

U.S. OFFICE OF GOVERNMENT ETHICS

Model Qualified Blind Trust Provisions

The model qualified blind trust agreement contained in this memorandum is made available by the U.S. Office of Government Ethics to attorneys for their use in drafting proposed trust agreements to be submitted for certification pursuant to 5 U.S.C. § 13104(f)(3) and subpart D of 5 C.F.R. Part 2634. Under the statutory scheme, a trust agreement is not permitted to be recognized as creating an efficacious blind trust arrangement for any purpose under Federal law unless it had been certified by the U.S. Office of Government Ethics prior to its execution. Proposed trust drafts submitted to the U.S. Office of Government Ethics for consideration must adhere to the language of the model except to the extent, as agreed to by the U.S. Office of Government Ethics, that variations are required by the unusual circumstances of a particular case. The fiduciaries' certificates of independence must be executed in the exact form indicated.

It is strongly recommended in any case in which the use of a blind trust is contemplated that the U.S. Office of Government Ethics be consulted as early as possible. Prospective trustees or their representatives should schedule an appointment with the staff of the U.S. Office of Government Ethics for an orientation to the specialized procedures and requirements which have been established by law with respect to blind trust administration prior to the certification of the trust. As a condition of approval by the U.S. Office of Government Ethics, prospective trustees must exhibit a familiarity with and commitment to the specialized nature of blind trust administration.

For further information, contact the U.S. Office of Government Ethics directly: telephone 202-482-9300, email ContactOGE@oge.gov.

TRUST AGREEMENT

THIS TRUST AGREEMENT is made and entered into this _____ day of _____, _____, between _____, whose mailing address is _____, hereinafter called the Settlor, and _____ [financial institution], whose business address is _____, hereinafter called the Trustee.

WITNESSETH

SETTLOR has been appointed by the _____ to the position of _____ of the _____ [department or agency], with respect to which appointment the _____ has given its advice and consent. To avoid any conflict of interest, or appearance of any such conflict, which may arise from his duties and powers in such office and any other office to which he may subsequently be appointed to the extent provided for by 5 U.S.C. § 13104(f)(4)(A), Settlor hereby creates a trust which shall become effective on the date this agreement bears.

The Trustee is an eligible entity, as specified in paragraph (a) of 5 C.F.R. § 2634.405, that meets the requirements of paragraph (c) of that section. The existence of any other banking or client relationship between any interested party and the Trustee is disclosed in annexed Schedule A, and no other such relationship shall be instituted without the prior written approval of the Director of the U.S. Office of Government Ethics.

Settlor, therefore, hereby delivers to the Trustee, and the Trustee hereby acknowledges receipt of, the property listed in annexed Schedule B, subject to the provisions of this Trust and Chapter 131, title 5 of the United States Code, and regulations promulgated thereunder, and other applicable Federal laws, Executive orders, and regulations.

The primary purpose of this Trust is to confer on the Trustee the sole responsibility to administer the trust and to manage trust assets without the participation by, or the knowledge of, any interested party or any representative of an interested party. This includes the duty to decide when and to what extent the original assets are to be sold or disposed of and in what investments the proceeds of sale are to be reinvested. Accordingly, the Settlor and the Trustee agree as follows:

FIRST: (A) This Trust shall terminate upon the first to occur of the following –

(1) Settlor's ceasing for any reason to serve as _____ and in any other position to which he may have been subsequently appointed in the Federal Government and Settlor thereafter giving Trustee written notice directing that this Trust be terminated; or (2) Settlor's death or incompetence. The period between the date of this agreement and the termination of the Trust shall be called the "Trust Term".

(B) Notwithstanding Paragraph (A) of this Article FIRST, this Trust agreement may in addition be terminated through revocation. However, within thirty days of dissolution of the trust, the interested party shall file a report of the dissolution and a list of the assets of the trust at the time of dissolution, categorized as to value in accordance with 5 C.F.R. § 2634.301(d), with the Director of the U.S. Office of Government Ethics.

(C) The Trustee and the interested parties may amend the terms of this trust agreement only with the prior written approval of the Director of the U.S. Office of Government Ethics and upon a showing of necessity and appropriateness.

SECOND: The Trustee in the exercise of its authority and discretion to manage and control the assets of this Trust shall not consult or notify any interested party or any representative of an interested party.

