

FINANCIAL DISCLOSURE FILING REQUIREMENTS

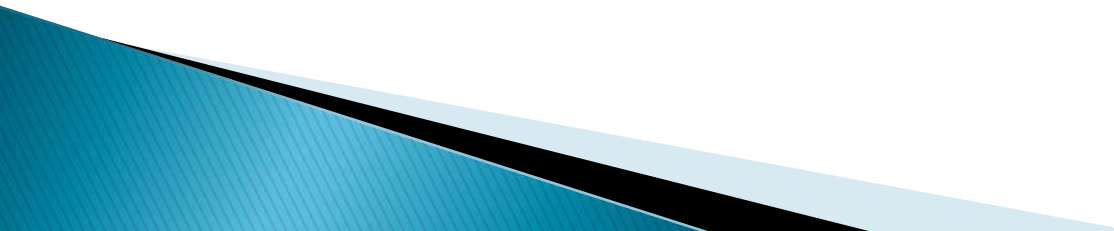


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Goals of this Course:

- ▶ Explain Financial Disclosure Filing Requirements
 - Public filings
 - Confidential filings

Financial Disclosure

- ▶ **Who** does it apply to?
 - ▶ **What** needs to be disclosed?
 - ▶ **When** are the important deadlines?
- 

Who files a Public Financial Disclosure Statement?

▶ Statutory Authority:

- ▶ D.C. Code § 1-1162.24(a)(1) “Public officials, except Advisory Neighborhood Commissioners, shall file annually with the Ethics Board a public report...”

▶ Who is a “public official?”:

- A candidate for public office
- The Mayor, Chairman, & each Member of the District Council
- The Attorney General
- A Representative or Senator elected pursuant to § 1-123
- A Member of the State Board of Education
- A Member of the Boards & Commissions found in § 1-523.01(e)
- A subordinate Agency Head in an Excepted Service Position
- Certain Excepted Service 9 or above employees

Who files a Confidential Financial Disclosure Statement?

▶ Statutory Authority:

- ▶ D.C. Code § 1-1162.25(a) “Any employee, other than a public official, who advises, makes decisions or participates substantially in areas of contracting, procurement, administration of grants or subsidies, developing policies, land use planning, inspecting, licensing, policy-making, regulating, or auditing, or acts in areas of responsibility that may create a conflict of interest or appearance of a conflict of interest, as determined by the appropriate agency head, shall file... with that agency head a report containing a full and complete statement of the information required by § 1-1162.24.”
- ▶ Agency heads must notify designated employees who are required to file Confidential Financial Disclosure Statements on or before April 15th of every year.
 - ▶ D.C. Code § 1-1162.25(c)

Who files a Financial Disclosure Certification?

▶ Statutory Authority:

- ▶ D.C. Code § 1-1162.25(a-1)(2) “Effective January 1, 2014, an Advisory Neighborhood Commissioner in office for at least 30 days shall be required to file a certification required by section 224(a)(1)(G) for the preceding year. The certification required by this section shall be due May 15th of each year and shall be filed publicly with the Ethics Board.”
- ▶ ANC Commissioners are required to file a Public Financial Disclosure Certification with BEGA.
 - In the previous year, ANC Commissioners were required to file a Confidential Financial Disclosure Statement.

What Must Be Reported

- ▶ For both Public and Confidential Financial Disclosure Statements, the following must be disclosed:
 - Any business entity in which the filer, filer's spouse, or dependent children has:
 - A beneficial interest exceeding \$1000 (aggregate) or producing an income of \$200 or more
 - Received honoraria or income in excess of \$200 from an entity that contracts with the District of Columbia
 - Served in a formal capacity (i.e. owner, director, partner, consultant, contractor, etc.)
 - An outstanding individual liability in excess of \$1000
 - Any real property in the District of Columbia– excluding personal residence– valued at \$1000 or more or producing \$200 of income
 - Any professional or occupational licenses issued by the District
 - All gifts received from a “prohibited source” valued at \$100 or more (aggregate)

What Must Be Reported– Cont.

