



UNITED STATES MARINE CORPS
MARINE CORPS COMBAT DEVELOPMENT COMMAND
QUANTICO, VIRGINIA 22134-5001

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21 Sep 04

COMBAT DEVELOPMENT COMMAND BULLETIN 5500

From: Commanding General

To: Distribution List

Subj: CONFIDENTIAL FINANCIAL DISCLOSURE REPORT (OGE FORM 450)
AND ANNUAL ETHICS TRAINING

Ref: (a) DoDD 5500.7-R

Encl: (1) Determining Annual Confidential Financial Disclosure
Filers

(2) Sample OGE Form 450, Confidential Financial Disclosure
Report with Notes

(3) Common Errors in Preparation of the OGE Form 450

(4) Ethics Training Schedule

(5) Milestones for Filing OGE Form 450 and Completing
Annual Ethics Training

1. Purpose. Paragraph 7-300 of the reference requires that certain military and civilian personnel file an OGE Form 450, Confidential Financial Disclosure Report, and attend annual ethics training. This bulletin establishes instructions, procedures, and guidelines for filing the reports and attending annual ethics training for Marine Corps Combat Development Command and Marine Corps Base, Quantico personnel. Tenant activities that do not fall under Marine Corps Combat Development Command are excluded from these instructions and should check with their counsel or ethics offices for instructions on how to comply with financial disclosure reporting requirements. Ethics training is open to all personnel.

2. Background

a. The Financial Disclosure System prevents conflicts of interest under 18 U.S.C and appearances of conflicts under 5 CFR 2635.502. The process should focus on individuals in key positions with significant responsibilities affecting outside parties. The goal should be to identify those individuals who have the greatest risk for potential conflicts of interest.

b. The OGE Form 450 is the standardized form used by employees who are required to file a Confidential Financial Disclosure Report in the Executive Branch of the Federal Government.

c. The filer benefits from the system by reviewing their financial interests and recognizing potential conflicts of interest and the filer's supervisor benefits by being made aware of potential conflicts of interest.

3. Processing of the OGE Form 450

a. Who Must File. To determine who must file an OGE Form 450, see enclosure (1). Keep in mind that the employee's immediate supervisor has primary responsibility for determining whether the duties of the position require filing this report.

b. Report Period. The report should cover the period from 1 October 2003 through 30 September 2004, with information current as of 30 September 2004.

c. Filing Time

(1) New Entrant. Employees (both military and civilian) must file within 30 days of starting work in a covered position.

(2) Annual. Filed by 15 November 2004.

d. Completing the OGE Form 450. *FILERS MUST USE THE CURRENT EDITION OF THE FORM DATED 9/02. REPORTS SUBMITTED ON AN OUTDATED VERSION OF THE FORM WILL NOT BE ACCEPTED. FURTHER, PLEASE NOTE THAT THIS YEAR ALL FILERS MUST COMPLETE A FULL REPORT, USING THE OGE FORM 450. OGE OPTIONAL FORMS 450-A WILL NOT BE ACCEPTED.* An on-line form is available from the www.ethics.navy.mil website under "Quick Downloads." It's also available on the FormFlow server in the "MISC" folder. A completed sample OGE Form 450 with notes is at enclosure (2). A listing of common errors in preparation of the form is at enclosure (3).

e. Filing Procedures. The reporting individual submits the report to their supervisor. The supervisor forwards the report to the division's project action officer. The action officer submits completed reports to the Office of Counsel, Marine Corps Combat Development Command, attention to the local ethics counselor.

(1) Duties of the Supervisor. The supervisor reviews the report to determine that each item is completed and that there are no actual or apparent conflicts of interest with applicable laws or

regulations. Upon completion of the review, the supervisor signs and dates the report and forwards it to the division's action officer.

(2) Duties of the Action Officer. The action officer acts as the division liaison between the division and the Ethics Counselor. The action officer collects all forms ensuring that the headings are complete and forwards them as a group to the Ethics Counselor.

f. Privacy. Once an OGE Form 450 is filed with the agency, it is carefully safeguarded to protect the filer's privacy. The OGE Form 450 is a confidential report, protected under the Privacy Act. It may be used for the purposes stated in the instructions on the form. All filed reports are maintained in locked cabinets and passed between offices with the utmost care to ensure that unauthorized personnel do not have access to them.

