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## C. TITLE III.—FINANCIAL DISCLOSURE

Title III of the legislation is a comprehensive statute requiring full and complete public financial disclosure by high-level officials in all three branches of the Federal government. It does not in any way regulate permissible conduct or prohibit the holding of any financial interest.

The bill may be divided into three main portions. The first portion defines who must file financial disclosure statements, the second specifies what information must be provided, and the third provides regulations for the enforcement of this statute and for public access to the reports.

*Individuals required to file reports*

The individuals who must file an annual public financial disclosure report are the President; Vice President; Member of Congress; justices and judges of the United States and the District of Columbia Government; officers and employees of the executive branch classified at a grade GS-16 or greater; officers and employees of the legislative and judicial branches, compensated at a rate equal to or greater than the rate of pay for grade GS-16; and members of a uniformed service compensated at a rate equal to or greater than the rate of pay for grade O-7. In addition, candidates for federal elective office as well as Presidential appointees subject to the advice and consent of the Senate are required to file financial disclosure reports.

*Contents of reports*

The financial disclosure statements required under this statute are uniform for all individuals and must contain the following information:

(1) The amount and source of each item of earned income (except honoraria) received during the previous calendar year which exceeds \$100 in amount or value.

(2) The source, amount, and the date of each honoraria received during the preceding calendar year and an indication of which honoraria, if any, were donated to a charitable organization.

(3) The source and category of value of each item of unearned income received during the previous calendar year.

The categories of value for purposes of listing unearned income are as follows:

- (A) not more than \$1,000;
- (B) greater than \$1,000 but not more than \$2,500;
- (C) greater than \$2,500 but not more than \$5,000;
- (D) greater than \$5,000 but not more than \$15,000;
- (E) greater than \$15,000 but not more than \$50,000;
- (F) greater than \$50,000 but not more than \$100,000;
- (G) greater than \$100,000.

(4) The source, a brief description of, and the value of any gifts of transportation, lodging, food, or entertainment aggregating \$250 or more from any one source during the previous calendar year.

(5) The source, a brief description of, and the value of all other gifts aggregating \$100 or more from any one source during the previous calendar year unless, in an unusual case, a waiver is granted.

For purposes of reporting gifts, and gifts-in-kind, those having a value of less than \$35 need not be reported, nor is reporting required

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for gifts received from a relative or gifts of personal hospitality. In addition, in aggregating gifts, an individual may deduct from the amount of gifts received from a single source the value of gifts given by the reporting individual to that source.

(6) The identity and category of value of each item of real property held, directly or indirectly, during the preceding calendar year which has a fair market value in excess of \$1,000 as of the close of such calendar year.

(7) The identity and category of value of each item of personal property held, directly or indirectly, during such calendar year in a trade or business for investment or the production of income which has a fair market value in excess of \$1,000 as of the close of such calendar year.

(8) The identity and category of value of each personal liability owed, directly or indirectly (other than to a relative), which exceeds \$2,500 at any time during such calendar year;

(9) The identity, date, and category of value of any transaction, directly or indirectly, in securities or commodities futures during such calendar year exceeding \$1,000 (except for transactions between an individual, and his spouse, or dependents, or donations to charitable organizations).

(10) The identity, date, and category of value of any purchase, sale, or exchange, directly or indirectly, of any interest in real property if the value of the property involved exceeds \$1,000 as of the date of purchase, sale or exchange (except for transactions between an individual, and his spouse or dependents or donations to charitable organizations).

(11) The identity of and a description of the nature of any interest in an option, mineral lease, copyright, or patent right held during the previous calendar year.

(12) The identity of all positions held as an officer, director, trustee, partner, proprietor, agent, employee, representative, or consultant of any private or non-Federal government organization, other than positions held in religious, social, fraternal or political entities.

(13) A description of the parties to, and the terms of any contract or agreement between the reporting individual and any person regarding the individual's employment after he leaves government service, including a description of any agreement under which an individual is taking a leave of absence to work for the Federal government, or any agreement providing for the continuation of payments or benefits from a prior employer other than the United States Government.

Government officials required to file a report under this statute must also include in their reports the identity of any prior non-federal government employer by whom they were paid over \$5,000 in any of the two years preceding the reporting year and must describe the nature of such employment and position held.

With respect to reporting assets, liabilities and transactions under items (6) through (10) above, the exact amount or fair market value of each item need not be reported. It is sufficient to report which of the following categories of value each is within:

- (1) not more than \$5,000;
- (2) greater than \$5,000 but not more than \$15,000;
- (3) greater than \$15,000 but not more than \$50,000;
- (4) greater than \$50,000 but not more than \$100,000;

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- (5) greater than \$100,000 but not more than \$250,000;
- (6) greater than \$250,000, but not more than \$500,000;
- (7) greater than \$500,000 but not more than \$1,000,000;
- (8) greater than \$1,000,000 but not more than \$2,000,000;
- (9) greater than \$2,000,000 but not more than \$5,000,000; or
- (10) greater than \$5,000,000.

Under this statute an individual will be required to report the financial interests of a spouse and dependents, with the exception that exact amounts of income earned by a spouse or dependent need not be specified. The requirement to report the financial assets, liabilities and transactions of a spouse and dependent differs substantially from the provision previously adopted by the Senate in the Code of Official Conduct. Under the Code of Official Conduct, the Senate requires the reporting of only those interests of a spouse which are within the constructive control of the reporting individual.

