

TEMPLATE: SAMPLE LETTER OF WARNING

Dear Filer:

1. Our office reviewed your 20____ Annual Confidential Financial Disclosure Report (OGE Form 450) covering your financial interests for fiscal year 20____. You disclosed financial interests, including spousal employment, in DoD-prohibited sources (e.g., L3 Communications and Proctor and Gamble, Inc.). These interests are in companies that do business with DoD or are likely to do business with DoD. To help you avoid potential conflicts of interest with respect to your financial interests, we are providing you with this required annual GUIDANCE/ REMINDER concerning the ethical rules pertaining to this interest.

2. **RULE:** A criminal statute, 18 U.S.C. 208, prohibits you from personal and substantial participation in a Government assignment or project where you could directly and predictably affect your financial interests, or those imputed to you, unless you first obtain a written waiver or qualify for a regulatory exemption. The interests of the following persons are imputed to you: your spouse and minor children; any general partners; any organization in which you serve as an officer, director, trustee, general partner or employee; and any person or organization with which you are negotiating or have an arrangement concerning prospective employment.

3. **EXEMPTIONS: Ownership of Securities -** Normally, you must disqualify yourself from working on any project or assignment that is likely to affect your financial interests. However, the law recognizes exemptions for investment interests which may be too small or indirect to create an actual conflict of interest. They are:

a. You may participate in a particular matter where the aggregate of your interests (including those imputed to you) do not exceed \$15,000 in all entities involved in the matter, where the interests are in publically traded, long-term Federal or municipal securities. E.g., If you were responsible for awarding a contract where company A and B were parties. If your interest in each company was \$8,000, the total would be more than \$15,000 and you would not meet this exception.

b. You may participation in a particular matter of general applicability – which may affect a particular class of companies--if you own no more than \$25,000.00 of securities in a company that is part of the class affected by the matter.

c. You may participate in a particular matter that affects holdings of in a sector mutual fund where the aggregate value of interests in any sector fund or funds does not exceed 50,000 (in total, aggregating imputed interests).

4. Since your spouse's employment could be a conflicting financial interest, you must ensure that you do not work on a government assignment, project, or contract that has a direct and predictable effect on whether your spouse will retain his job, maintain the level of his salary, or earn a bonus or commission, or on whether the company will undergo any reorganization that would affect your spouse's interests. If your actions will not have a direct and predictable effect on your spouse's employment and (a) your spouse is a salaried employee of the company working in a division that has no involvement in any of the assignments, projects, or contracts with DoD and (b) your spouse does not participate in any bonus or benefit plans tied to the profitability of the company nor own stock in the company, his employment would not be a conflicting financial interest requiring your disqualification.

5. ANALYSIS: With your supervisor's certification, it does not appear that your duties are likely to involve or create conflicts with your above-identified interests. Remember, however, that you are responsible for complying with these rules, e.g., disqualifying yourself should you be assigned something related to those interests, and/or monitoring the value of your holdings (including any newly acquired interests) to ensure they do not exceed the stated exemption thresholds.

6. You also reported outside position(s) with [include name]. As you know, the ethics rules and conflict of interest statutes prohibit certain activities. The following is a reminder of the general rules regarding activities with entities outside of the Federal government (even if unpaid):

a. You may not participate personally and substantially in a particular DoD matter that will directly affect the financial interests of the outside entity (including their clients). 18 U.S.C. § 208; 5 C.F.R. § 2635.502.

b. You may not use your public office (authority or title) for the private gain of the outside entity. 5 C.F.R. § 2635.702.

c. You may not, with or without compensation, represent the outside entity before any Federal agency or US Courts, where the US is a party or has a substantial interest. 18 U.S.C. §§ 203 and 205.

d. You may not make unauthorized use of official time or Government property for your activities with the outside entity. 5 C.F.R. §§ 2635.704 and 705.

e. You may not give the appearance that DoD sanctions or endorses the outside entity or your activities with the outside entity. 5 C.F.R. § 2635.702(b) and (c).

f. You may not use or improperly disclosure non-public information, including sensitive, classified, or otherwise protected information acquired as part of your official duties and which is not generally available to the public. 18 U.S.C. § 1905; 5 C.F.R. § 2635.703.

7. If you find a conflict is about to arise between your duties and financial holdings, you must disqualify yourself in writing from participating in the matter (Joint Ethics Regulation, DoD 5500.07-R). The disqualification letter must be signed by and filed with your supervisor, and sent to our office. If you need a sample of a disqualification letter or simply wish to ask a question about financial conflicts of interest, please call us at (____) ____-____.

Your supervisor is copied above to aid you in avoiding any conflict of interest. Thank you for your prompt attention.