



United States
Office of Government Ethics
1201 New York Avenue, NW., Suite 500
Washington, DC 20005-3917

April 5, 2013

Honorable Harry Reid
Majority Leader
United States Senate
522 Hart Senate Office Bldg.
Washington, DC 20510

Dear Majority Leader Reid:

Last week, the National Academy of Public Administration (NAPA) submitted to the Congress and the President of the United States a report recommending indefinite suspension of a provision that would require online posting of the personal financial data of approximately 28,000 federal employees. The U.S. Office of Government Ethics (OGE) concurs in NAPA's recommendation to suspend indefinitely implementation of this requirement, which absent Congressional action will go into effect in part on April 15, 2013.

Last year, the Stop Trading on Congressional Knowledge Act (STOCK Act), Pub. L. No. 112-105, established significant new requirements for the federal legislative and executive branches. In the executive branch, the STOCK Act established requirements for disclosure of financial transactions more promptly than ever before; disclosure of employment negotiations with prospective employers and implementation of recusals during such negotiations; disclosure of the terms of mortgages on personal residences; development of new electronic filing systems for financial disclosure reports; restrictions on certain acquisitions through initial public offerings; and the posting of financial disclosure reports online in a database that would "allow the public to search, sort, and download data contained in the reports." These requirements are all under way with the exception of the online posting requirement.

Congress has acted three times to postpone most of the implementation of this online posting requirement. Congress also directed the U.S. Office of Personnel Management to contract with NAPA to study the impact of the online posting requirement. After conducting its study, including interviewing stakeholders and relevant experts, NAPA issued a detailed report on its findings on March 28, 2013. NAPA's report finds that the online posting requirement poses a risk that, "If the identities and sensitive personal information of employees serving across the nation and around the world are posted on the Internet, it could expose their families as well as intelligence, counterintelligence and national security missions to harm with no concomitant benefit to the public warranting such risks." In a foreword to that report, NAPA President and CEO Dan Blair summarizes the report's chief finding, as follows: "The Panel determined that the Act's online posting requirement does little to help detect conflicts of interest and insider trading, but that it can harm federal missions and individual employees. As a result, the Panel recommended that the online posting requirement be indefinitely suspended while

Honorable Harry Reid
Majority Leader
Page 2

continuing implementation of all other provisions of the STOCK Act.” NAPA’s finding is consistent with OGE’s extensive experience with both financial disclosure and conflicts of interest laws.

As the NAPA report concludes, the goals at the heart of the STOCK Act can be achieved without requiring online posting of all public financial disclosure reports in the executive branch. Under the Ethics in Government Act, anyone can submit requests for copies of public financial disclosure reports and can reasonably expect agency ethics officials to release those reports promptly. OGE also maintains an automated system for expedited release of the reports of Presidential nominees and appointees to Senate-confirmed positions, as well as the reports of candidates for the offices of the President and Vice President of the United States. Furthermore, effective mechanisms exist in the executive branch for intensive, multi-level review of public financial disclosure reports. When executive branch ethics officials identify potential conflicts of interest, they work closely with filers to require divestiture of potentially conflicting assets, ascertain the applicability of regulatory exemptions, implement recusals, or, in certain cases, obtain appropriate waivers.

NAPA’s proposal is better than a possible alternative of allowing the online posting requirement to go into effect but amending the STOCK Act to authorize federal agencies to redact discrete items in financial disclosure reports posted online, which could be cumbersome to administer and potentially costly. More importantly, NAPA’s report focuses on the cumulative effect of posting online extensive financial information about an individual. *See* NAPA Report at 53-56. Each piece of information about an individual that the government posts online contributes to the supply of readily available information about that individual on the Internet, and government ethics officials could find themselves at a loss to draw meaningful distinctions among the various disclosures in an individual’s financial disclosure report when deciding which information to redact and which information to release.

Thank you for considering this important issue. I look forward to continuing to work with Congress to ensure high ethical standards in the Executive Branch. Similar letters have been sent to the Minority Leader of the Senate and to the Speaker and the Minority Leader of the House of Representatives.