THIRD: (A) None of the assets initially placed in Trust hereunder, as listed in annexed Schedule B, is prohibited as a holding by any interested party by Chapter 131, title 5 of the

United States Code and regulations promulgated thereunder, and other applicable Federal laws, Executive orders, and regulations.

(B) Each asset listed in annexed Schedule B is free of any restriction with respect to its transfer or sale, except as fully described in such Schedule B.

(C) During the Trust Term, the interested parties shall not pledge, mortgage, or otherwise encumber their interests in the property held in trust hereunder.

FOURTH: The Trustee shall not knowingly and willfully, or negligently, disclose to the public or to any interested party or any representative of an interested party any information as to the acquisition, retention, or disposition of any particular securities or other Trust property; except that, the Trustee shall promptly notify the Settlor and the Director of the U.S. Office of Government Ethics when the holdings of any particular asset transferred to the Trust by any interested party have been completely disposed of or when the value of that asset becomes less than \$1,000.

FIFTH: The income tax return of the Trust shall be prepared by the Trustee or his delegate, and such return and any information relating thereto (other than the Trust income summarized in appropriate categories necessary to complete an interested party's tax return), shall not be disclosed publicly or to any interested party or any representative of an interested party. To effectuate the provisions of this Article FIFTH, the Trustee shall use its best efforts to provide the interested party, promptly after the close of each taxable year of the Trust during the Trust Term, with that information concerning the Trust, including information on income, expenses, capital gains and capital losses, which is necessary for the interested party to prepare and file tax returns required by the laws of the United States and the laws of any State, district or political subdivision; provided however, that in no event shall the Trustee disclose publicly or to any interested party or any representative of an interested party any information whatsoever which might identify the securities or other property which comprise the assets of the Trust or identify the securities or other property which have been sold from the assets of the Trust.

SIXTH: An interested party and any representative of an interested party shall not receive any report on the holdings and sources of income of the Trust; except that the Trustee shall –

(A) Make quarterly reports of the aggregate market value of the assets representing such interested party's interest in the Trust,

(B) Report the net income or loss of the Trust and make other reports necessary to enable the interested party to complete an individual tax return required by law (in accordance with Article FIFTH of this Trust), and

(C) Provide an annual report for purposes of 5 U.S.C. § 13104(a)(1) of the aggregate amount of the Trust's income attributable to the beneficial interest in the Trust of such interested party, categorized in accordance with the provisions of such section.

A copy of each written communication under this Article SIXTH shall be filed by the Trustee with the Director, U.S. Office of Government Ethics, within five days of the date of the communication.

SEVENTH: There shall be no direct or indirect communication between an interested party or any representative of an interested party and the Trustee with respect to the Trust unless the communication is in writing and has the prior written approval of the Director, U.S. Office of Government Ethics, and unless it relates only –

(A) To a request for a distribution of cash or other unspecified assets of the trust,

(B) To the general financial interest and needs of the interested party (including, but not limited to, a preference for maximizing income or long-term capital gain),

(C) To the notification of the Trustee of a law, Executive order, or regulation subsequently applicable to the Settlor that prohibits the interested party from holding an asset, which notification directs that the asset not be held by the Trust, or

(D) To directions to the Trustee to sell all of an asset initially placed in the Trust by an interested party that in the determination of the Settlor creates a conflict of interest or the appearance thereof due to the subsequent assumption of duties by the Settlor (but any such direction is not required).

A copy of each written communication under this Article SEVENTH shall be filed by the person initiating the communication with the Director, U.S. Office of Government Ethics, within five days of the date of the communication.

EIGHTH: The interested parties and any representative of an interested party shall not take any action to obtain, and shall take reasonable action to avoid receiving, information with respect to the holdings of, and the sources of income of, the Trust, including obtaining a copy of any Trust tax return filed by the Trustee or any information relating thereto, except for the reports and information specified in Article SIXTH of this Trust.

NINTH: The Trustee shall file with the Director, U.S. Office of Government Ethics, by the May 15th after any calendar year during which the Trust was in existence a properly executed Certificate of Compliance in the form prescribed by the U.S. Office of Government Ethics. In addition, the Trustee shall maintain and make available for inspection by the U.S. Office of Government Ethics, as it may from time to time direct, the Trust's books of account and other records and copies of the Trust's tax returns for each taxable year of the Trust.