- ▶ Each Public or Confidential FDS filer, and each ANC Commissioner, must certify that he/she has:
 - Filed and paid his/her 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.
 - Not received or been given anything of value based on any understanding that the public official's official actions/judgment/vote would be influenced. (if applicable)
- ▶ There will also be a text box at the end of the certification form for you to provide explanation if necessary.

Key Terms

- ▶ “Business” means any corporation, partnership, sole proprietorship, firm, nonprofit corporation, enterprise, franchise, association, organization, self-employed individual, holding company, joint stock, trust, and any legal entity through which business is conducted, whether for profit or not.

- ▶ “Domestic Partner” means a person with whom an individual maintains a committed relationship as defined in paragraph 1 of this section and who has registered under D.C. Official Code § 32–702(a). Each partner shall:
 - A. Be at least 18 years old and competent to contract
 - B. Be the sole domestic partner of the other person; and
 - C. Not be married

- ▶ “Honorarium” means payment of money or anything of value for an appearance, speech, or article.

Key Terms

- ▶ “Gift means a payment, subscription, advance, forbearance, rendering, or deposit of money, services, or anything of value, unless consideration of equal or greater value is received. The term “gift” shall 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. (D.C. Official Code § 1-1161.01(23)).
- ▶ “Prohibited Source” means anyone who is regulated by the District government, or anyone who does, or is seeking to do, business with the District government through a contract, grant, or other financial relations. (D.C. Official Code § 1-1161.01(46)).

FDS FORM- Question 1

- ▶ Please list each business, whether or not transacting any business with the District of Columbia government, in which you or your spouse, domestic partner, or dependent children have a beneficial interest, including, whether held in such person's own name, in trust, or in the name of a nominee, securities, stocks, stock options, bonds, or trusts, exceeding in the aggregate \$1,000, or that produced income of \$200. If none, state none.
- ▶ Entity _____
- ▶ Affiliation with Entity _____
- ▶ Start Date _____ End Date _____
- ▶ Amount

What does this mean?

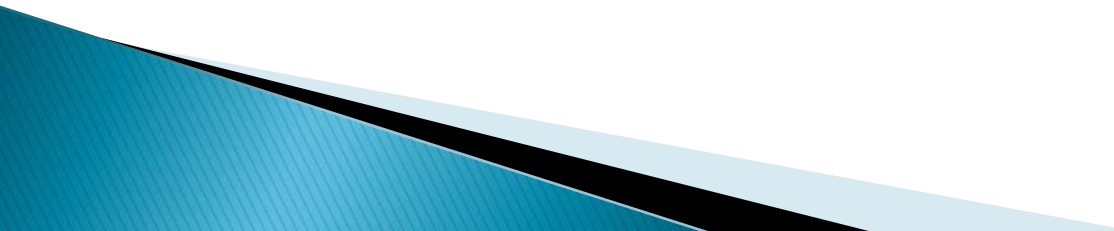
▶ The answer should include:

- Stocks
- Stock Options
- Securities
- Bonds
- Trusts

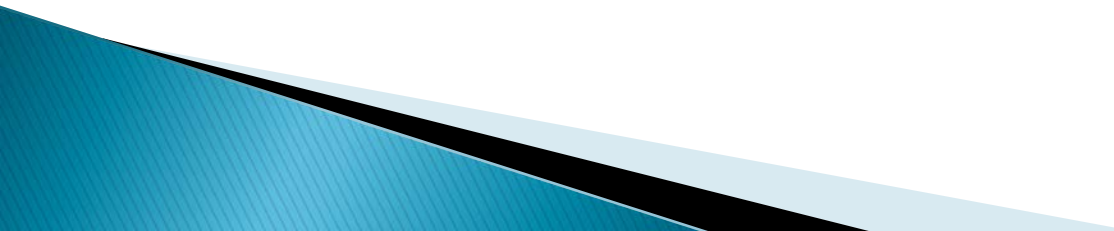
▶ But not:

- 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).

What does this mean?

- ▶ For example, if you have an investment, such as stocks or bonds, in a company, you must disclose it if the investment value is \$1,000 or more or the income generated is \$200 or more.
 - ▶ For example, if your spouse is the recipient of a trust, you must disclose it if it meets the same monetary guidelines.
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What does this mean?