Sincerely,



Walter M. Shaub, Jr.
Director



United States
Office of Government Ethics
1201 New York Avenue, NW., Suite 500
Washington, DC 20005-3917

April 5, 2013

The Honorable Mitch McConnell
Minority Leader
United States Senate
S-230 Capitol Building
Washington, DC 20515

Dear Minority Leader McConnell:

Last week, the National Academy of Public Administration (NAPA) submitted to the Congress and the President of the United States a report recommending indefinite suspension of a provision that would require online posting of the personal financial data of approximately 28,000 federal employees. The U.S. Office of Government Ethics (OGE) concurs in NAPA's recommendation to suspend indefinitely implementation of this requirement, which absent Congressional action will go into effect in part on April 15, 2013.

Last year, the Stop Trading on Congressional Knowledge Act (STOCK Act), Pub. L. No. 112-105, established significant new requirements for the federal legislative and executive branches. In the executive branch, the STOCK Act established requirements for disclosure of financial transactions more promptly than ever before; disclosure of employment negotiations with prospective employers and implementation of recusals during such negotiations; disclosure of the terms of mortgages on personal residences; development of new electronic filing systems for financial disclosure reports; restrictions on certain acquisitions through initial public offerings; and the posting of financial disclosure reports online in a database that would "allow the public to search, sort, and download data contained in the reports." These requirements are all under way with the exception of the online posting requirement.

Congress has acted three times to postpone most of the implementation of this online posting requirement. Congress also directed the U.S. Office of Personnel Management to contract with NAPA to study the impact of the online posting requirement. After conducting its study, including interviewing stakeholders and relevant experts, NAPA issued a detailed report on its findings on March 28, 2013. NAPA's report finds that the online posting requirement poses a risk that, "If the identities and sensitive personal information of employees serving across the nation and around the world are posted on the Internet, it could expose their families as well as intelligence, counterintelligence and national security missions to harm with no concomitant benefit to the public warranting such risks." In a foreword to that report, NAPA President and CEO Dan Blair summarizes the report's chief finding, as follows: "The Panel determined that the Act's online posting requirement does little to help detect conflicts of interest and insider trading, but that it can harm federal missions and individual employees. As a result, the Panel recommended that the online posting requirement be indefinitely suspended while

Honorable Mitch McConnell
Minority Leader
Page 2

continuing implementation of all other provisions of the STOCK Act.” NAPA’s finding is consistent with OGE’s extensive experience with both financial disclosure and conflicts of interest laws.

As the NAPA report concludes, the goals at the heart of the STOCK Act can be achieved without requiring online posting of all public financial disclosure reports in the executive branch. Under the Ethics in Government Act, anyone can submit requests for copies of public financial disclosure reports and can reasonably expect agency ethics officials to release those reports promptly. OGE also maintains an automated system for expedited release of the reports of Presidential nominees and appointees to Senate-confirmed positions, as well as the reports of candidates for the offices of the President and Vice President of the United States. Furthermore, effective mechanisms exist in the executive branch for intensive, multi-level review of public financial disclosure reports. When executive branch ethics officials identify potential conflicts of interest, they work closely with filers to require divestiture of potentially conflicting assets, ascertain the applicability of regulatory exemptions, implement recusals, or, in certain cases, obtain appropriate waivers.

NAPA’s proposal is better than a possible alternative of allowing the online posting requirement to go into effect but amending the STOCK Act to authorize federal agencies to redact discrete items in financial disclosure reports posted online, which could be cumbersome to administer and potentially costly. More importantly, NAPA’s report focuses on the cumulative effect of posting online extensive financial information about an individual. *See* NAPA Report at 53-56. Each piece of information about an individual that the government posts online contributes to the supply of readily available information about that individual on the Internet, and government ethics officials could find themselves at a loss to draw meaningful distinctions among the various disclosures in an individual’s financial disclosure report when deciding which information to redact and which information to release.

Thank you for considering this important issue. I look forward to continuing to work with Congress to ensure high ethical standards in the Executive Branch. Similar letters have been sent to the Majority Leader of the Senate and to the Speaker and the Minority Leader of the House of Representatives.

Sincerely,

A handwritten signature in blue ink that reads "Walter M. Shaub, Jr." with a stylized flourish at the end.