TENTH: The Trustee or any other designated fiduciaries shall not knowingly and willfully, or negligently –

(A) Disclose any information to any interested party or any representative of an interested party with respect to this Trust that may not be disclosed pursuant to any provision or requirement of Subchapter I of Chapter 131, title 5 of the United States Code (and the regulations thereunder) or this Trust;

(B) Acquire any holding:

(1) directly from an interested party or any representative of an interested party without the prior written approval of the Director of the U.S. Office of Government Ethics, or

(2) the ownership of which is prohibited by, or not in accordance with, Subchapter I of Chapter 131, title 5 of the United States Code (and the regulations thereunder), the terms of this Trust, or other applicable statutes and regulations;

(C) Solicit advice from any interested party or any representative of an interested party with respect to this Trust, which solicitation is prohibited by any provision or requirement of Subchapter I of Chapter 131, title 5 of the United States Code (and the regulations thereunder) or this Trust; or

(D) Fail to file any document required by Subchapter I of Chapter 131, title 5 of the United States Code (and the regulations thereunder) or this Trust.

ELEVENTH: The Settlor shall not knowingly and willfully, or negligently –

(A) Solicit or receive any information with respect to this Trust that may not be disclosed pursuant to any provision or requirement of Subchapter I of Chapter 131, title 5 of the United States Code (and the regulations thereunder) or this Trust, or

(B) Fail to file any document required by Subchapter I of Chapter 131, title 5 of the United States Code (and the regulations thereunder).

TWELFTH [Optional provision]: Subject to such amounts as the Trustee may from time to time reserve for the payment of such income taxes as may be due and payable by the Trust, and for payment of expenses and compensation as provided for in this Trust, during the Trust Term the Trustee shall pay to the Settlor \$_____ at the beginning of each month.

THIRTEENTH: In addition to the rights, duties, and powers conferred upon the Trustee by law, the Trustee shall have the following powers, rights, and discretion with respect to any Trust property held by it:

(A) To sell, exchange, or otherwise dispose of the property in such manner and upon such terms as the Trustee in its sole discretion shall deem appropriate;

(B) Except as limited by specific enumeration in this Trust agreement, to invest and reinvest the principal and any undistributed income, in property of any kind;

(C) Except as limited by specific enumeration in this Trust agreement, to participate in any reorganization, consolidation, merger, or dissolution of any corporation having stocks, bonds or other securities that may be held at any time, to receive and hold any property that may be allocated or distributed to it by reason of participation in any such reorganization, consolidation, merger, or dissolution;

(D) To exercise all conversion, subscription, voting, and other rights of whatsoever nature pertaining to any such property and to grant proxies, discretionary, or otherwise, with respect thereto;

(E) To elect, appoint, and remove directors of any corporation, the stock of which shall constitute Trust property, and to act through its nominee as a director or officer of any such corporation;

(F) Except as limited by specific enumeration in this Trust agreement, to manage, control, operate, convert, reconvert, invest, reinvest, sell, exchange, lease, mortgage, grant a security interest in, pledge, pool, or otherwise encumber and deal with the property of this Trust, for Trust purposes and in behalf of the Trust to the same extent and with the same powers that any individual would have with respect to his own property and funds;

(G) Except as limited by specific enumeration in this Trust agreement, to borrow money from any person or corporation (including the Trustee hereunder) and for the purpose of securing the payment thereof, to pledge, mortgage, or otherwise encumber any and all such property for Trust purposes upon such terms, covenants, and conditions as it may deem proper and also to extend the time of payment of any loans or encumbrances which at any time may be encumbrances on any such property irrespective of by whom the same were made or where the obligations may or should ultimately be borne on such terms, covenants, and conditions as it may deem proper;

(H) To register any property belonging to the Trust in the name of its nominee, or to hold the same unregistered, or in such form that title shall pass by delivery;

(I) To abandon, settle, compromise, extend, renew, modify, adjust, or submit to arbitration in whole or in part and without the order or decree of any court any and all claims whether such claims shall increase or decrease the assets held under this Trust agreement;