- ▶ Mutual funds, for example, generally do not have to be disclosed because the individual investors do not have control over the specific investment choices.
 - ▶ If your retirement fund is more like a mutual fund, where you don't get to choose your investments, you don't need to disclose it. Whereas, if your retirement fund is more like an individual investment where you choose the specific investment, you need to disclose it.
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FDS FORM– Question 2

- ▶ Please list each business, whether or not transacting any business with the District of Columbia government, from which you or your spouse, domestic partner, or dependent children received honoraria for services rendered in excess of \$200 during a calendar year, as well as the identity of any client for whom you performed a service in connection with your outside income if the client has a contract with the government of the District of Columbia or the client stands to gain a direct financial benefit from legislation that was pending before the Council during the calendar year. Include a narrative description of the nature of the service performed in connection with the official's outside income. If none, state none.

▶ Entity _____

▶ Affiliation with Entity _____

▶ Start Date _____ End Date _____

▶ Narrative Description _____

▶ Amount _____

What does this mean?

- ▶ You must disclose honoraria 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.

FDS FORM- Question 3

- ▶ Please list each business, whether or not transacting any business with the District of Columbia government, from which you or your spouse, domestic partner, or dependent children earned income for services rendered in excess of \$200 during a calendar year, as well as the identity of any client for whom you performed a service in connection with your outside income if the client has a contract with the government of the District of Columbia or the client stands to gain a direct financial benefit from legislation that was pending before the Council during the calendar year. Include a narrative description of the nature of the service performed in connection with the official's outside income. If none, state none.

▶ Entity _____

▶ Affiliation with Entity _____

▶ Start Date _____ End Date _____

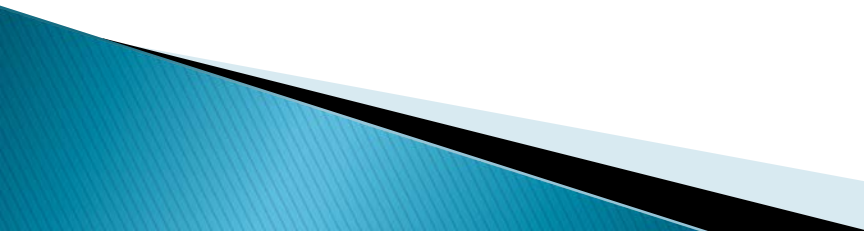
▶ Narrative Description _____

▶ Amount _____

What does this mean?

- ▶ 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

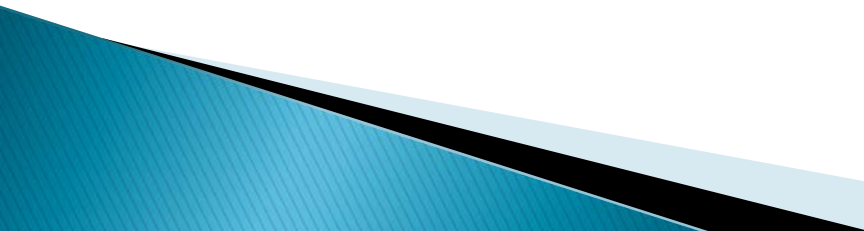
FDS Form-Question 4

- ▶ Please list each business, whether or not transacting any business with the District of Columbia government, in which you or your spouse, domestic partner, or dependent children served as an officer, director, partner, employee, consultant, contractor, volunteer, or in any other formal capacity or affiliation. If none, state none.
 - ▶ Entity _____
 - ▶ Affiliation with Entity _____
 - ▶ Start Date _____ End Date _____
- 


What does this mean?

- ▶ You must disclose:
 - If you have a second job and are an employee
 - If you have a second job and are a contractor or consultant
 - If you are an officer or director
 - If you are partner
 - If, however, you are a volunteer, you must disclose only if you have a fiduciary obligation or you have a management role
 - Ask yourself if you handle money for the organization and/or make monetary or policy decisions. If yes, you must disclose.

What does this mean?

