real property is defined as land and immovable property on land such as buildings. A boat is not considered real property. Vehicles and motorcycles are not considered real property.
- And remember – this question is only asking about real property located in the District.



FDS Questions 13 & 14

- Do you hold any professional or occupational licenses issued by the District of Columbia government (i.e., are you licensed to practice law in the District of Columbia, or are you licensed by the District's Department of Health, the District's Department of Consumer and Regulatory Affairs, the District's Department of Mental Health, the District's Department of Insurance Securities and Banking, the Metropolitan Police Department, the District's Occupational and Professional Licensing Administration, etc.)?

- * We want to know about any professional licenses you, your spouse, or your children hold
 - For example, are you licensed to practice law in the District of Columbia, or are you licensed by the District's Department of Health, the District's Department of Consumer and Regulatory Affairs, the District's Department of Mental Health, the District's Department of Insurance Securities and Banking, the Metropolitan Police Department, the District's Occupational and Professional Licensing Administration, etc?
 - Please list the type of license and the granting entity



FDS Questions 13 & 14 (cont'd)

- You must list the following:
 - D.C. law license
 - D.C. notary commission
 - D.C. electrical or plumbing license
 - D.C. Certified Public Accountant
 - D.C. medical license
 - D.C. realtor's license



Questions 13 & 14 (cont'd)

BEGA TIP

- Only include licenses that were issued by the District.
- Do not include professional or occupational licenses that were issued outside of the District.
 - e.g., Maryland real estate license.



FDS Question 15

- Did you receive any gift(s) (*see definition in glossary*) from any person that has or is seeking to do business with the District, conducts operations or activities that are regulated by the District, or has an interest that may be favorably affected by the performance or nonperformance of your duties in the total amount or with a total value of \$100 or more during 2017?
 - * We want to know if you received any gift(s) (see definition in the form's glossary) from any person that has or is seeking to do business with the District, conducts operations or activities that are regulated by the District, or has an interest that may be favorably affected by the performance or nonperformance of your duties in the total amount or with a total value of \$100 or more during 2017?



FDS Question 15 (cont'd)

- You should ask yourself why are you receiving this gift?
 - If the answer is, because of my District position, you cannot accept it.
 - If the answer is, for reasons unrelated to your District position, then you need to determine whether the gift giver is a prohibited source.

- A “prohibited source” is anyone who does business with or seeks to do business with the District government.
 - This refers to contracts, grants, or other financial relations

- A prohibited source means anyone who is regulated by the District government.
 - This does not mean anyone who does business in the District
 - It refers to being regulated in a substantial way, such as a nightclub regulated by ABRA, as opposed to a department store that simply has a business license.



FDS Question 15 (cont'd)

BEGA TIP

- The term "gift" does not include:
 - (A) A political contribution otherwise reported as required by law;
 - (B) A commercially reasonable loan made in the ordinary course of business; or
 - (C) A gift received from a member of the person's immediate family.

You must, however, disclose gifts from friends if those persons are seeking to do business with the District, conduct operations or activities that are regulated by the District, or have an interest that may be favorably affected by the performance or nonperformance of your



FDS Certification

- At the end of the form you must certify that you have:
 - Not caused title to property to be placed in another person or entity for the purpose of avoiding the disclosure requirements on the preceding form;
 - Filed and paid my income and property taxes;
 - Diligently safeguarded the assets of the taxpayers and the District;
 - Reported known illegal activity, including attempted bribes, to the appropriate authorities;
 - Not been offered or accepted any bribes;
 - Not directly or indirectly received government funds through illegal or improper means;
 - Not raised or received funds in violation of federal or District law; and
 - Not received or been given anything of value, including a gift, favor, service, loan, gratuity, discount, hospitality, political contribution, or promise of future employment, based on any understanding that my official actions or judgment or vote would be influenced



True, Correct, and Complete” FDS Forms

- BEGA recently amended the rules to clarify our authority to reprimand a District employee for failing to file a “true, correct, and COMPLETE” FDS form
- Leaving one of the form questions blank could lead to an ethics violation



Failing to File

- It is important to remember that this filing requirement is mandatory and that BEGA will take enforcement action against all those who do not comply. Late filed forms may result in fines of up to \$300 and willful failure to file may result in fines of up to \$5,000.
- More specifically, if you do not file your form, BEGA can garnish your wages and/or bring an enforcement action against you by Notice of Violation and a full adversarial hearing before our board



FDS Updates

- ▶ The council passed legislation that now requires them to file their Public Financial Disclosure Forms twice a year on May 15th and November 15th
 - This only applies to council members!
- ▶ The entire Financial Disclosure process maybe transitioned to our e-filing system in the near future



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Thank you for listening

Questions??