*Filing of reports*

This statute creates the following supervising ethics offices which are responsible for monitoring compliance with this statute;

The office of Government Ethics for most members of the Executive Branch;

The President for Civil Service Commissioners and the Director of the Office of Government Ethics;

A committee designated by the House of Representatives for Members, officers and employees of the House of Representatives and officers and employees of the Architect of the Capitol, the Botanic Gardens, the Government Printing Office, and the Library of Congress;

A committee designated by the Senate for Members, officers, and employees of the Senate and officers and employees of the General Accounting Office, the Cost Accounting Standards Board, Office of Technology Assessment and the Office of the Attending Physician;

A committee designated by the Judicial Conference of the United States for justices, judges, officers and employees of the judiciary and judges of the District of Columbia.

Government officials required to file financial disclosure statements under this legislation must report all items, except income, within thirty days after assuming office and file a full report on or before May 15 of each year thereafter. A presidential nominee, subject to confirmation by the Senate, must file a financial disclosure report within five days of the time his nomination is transmitted by the President. A candidate for Federal office must file within 30 days after he becomes a candidate or by May 15, whichever is later.

Financial disclosure reports must be filed with the following offices:

Officials of executive agencies, with their agency;

The President, Vice President, Executive Schedule officials and executive branch officials who are not part of an agency must file with the Office of Government Ethics;

The Director of the Office of Government Ethics and Civil Service Commissioners, with the President and the Office of Government Ethics;

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Officials of the legislative branch whose supervising ethics office is a committee of the Senate, with the Secretary of the Senate;

Officials of the legislative branch whose supervising ethics office is a committee of the House of Representatives, with the Clerk of the House;

Members, officers and employees of the Judiciary with their supervising ethics office;

Candidates, with the supervising ethics office for the position for which he is a candidate; and

Nominees, with the supervising ethics office for the position for which he is nominated and with the committee considering his nomination.

In addition, a Member of Congress is required to file a copy of his disclosure report, as a public document, with the Secretary of State or equivalent officer in the state which he represents. Justices and judges must file a copy of their disclosure report with the clerk of the court on which they sit.

The President is authorized to exempt undercover agents dealing with intelligence activities from filing public financial reports, but those individuals must still file a financial disclosure form with the head of their agency.

Extensions of time up to ninety days may be granted for the filing of financial disclosure reports. However, in the case of Presidential nominees, these statements must be filed prior to confirmation.

*Failure to file reports or falsifying reports*

Criminal penalties are established for knowing and willful falsification of any information in a report or omission of information from a report. Civil penalties are established for failure to file a report or omission of information from the report or inaccurate reporting of information in the report. The supervising ethics office is required to refer to the Attorney General the name of any individual it has reasonable cause to believe has violated the provisions of this statute. In the case of the President, Vice President, or any justice or judge of the United States, the supervising ethics office must refer this matter to the Committee on the Judiciary of the House of Representatives.

Each report filed with the legislative or judicial branch is required to be made available to the public within 15 days after receipt. Reports filed with the executive agencies must be reviewed for compliance with applicable laws and regulations and made available to the public within 45 days. The name of the reviewing official must be noted on the public report, his finding as to whether any conflict exists, and a description of the action taken to correct the conflict.

A person receiving or requesting copies of financial disclosure reports will be required to furnish his name and address, the name of the person or organization on whose behalf he is requesting a report, and to pay a reasonable fee to cover the costs of reproducing the document, unless this fee is waived. A civil penalty, not to exceed \$5,000, may be assessed against any person who obtains or inspects a report for an unlawful or commercial purpose, for use in establishing a credit rating, or for use in a solicitation.

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*Audits*

Each supervising ethics office must conduct random audits of a sufficient number of reports filed in order to ensure the accuracy and completeness of the information filed in the reports. In any event, the Comptroller General must audit at least one report of each Member of Congress every six years and the Office of Government Ethics must audit a report filed by the President, Vice President, and Civil Service Commissioners, at least once during a term of office, and the report of the Director of the Office of Government Ethics at least once every four years.

## D. TITLE IV.—OFFICE OF GOVERNMENT ETHICS

## ESTABLISHMENT OF THE OFFICE OF GOVERNMENT ETHICS

Title IV of this statute creates an Office of Government Ethics within the Civil Service Commission. This Office is to be headed by a Director, appointed by the President, with the advice and consent of the Senate. The Director of the Office of Government Ethics will have a primary responsibility for implementing the financial disclosure provisions of this legislation and for coordinating policies and monitoring enforcement of standards of conduct laws, rules, and regulations for the executive branch.

*Authority and functions*

In performing his responsibilities under this statute, the Director of the Office of Government Ethics is subject to the general supervision of the Civil Service Commission. His responsibilities include the following:

- (1) developing and recommending to the Commission, in consultation with the Attorney General, rules and regulations, to be promulgated by the Commission or the President, pertaining to conflicts of interest and ethics, including regulations for the filing, review, and public availability of financial disclosure statements required under Title III;
- (2) developing and recommending to the Commission, in consultation with the Attorney General, rules and regulations pertaining to the identification and resolution of conflicts of interest;
- (3) monitoring and investigating compliance with the public financial disclosure requirements by executive branch officials required to file and executive agency officials responsible for receiving, reviewing, and making such statements available;
- (4) establishing a system whereby each financial disclosure statement filed, whether public or confidential, is promptly reviewed, is signed and dated by the reviewing official, and that a notation is made indicating whether or not a conflict of interest exists and what corrective action was taken;
- (5) conducting random audits of financial disclosure reports filed with the executive branch to determine the completeness and accuracy of such reports;
- (6) conducting a random review of at least 5 percent of the statements filed with the executive branch to determine whether any conflict of interest or ethical problem exists;

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