(J) To determine whether or to what extent receipts should be deemed income or principal, whether or to what extent expenditures should be charged against principal or income, and what other adjustments should be made between principal and income, provided that such adjustments shall not conflict with well-settled rules for the determination of principal and income adjustments, or the Uniform Principal and Income Act, if in effect in the State of _____;

(K) To determine whether or not to amortize bonds purchased at a premium;

(L) Except to the extent otherwise expressly provided in this Trust agreement, to make distributions in kind or in cash or partly in each and for such purposes to fix, insofar as legally permissible, the value of any property;

1
2 (M) To pay such persons employed by the Trustee to assist it in the
3 administration of the Trust, including investment counsel, accountants, and those engaged for
4 assistance in preparation of tax returns, such sums as the Trustee deems to be reasonable
5 compensation for the services rendered by such persons. Such persons may rely upon and
6 execute the written instructions of the Trustee, and shall not be obliged to inquire into the
7 propriety thereof;

8 (N) No person may be employed or consulted by the Trustee to assist it in any
9 capacity in the administration of the Trust or the management and control of Trust assets,
10 including investment counsel, investment advisers, accountants, and those engaged for assistance
11 in preparation of tax returns, unless the following four conditions are met –

12
13 (1) when an interested party or any representative of an interested party learns
14 about such employment or consultation, the person must sign the Trust instrument as a party,
15 subject to the prior approval of the Director of the U.S. Office of Government Ethics,

16
17 (2) under all the facts and circumstances, the person is determined pursuant to the
18 requirements for eligible entities under 5 C.F.R. § 2634.405(c) to be independent of any
19 interested party with respect to the trust arrangement,

20
21 (3) the person is instructed by the Trustee or other designated fiduciary to make
22 no disclosure publicly or to any interested party or any representative of an interested party that
23 might specifically identify current Trust assets or those assets which have been sold or disposed
24 of from Trust holdings, and

25
26 (4) the person is instructed by the Trustee or other designated fiduciary to have
27 no direct communication with any interested party or any representative of an interested party,
28 and that any indirect communication with an interested party or any representative of an
29 interested party shall be made only through the Trustee pursuant to Article SEVENTH of this
30 Trust;

(O) Except as specifically limited in this Trust agreement, to do all such acts, take all such proceedings, and exercise all such rights and privileges, although not otherwise specifically mentioned in this Article THIRTEENTH, with relation to any such property, as if the Trustee were the absolute owner thereof, and in connection therewith to make, execute, and deliver any instruments and to enter into any covenants or agreements binding the Trust.

FOURTEENTH: Notwithstanding the provisions of Article THIRTEENTH of this Trust, the Trustee shall not acquire by purchase, grant, gift, exercise of option, or otherwise, without the prior written approval of the Director of the U.S. Office of Government Ethics, any securities, cash, or other property in addition to that listed in the annexed Schedule B, from any interested party or any representative of an interested party.

FIFTEENTH: The Trustee shall not at any time be held liable for any action taken or not taken or for any loss or depreciation of the value of any property held in the Trust whether due to an error of judgment or otherwise where the Trustee has exercised good faith and ordinary diligence in the exercise of its duties such as would have been exercised by a prudent person.

SIXTEENTH: No Trustee hereunder shall be required, in any jurisdiction, to furnish any bond or other security, or to obtain the approval of any court before applying, distributing, selling, or otherwise dealing with property.

SEVENTEENTH: Except as provided in Article SIXTH of this Trust, the Trustee shall make no accounting to the Settlor until the date of termination of this Trust, and, at such time, it shall be required to make full and proper accounting and turn over to the Settlor all assets of the Trust then held by it the said Trustee.

EIGHTEENTH: The Trustee (and any substitute or successor) shall have the right, by a duly acknowledged instrument delivered to the Settlor to resign as Trustee in which event the Settlor shall designate and appoint a substitute or successor Trustee (subject to the prior written approval of the Director, U.S. Office of Government Ethics) in its place and stead, which shall

1

1 have all of the rights, powers, discretions, and duties conferred or imposed hereunder upon the
2 original Trustee.

3

4 NINETEENTH: Any amendment of the terms of this Trust Agreement, including the
5 appointment of a substitute or successor Trustee, shall require the prior written approval of the
6 Director of the U.S. Office of Government Ethics, upon a showing of necessity and
7 appropriateness. Any such substitute or successor Trustee shall have all of the rights, powers,
8 discretions, and duties conferred or imposed hereunder upon the original Trustee.