Walter M. Shaub, Jr.
Director



United States
Office of Government Ethics
1201 New York Avenue, NW., Suite 500
Washington, DC 20005-3917

April 5, 2013

The Honorable John A. Boehner
Speaker
United States House of Representatives
H-232, The Capitol
Washington, D.C. 20515

Dear Mr. Speaker:

Last week, the National Academy of Public Administration (NAPA) submitted to the Congress and the President of the United States a report recommending indefinite suspension of a provision that would require online posting of the personal financial data of approximately 28,000 federal employees. The U.S. Office of Government Ethics (OGE) concurs in NAPA's recommendation to suspend indefinitely implementation of this requirement, which absent Congressional action will go into effect in part on April 15, 2013.

Last year, the Stop Trading on Congressional Knowledge Act (STOCK Act), Pub. L. No. 112-105, established significant new requirements for the federal legislative and executive branches. In the executive branch, the STOCK Act established requirements for disclosure of financial transactions more promptly than ever before; disclosure of employment negotiations with prospective employers and implementation of recusals during such negotiations; disclosure of the terms of mortgages on personal residences; development of new electronic filing systems for financial disclosure reports; restrictions on certain acquisitions through initial public offerings; and the posting of financial disclosure reports online in a database that would "allow the public to search, sort, and download data contained in the reports." These requirements are all under way with the exception of the online posting requirement.

Congress has acted three times to postpone most of the implementation of this online posting requirement. Congress also directed the U.S. Office of Personnel Management to contract with NAPA to study the impact of the online posting requirement. After conducting its study, including interviewing stakeholders and relevant experts, NAPA issued a detailed report on its findings on March 28, 2013. NAPA's report finds that the online posting requirement poses a risk that, "If the identities and sensitive personal information of employees serving across the nation and around the world are posted on the Internet, it could expose their families as well as intelligence, counterintelligence and national security missions to harm with no concomitant benefit to the public warranting such risks." In a foreword to that report, NAPA President and CEO Dan Blair summarizes the report's chief finding, as follows: "The Panel determined that the Act's online posting requirement does little to help detect conflicts of interest and insider trading, but that it can harm federal missions and individual employees. As a result, the Panel recommended that the online posting requirement be indefinitely suspended while

Honorable John A. Boehner
Speaker of the United States House of Representatives
Page 2

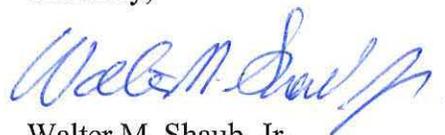
continuing implementation of all other provisions of the STOCK Act.” NAPA’s finding is consistent with OGE’s extensive experience with both financial disclosure and conflicts of interest laws.

As the NAPA report concludes, the goals at the heart of the STOCK Act can be achieved without requiring online posting of all public financial disclosure reports in the executive branch. Under the Ethics in Government Act, anyone can submit requests for copies of public financial disclosure reports and can reasonably expect agency ethics officials to release those reports promptly. OGE also maintains an automated system for expedited release of the reports of Presidential nominees and appointees to Senate-confirmed positions, as well as the reports of candidates for the offices of the President and Vice President of the United States. Furthermore, effective mechanisms exist in the executive branch for intensive, multi-level review of public financial disclosure reports. When executive branch ethics officials identify potential conflicts of interest, they work closely with filers to require divestiture of potentially conflicting assets, ascertain the applicability of regulatory exemptions, implement recusals, or, in certain cases, obtain appropriate waivers.

NAPA’s proposal is better than a possible alternative of allowing the online posting requirement to go into effect but amending the STOCK Act to authorize federal agencies to redact discrete items in financial disclosure reports posted online, which could be cumbersome to administer and potentially costly. More importantly, NAPA’s report focuses on the cumulative effect of posting online extensive financial information about an individual. *See* NAPA Report at 53-56. Each piece of information about an individual that the government posts online contributes to the supply of readily available information about that individual on the Internet, and government ethics officials could find themselves at a loss to draw meaningful distinctions among the various disclosures in an individual’s financial disclosure report when deciding which information to redact and which information to release.

Thank you for considering this important issue. I look forward to continuing to work with Congress to ensure high ethical standards in the Executive Branch. Similar letters have been sent to the Majority and Minority Leaders of the Senate and to the Minority Leader of the House of Representatives.

Sincerely,

A handwritten signature in blue ink, appearing to read "Walter M. Shaub, Jr.", written in a cursive style.