- ▶ 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 8)
 - 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
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FDS FORM– Question 5

- ▶ Please list each business, whether or not transacting any business with the District of Columbia government, in which you or your spouse, domestic partner, or dependent children had an agreement or arrangement for a leave of absence, future employment, including date of agreement, or continuation of payment by a former employer. If none, state none.
 - ▶ Entity _____
 - ▶ Affiliation with Entity _____
 - ▶ Start Date _____ End Date _____
- 

What does this mean?

- ▶ 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 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 FORM– Question 6

- ▶ Please provide each outstanding individual liability in excess of \$1,000 for borrowing by you or your spouse, domestic partner, or dependent children. Do not include liabilities to a federal or state insured or regulated financial institution, including any revolving credit and installment accounts from any business enterprise regularly engaged in the business of providing revolving credit or installment accounts, or a member of your immediate family. If none, state none.

- ▶ Name of Creditor

- ▶ Type of Liability

- ▶ End Date

- ▶ Additional Information Including Amount



What does this mean?

- ▶ Question 5 concerns loans given by a person or entity that is a “prohibited source.”
- ▶ The filer does not need to include:
 - Home loans
 - Student loans
 - Any credit card debt
 - Most credit cards are issued by federal or state insured or regulated financial institutions. In addition, credit card companies are in the business of providing revolving credit or installment accounts

FDS FORM- Question 7

- ▶ Please provide all real property located in the District (and its actual location) with a fair market value in excess of \$1,000, or that produced income of \$200 in which you or your spouse, domestic partner, or dependent children, have an interest. Do not list **personal residences** occupied by you or your spouse, or domestic partner. **If none, state none.**

- ▶ Location of Real Property

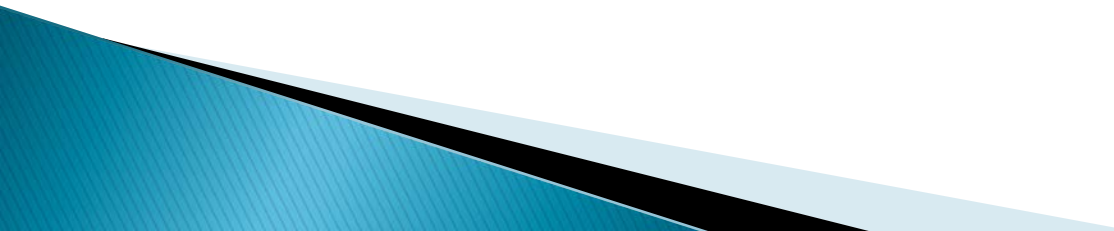
- ▶ Purchase Date

- ▶ Date Sold

- ▶ Amount



What does this mean?

- ▶ Question 7 concerns real property in the District of Columbia that has a fair market value of \$1,000 or produces a yearly income of \$200 or more.
 - ▶ The filer should not include his or her personal residence.
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FDS FORM– Question 8

- ▶ Please list all professional or occupational licenses issued by the District of Columbia government held by you or your spouse, domestic partner, or dependent children. If none, state none.

- ▶ License Issued

- ▶ Issuing Entity



What does this mean?

- ▶ You must list the following (for example):
 - D.C. law license
 - D.C. notary commission
 - D.C. electrical or plumbing license
 - D.C. Certified Public Accountant
 - D.C. medical license

FDS FORM– Question 9

- ▶ Please list all gifts you received from a prohibited source in an aggregate value of \$100 in a calendar year. If none, state none.

- ▶ Identity of Gift Giver

- If the gift giver is an individual please provide the identity of the entity associated with the individual gift giver

- ▶ Gift Giver's Entity

- ▶ Description of Gift

- ▶ -----

- ▶ Purpose of Gift

- ▶ Date of Gift _____ Amount or Estimated Value _____

What does this mean?

- ▶ 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.

What does this mean?

- ▶ 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.