4. Annual Ethics Training. Everyone who is required to file an OGE Form 450 is also required to attend one hour of annual ethics training. The briefing takes about an hour. Training will be held in the third-floor auditorium of the Marine Corps Combat Development Command Headquarters, 3300 Russell Road. See enclosure (4) for the schedule. The later briefings are usually crowded, therefore, filers should attend one of the first three briefings if possible.

5. Action

a. Division Directors. The division directors should appoint an action officer for this project and forward the name to Ms. Kay Lyon, Office of Counsel (C 050), Marine Corps Combat Development Command, via e-mail at kay.lyon@usmc.mil or call 703-784-2405, by 30 September 2004. Additionally, ensure the action officer's name is passed to division supervisors.

b. Supervisors. The supervisors should notify all identified employees (see paragraph 3a), informing them of their requirement to file an OGE Form 450 and attend one session of ethics training. Forward list of identified employees to division action officer.

c. Action Officers. The action officers should read enclosure (5) and forward list of division employees required to file OGE Form 450/attend ethics training to Ms. Kay Lyon by 4 October 2004. Additionally, action officers should:

(1) Provide each filer with a blank OGE Form 450, version dated 9/02, or provide information on obtaining the form (see paragraph 3d), and provide dates/times/location of ethics training.

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(2) Encourage employees to promptly submit their reports so that supervisors will have time to review the reports and request clarification if necessary.

(3) Ensure that all reports are submitted to the ethics counselor at the Office of Counsel, Marine Corps Combat Development Command no later than 15 November 2004 and that all filers have attended ethics training.



J. K. SPARKS, JR.
Chief of Staff

DISTRIBUTION: A

DETERMINING ANNUAL CONFIDENTIAL FINANCIAL DISCLOSURE FILERS

1. Who Must File

a. Civilian personnel (below SES) or military personnel (below 0-7), including detailees, when:

(1) Their duties and responsibilities require them to participate personally and substantially through decision or exercise of significant judgment in taking official action for:

(a) Contracting or procurement;

(b) Administering or monitoring grants, subsidies, licenses, or other federally conferred financial or operational benefits;

(c) Regulating or auditing any non-Federal entity; or

(d) Other activities in which the final decision or action may have a direct and substantial economic impact on the interests of any non-federal entity; or

(2) Their positions require filing to avoid a real or apparent conflict of interest, or to carry out the purpose of any statute, executive order, or regulation applicable to or administered by the employee.

b. The above are determined by the supervisor.

2. Exclusions

a. Personnel who support activities shown in paragraph 1, above, but who do not have significant control over them, should not file an OGE Form 450. For example, clerical personnel in a contracting office would not file an OGE Form 450. Supervisors who direct the activities of OGE Form 450 filers do not have to file unless they exercise significant control over the decisions that affect non-Federal parties.

b. Any Department of Defense employee or group of Department of Defense employees may be excluded from all or a portion of the reporting requirements when the ethics counselor and supervisor determine that a report is unnecessary because of:

ENCLOSURE (1)

(1) The possibility of any impairment to the integrity of the Federal Government is remote; or

(2) The employee's work is substantially supervised or reviewed.

c. Governmentwide Commercial Purchase Card holders should not automatically file an OGE Form 450. Governmentwide Commercial Purchase Card holders and micro-purchasers making annual purchases totaling less than the simplified acquisition threshold (currently \$100,000 per year) are excluded from the OGE Form 450 filing requirement. This guidance also applies to personnel who make purchases from established blanket purchase agreements.

3. Sample Suggested List of Billets Required to File an OGE Form 450

a. Division director

b. Deputy division director

c. Branch head

d. Governmentwide Commercial Purchase Card holders if appropriate (see paragraph 2c above).

4. For assistance in resolving any unique questions or concerns, please contact Mr. Edward Ramras at 703-784-3009.

Form approved:
OMB No. 3208-0006

OMB Form 4788, 5 CFR Part 2634, Subpart 1
U.S. Office of Government Ethics (900)
(Replaces 4799 edition)