Walter M. Shaub, Jr.
Director



United States
Office of Government Ethics
1201 New York Avenue, NW., Suite 500
Washington, DC 20005-3917

April 5, 2013

The Honorable Nancy Pelosi
Minority Leader
United States House of Representatives
H-204, The Capitol
Washington, D.C. 20515

Dear Madam Leader:

Last week, the National Academy of Public Administration (NAPA) submitted to the Congress and the President of the United States a report recommending indefinite suspension of a provision that would require online posting of the personal financial data of approximately 28,000 federal employees. The U.S. Office of Government Ethics (OGE) concurs in NAPA's recommendation to suspend indefinitely implementation of this requirement, which absent Congressional action will go into effect in part on April 15, 2013.

Last year, the Stop Trading on Congressional Knowledge Act (STOCK Act), Pub. L. No. 112-105, established significant new requirements for the federal legislative and executive branches. In the executive branch, the STOCK Act established requirements for disclosure of financial transactions more promptly than ever before; disclosure of employment negotiations with prospective employers and implementation of recusals during such negotiations; disclosure of the terms of mortgages on personal residences; development of new electronic filing systems for financial disclosure reports; restrictions on certain acquisitions through initial public offerings; and the posting of financial disclosure reports online in a database that would "allow the public to search, sort, and download data contained in the reports." These requirements are all under way with the exception of the online posting requirement.

Congress has acted three times to postpone most of the implementation of this online posting requirement. Congress also directed the U.S. Office of Personnel Management to contract with NAPA to study the impact of the online posting requirement. After conducting its study, including interviewing stakeholders and relevant experts, NAPA issued a detailed report on its findings on March 28, 2013. NAPA's report finds that the online posting requirement poses a risk that, "If the identities and sensitive personal information of employees serving across the nation and around the world are posted on the Internet, it could expose their families as well as intelligence, counterintelligence and national security missions to harm with no concomitant benefit to the public warranting such risks." In a foreword to that report, NAPA President and CEO Dan Blair summarizes the report's chief finding, as follows: "The Panel determined that the Act's online posting requirement does little to help detect conflicts of interest and insider trading, but that it can harm federal missions and individual employees. As a result, the Panel recommended that the online posting requirement be indefinitely suspended while

Honorable Nancy Pelosi
Minority Leader
Page 2

continuing implementation of all other provisions of the STOCK Act.” NAPA’s finding is consistent with OGE’s extensive experience with both financial disclosure and conflicts of interest laws.

As the NAPA report concludes, the goals at the heart of the STOCK Act can be achieved without requiring online posting of all public financial disclosure reports in the executive branch. Under the Ethics in Government Act, anyone can submit requests for copies of public financial disclosure reports and can reasonably expect agency ethics officials to release those reports promptly. OGE also maintains an automated system for expedited release of the reports of Presidential nominees and appointees to Senate-confirmed positions, as well as the reports of candidates for the offices of the President and Vice President of the United States. Furthermore, effective mechanisms exist in the executive branch for intensive, multi-level review of public financial disclosure reports. When executive branch ethics officials identify potential conflicts of interest, they work closely with filers to require divestiture of potentially conflicting assets, ascertain the applicability of regulatory exemptions, implement recusals, or, in certain cases, obtain appropriate waivers.

NAPA’s proposal is better than a possible alternative of allowing the online posting requirement to go into effect but amending the STOCK Act to authorize federal agencies to redact discrete items in financial disclosure reports posted online, which could be cumbersome to administer and potentially costly. More importantly, NAPA’s report focuses on the cumulative effect of posting online extensive financial information about an individual. *See* NAPA Report at 53-56. Each piece of information about an individual that the government posts online contributes to the supply of readily available information about that individual on the Internet, and government ethics officials could find themselves at a loss to draw meaningful distinctions among the various disclosures in an individual’s financial disclosure report when deciding which information to redact and which information to release.

Thank you for considering this important issue. I look forward to continuing to work with Congress to ensure high ethical standards in the Executive Branch. Similar letters have been sent to the Majority and Minority Leaders of the Senate and to the Speaker of the House of Representatives.

Sincerely,

A handwritten signature in blue ink, appearing to read "Walter M. Shaub, Jr.", with a stylized flourish at the end.

Walter M. Shaub, Jr.
Director