When

- ▶ **April 15**
 - Agency directors notify designated agency employees who must file a Confidential Financial Disclosure Statement
 - Designated Employees have 5 days upon receipt of notification to appeal their designation to their agency head, after which the employee may appeal to the D.C. Ethics Counselor within 5 days of the agency head's redetermination denying the employee's request. (6B DCMR §§ 1810.7(b)&(c))

- ▶ **May 1**
 - Agency directors provide a list to BEGA and the D.C. Ethics Counselor of those who have been designated and notified

- ▶ **May 15**
 - Public Financial Disclosure Statements must be filed with BEGA

 - Public Financial Disclosure Certifications for ANC Commissioners must be filed with BEGA

When

▶ May 15

Confidential Financial Disclosure Statements for designated employees must be filed with agency heads or their designees

Deadline for Agency Head review of Confidential Financial Disclosure Statements and certification to BEGA and the D.C. Ethics Counselor

- *Agency Head must **immediately** report to BEGA any violations of the Code of Conduct*
- *Agency Head must **immediately** report to BEGA any designated employee who failed to file*

▶ June 15

Deadline for BEGA to publicly disclose in the D.C. Register the names of all public officials who have filed a Public Financial Disclosure Statement in the D.C. Register

How to File Publicly

- ▶ **Electronically at www.bega-dc.gov**
 - Follow the “File a Financial Disclosure Statement” button to the FDS home page
 - Click on “E-File” to get to the FDS Online Filing System
 - Click on “Online Filing” to access the login page

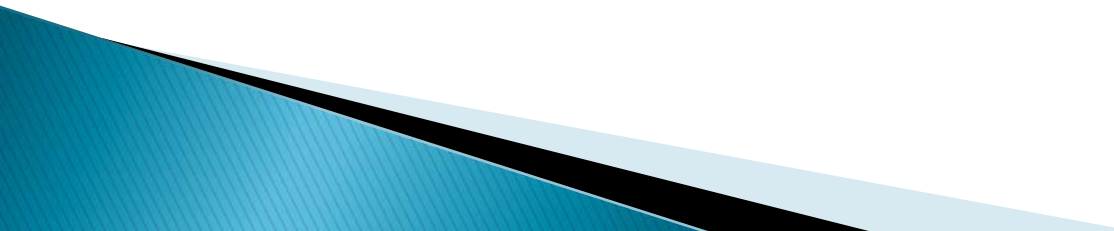
- ▶ **In late April, every Public filer will receive a letter from BEGA. The letter will:**
 - *Explain the process for filing*
 - *Include the necessary log-in information for those who wish to file electronically*

- ▶ **In person or via mail**
 - **The Board of Ethics and Government Accountability**
441 4th Street NW
Suite 830 South
Washington, D.C. 20001

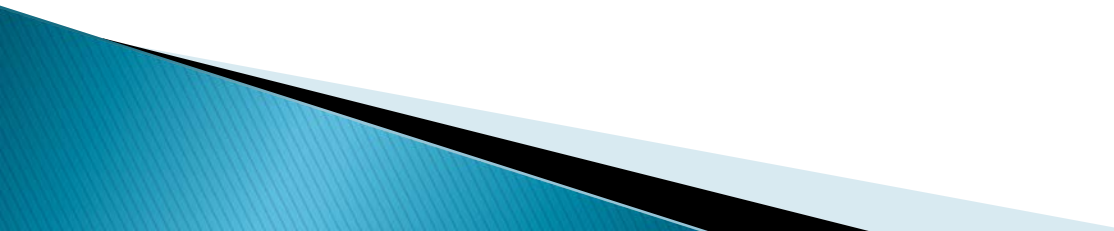
How to file Confidentially

- ▶ Download the Confidential Financial Disclosure Statement from:

www.bega-dc.gov/financial-disclosure-forms

- ▶ Fill out the form
 - ▶ Submit the form to your agency head or designee as instructed by your agency
- 

Prior Forms

- ▶ Question: If I previously filed Financial Disclosure forms with the Office of Campaign Finance (such as form 62 or form 35), do I still file with OCF, or now file with BEGA?
 - ▶ Answer: All Public Financial Disclosure Statements and ANC Financial Disclosure Certifications are now filed with BEGA.
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Questions about Financial Disclosure?

- Contact:
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