9

10 The term "interested party" as used in this Trust means the Settlor, the Settlor's spouse,
11 and any minor or dependent child.

1

1

2 The validity, construction, and administration of this Trust shall be governed by Chapter
3 131, title 5 of the United States Code (and regulations thereunder) and the laws of the State of
4 _____.

5

6 Dated this _____ day of _____, ____.

7

8

9

Settlor

10

11 NOTARIZATION

12 REQUIRED

13

14

15 The above Trust is accepted this _____ day of _____, ____.

16

17

18

Trustee

19

20

By:

21

(title)

22

23 NOTARIZATION

24 REQUIRED

Privacy Act Statement

The Ethics in Government Act of 1978 as amended and the regulations of the U.S. Office of Government Ethics (OGE) require the reporting of this information for the administration of qualified trusts. The consequences of failing to provide the requested information are as follows: for proposed qualified trusts, OGE may be unable to review or approve the trust; for existing qualified trusts, OGE may revoke the trust certification or trustee approval previously granted. The primary use of the information on the trust instrument, communication, or certification prepared based in part upon this model draft document is for review by Government officials of OGE and the agency of the Government employee for whom the trust is being established to determine compliance with applicable Federal laws and regulations as regards qualified trusts. Additional disclosures of the information may be made:

- 1) To disclose information furnished in accordance with sections 105 and 402(b)(1) of the Ethics in Government Act of 1978, codified at 5 U.S.C. 13107 and 13122(b)(1), and subject to the limitations contained therein, to any requesting person.
- 2) To disclose pertinent information to the appropriate Federal, State, or local agency responsible for investigating, prosecuting, enforcing, or implementing a statute, rule, regulation, or order where the disclosing agency becomes aware of an indication of a violation or potential violation of civil or criminal law or regulation.
- 3) To disclose information to any source when necessary to obtain information relevant to a conflict-of-interest investigation or determination.
- 4) To disclose information to the National Archives and Records Administration or the General Services Administration in records management inspections conducted under authority of 44 U.S.C. 2904 and 2906.
- 5) To disclose information to the Office of Management and Budget at any stage in the legislative coordination and clearance process in connection with private relief legislation as set forth in OMB Circular No. A-19.
- 6) To disclose information when the disclosing agency determines that the records are relevant and necessary to a proceeding before a court, grand jury, or administrative or adjudicative body; or in a proceeding before an administrative or adjudicative body when the adjudicator determines the records to be relevant to the proceeding.
- 7) To disclose the public financial disclosure report and any accompanying documents to reviewing officials in a new office, department or agency when an employee transfers or is detailed from a covered position in one office, department or agency to a covered position in another office, department or agency.
- 8) To disclose information to a Member of Congress or a congressional office in response to an inquiry made on behalf of, and at the request of, an individual who is the subject of the record.
- 9) To disclose the information to contractors, grantees, experts, consultants, detailees, and other non-Government employees performing or working on a contract, service, or other

1

1 assignment for the Federal Government, when necessary to accomplish an agency
2 function related to this system of records.

3 10) To disclose information to appropriate agencies, entities, and persons when: (1) the
4 agency maintaining the records suspects or has confirmed that there has been a breach of
5 the system of records; (2) the agency maintaining the records has determined that as a
6 result of the suspected or confirmed breach there is a risk of harm to individuals, the
7 agency (including its information systems, programs, and operations), the Federal
8 Government, or national security; and (3) the disclosure made to such agencies, entities,
9 and persons is reasonably necessary to assist in connection with the agency's efforts to
10 respond to the suspected or confirmed breach or to prevent, minimize, or remedy such
11 harm.

12 11) To disclose information to another Federal agency or Federal entity, when the agency
13 maintaining the record determines that information from this system of records is
14 reasonably necessary to assist the recipient agency or entity in (1) responding to a
15 suspected or confirmed breach or (2) preventing, minimizing, or remedying the risk of
16 harm to individuals, the recipient agency or entity (including its information systems,
17 programs, and operations), the Federal Government, or national security, resulting from a
18 suspected or confirmed breach.

19

20 For additional information please see the OGE/GOVT-1 Governmentwide Privacy Act
21 System of Records.