Executive Branch CONFIDENTIAL FINANCIAL DISCLOSURE REPORT

| | | | |
|---|--|---|--|
| Employee's Name (Last, first, middle initial) Doe, John D. | | Reporting Status: <input type="checkbox"/> New entrant <input checked="" type="checkbox"/> Annual | |
| Business Title Attorney | | Credit 03-004-13 | |
| Residence and Address 3000 Room 3094, Pentagon | | Work Phone (703)597-0000 | |
| Agency DoD/DLSA | | If an IOL, Home Address (Number, Street, City, State and ZIP Code) | |
| Check box if special Government employee (SGE) <input type="checkbox"/> | | Signature of Employee | |
| I certify that the statements I have made on this form and all attached statements are true, complete, and correct to the best of my knowledge. | | Date | |

| | |
|--|--|
| Date Received by Agency | Signature and Title of Supervisor/Other Intermediate Supervisor (if agency requires) |
| Signature of Agency's Final Reviewing Official and Title | Date |
| Comments of Reviewing Official | |
| (Check box if restricted on interest) | |

| Assets and Income Sources (Identify agency employees, partners, stock held, mutual fund, appreciation of real estate, etc.) | EO if no longer held | Spouse of Income over \$20k (Spouse, interest, dividends, capital gain, salary, etc.) | Date (Only for Annually) |
|---|----------------------|---|--------------------------|
| Examples: Royal Canada Annuities- Alaska Dow, James A Smith, Bloomington, USA (S) Alexandria Medical Clinic, Alexandria, VA Franklin Equity Mutual Fund | X | None Salary Salary Dividends/Capital Gain | |
| 1 John Doe, Inc. (Tax Consultant) 123 Elm St. Alexandria, VA | | Salary | |
| 2 S Jane Doe, Inc. (Training business) 123 Elm St. Alexandria, VA | | Salary | |
| 3 GE Pension - no control | | Pension payment | |
| 4 IBM Pension, contribution, see attached list | | | |
| 5 IRA in Franklin Equity Fund | | Dividend | |
| 6 S IRA in Shearson Lehman, see attached list | | | |
| 7 Mutual of Omaha, variable annuity, see attached list | | | |
| 8 D Long Life, Inc., fixed annuity | | Interest | |
| 9 Dreyfus Premier Capital Growth | | Dividends | |
| 10 Dean Witter Reynolds Asset Mgmt Acct, see attached list | | | |

Part I: Assets and Income

Name

Identify all joint, joint-tenants, and dependent children. If 10000 or more, state amount, and dependent children. If 10000 or more, state amount, and dependent children. If 10000 or more, state amount, and dependent children. If 10000 or more, state amount, and dependent children.

Exclude your personal residence, when you own a net, and deposit accounts in financial institutions. See instructions for additional exclusions.

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1. Notes on Sample OGE Form 450. Entries are marked "S" for spouse, "J" for joint and "D" for dependent child. If there is no letter, we assume that the entry belongs to the filer. The lines on the sample OGE Form 450 are numbered for reference to these notes. You do not need to number the lines of your report. We use the following organization for part I and recommend it for your use: salaries, pensions, individual retirement accounts, annuities, mutual funds, stocks, bonds, insurance, property, miscellaneous, estates, and trusts. Within each category, you are listed first, your spouse, then your children. More than one type of asset is sometimes discussed on one line to save space.

2. Part I. - Assets and Income

a. Non-Government Salary. Your non-government salary, over \$200 in income, provided by closely held company. For partnerships, closely held companies and small business ventures that are not publicly traded, you have to provide the name, location, and description of its activity. Also note that your position with the company is reported in part III. If you take your compensation from an "S" corporation as dividends rather than salary, report "shares" as the income. Do not report your government salary.

b. Spouse's Salary. Spouse's salary, provided by closely held company, over \$1,000 in income. See note 2a for additional information. Note that your spouse's position with the company is not reported in part III, as only your positions are reported in that part. Do not report your children's earned income.

c. Pensions with General Electric. For pension plans, you must report the name of the company, and if you cannot control the plan's investments, indicate "no control." These are defined benefit plans. When you can't control the investments, you do not have to report them. See the definitions section of these notes for further explanation. When you are not yet receiving payments, indicate "None" in the income block. Because you are receiving payments over \$200, indicate "pension payment." Note that the pension is also reported in part IV. Do not report any government retirement plan, thrift saving plan or social security benefits. See note 2d for another type of pension.

d. Pensions with International Business Machines. This is a defined contribution plan, which means that you can select the investment option or control the investments in your account, which means that you must report the account's holdings. Report the name

ENCLOSURE (2)

of the company, the name of an independent manager, if any, the investment option you select, such as growth, and any selected investments, such as mutual funds or other investments. Do not indicate that you are receiving payments from this type of pension, as they are really withdrawals of your previous investment and are not income. Also report the pension in part IV. See note 2c for another kind of pension.

e. 401(k) and 403(b) Plans. 401(k) plans, 403(b) plans, and simplified employee pension plans, are established by private employers for their employees and offer a limited number of investment options. Report the name of the employer, the type of plan (e.g., 401(k)), and the investment option(s) in which the plan is invested. The investment options are your account's holdings and have to be reported.

f. Individual Retirement Account. See the definitions section of these notes for further explanation. You must report the individual retirement accounts holdings, e.g., mutual funds. For publicly available mutual funds, identify the general family fund name, e.g., Franklin, and the name of the specific fund, e.g., Equity. You do not need to report money market or certificate of deposit individual retirement accounts. Keogh plans (HR-10), for self-employed individuals, are comparable to individual retirement accounts.

g. Spouse's Individual Retirement Account. This is a directed account with a brokerage firm, so you must report the account's holdings. These accounts may have different names, including brokerage and portfolio. Even if you allow your broker to make all the decisions, you still have the ability to control your account's holdings, so you need to report them. If the holdings are numerous, you may want to provide a broker's statement tracking the year's holdings, and white out the account number and the values. If the holdings are few, you could list them on the line on which you identify the directed account, or provide a separate typed list.

h. Annuity. See the definitions section of these notes for further explanation. For an annuity, you must report the full name and whether it is fixed or variable. If it is variable, you have to report your annuity's holdings. See note 2g for how to report holdings.

i. Child's Annuity. As it is fixed, you only need to report the full name.

j. Mutual Fund. For publicly available mutual funds, identify the general family fund name, e.g., Dreyfus Premier, and the name of the specific fund, e.g., Capital Growth. You do not need to report money market mutual funds.

k. Spouse's Cash or Asset Management Account. This account often contains assets other than just cash, such as a margin account, which is actually your liability, and various funds. It is not considered a mutual fund. Therefore, you have to report the various holdings of this type of account. If you have a margin account that meets the criteria for reporting in part II, you also have to report it there. See note 2g for how to report holdings.

l. Children's Stock in General Motors. Identify the company and the fact that the asset is stock. Report dividends over \$200 as income. Because the stock was sold, mark "X," and report the increase in value as a capital gain type of income.

m. Bond. Give enough information to identify the source of the bond and its purpose.

n. Life Insurance Policy. Do not report term life insurance policies. For cash value life insurance policies, you must report the name of the insurance company and the type of policy. For whole life and universal policies, just report which one it is. See the definitions section of these notes for further explanation.

o. Spouse's Variable Life Insurance Policy. For variable policies, you must report the name of the insurance company, that the policy is variable, and the policy's holdings. See note 2g for how to report holdings.

p. Jointly Held Rental Property. Note that the mortgage is reported in part II. You must indicate at least the city and state. You may add whether it is a house, condo or townhouse and the specific address when you have several in the same locality. You do not report your personal residence, if you do not rent it out.

q. Jointly Held Undeveloped Property. If it is for investment, you should include the fact that it is unimproved, and the city and state. If you have no income, put "None" in the income column. If the land is being used for a profit, report the type of activity and income.

r. Investment in a Non-Publicly Traded Limited Partnership. Because it is not publicly traded, you have to provide the location and description of its activity. If it were a publicly traded limited partnership, just list the full name.

s. Honorarium for Speaking at a Conference. Note that you have to include the date.

t. Interest as a Beneficiary in a Probated Will of a Deceased Person. You must report that interest if your share of the estate is over \$1,000, or if you are receiving income over \$200. If you are receiving a fee for your work as executor, and it is over \$200, also list the fee as income. You must report the estate's holdings, although you do not need to report personal property. Do not list your interest in the will of a living person. Note that your position as an executor is also listed in part III. See note 2g for how to report holdings.

u. Children's Interest as Beneficiary and Spouse's Interest as Trustee in an Educational Trust Established By You and Your Spouse for the Children. See the definitions section of these notes for further explanation. You would need to report it either because your spouse is the trustee or because your children are the beneficiaries. You must report the trust's holdings. Because you are not the trustee, do not report it in part III. See note 2g for how to report holdings.

3. Part II. - Liabilities

a. Joint mortgage on rental property listed in part I, as it is over \$10,000 during the reporting period. Include the name of the bank, the city and state. You should reference which property, especially if you have more than one. Note that you do not need to report any mortgage on your personal residence.

b. Student loans for children.

c. Your margin account must be listed if it meets the reporting criteria.

4. Part III. - Outside Positions

a. Your position as president of your consulting company. If you make more than \$200 in income, you also need to report it in part I. If not, only report it here.

- b. Your position as an executor of the estate.
- c. Your position as an officer of a professional association. You would not report it if you were only a member.
- d. Your position as an officer of a homeowner's association. If you no longer hold the position, put an "X" in the box.

5. Part IV. - Agreements and Arrangements

- a. General Electric Pension Plan. Include a description of the terms, such as when payments begin. The plan must also be reported in part I.
- b. International Business Machines Pension Plan. Include the dates and parties. The plan must be reported in part I.
- c. Your agreement with Boeing regarding future employment.

6. Part V. - Gifts and Travel Reimbursements. Your free ticket, which you received because you are an officer, to attend the conference. Include location and date of trip.

7. Index to Lines in Part I

- a. Salaries - Lines 1-2
- b. S Corp - Line 1
- c. Pensions & 401(k) - Lines 3-4 and
Line 4 (401(k) only)
- d. IRAs - Lines 5-6
- e. Annuities - Lines 7-8
- f. Mutual Funds - Lines 5, 9
- g. Stocks - Lines 6, 10-11
 - 1) Brokerage - Line 6
 - 2) Cash/Asset - Line 10
 - 3) Stock - Line 11
- h. Bonds - Line 12
- i. Insurance - Lines 13-14

ENCLOSURE (2)

- j. Property - Lines 15-16
- k. Limited Partnership - Line 17
- l. Honorarium - Line 18
- m. Estates - Line 19
- n. Trusts - Line 20

8. Definitions

a. Annuities

- 1) Fixed. The company guarantees a specific rate of return.
- 2) Variable. The investor has limited options of investment and the return is based on performance of investment.

b. Excepted Investment Funds. Investment funds such as mutual funds, common trust funds of banks, defined contribution pension plans, investment trusts and limited partnerships if they meet the criteria. If an investment fund is not an Excepted Investment Fund, you must report its holdings. Stock in individual companies and brokerage accounts are not Excepted Investment Funds. The criteria for an Excepted Investment Funds are:

- 1) Widely held (usually more than 100 participants, such as pension plans of medium to large companies); and
- 2) Independently managed (you have no control over the investments in the fund); and either
- 3) Publicly traded or available (as most mutual funds); or
- 4) Widely diversified (no more than 5% of its value in securities of one entity (except U.S. Government) and no more than 20% of its value is in a particular economic or geographic sector).

c. Excepted Trusts. Trusts that you did not create and in which you have no specific knowledge of the holdings or sources of income. You do not receive any reports. Do not report its holdings.

d. Individual Retirement Accounts. Accounts are individual, so they are not widely held and thus do not qualify as Excepted Investment Funds. They may be invested in Excepted Investment Funds.

e. Life Insurance

1) Term. Does not require disclosure.

2) Cash Value. The types are whole life (also ordinary or straight), in which you have no control over investments; universal, in which you receive a minimally guaranteed rate of return; and variable, in which you choose investments from several options.

f. Pensions

1) Fixed, Guaranteed Pension Payment. The employer makes contributions and guarantees that each employee receives a certain fixed benefit. You cannot control the assets of this pension. Do not report its holdings.

2) Ability to Control. You may make contributions to a separate account maintained by the employer and receive whatever the investment earns. If you can control or select the types of investment in this account, you must report the account's holdings. If the investment is pooled for a large number of employees and is widely diversified (see Excepted Investment Funds, above), you only have to identify the name of the pool and its manager. Examples of these are 401(k) or 403(b) pensions.

COMMON ERRORS IN PREPARATION OF THE OGE FORM 450

1. The following common errors are found in the preparation of the OGE Form 450:

a. Failure to list the specific name of each mutual fund, as opposed to just listing the name of the fund family. For example, "Fidelity" does not sufficiently identify an asset, but "Fidelity Magellan" does.

b. Failure to list underlying assets of an investment or broker's account. All stocks and other investments independently traded in a broker's account must be reported, even if the broker is making the trades for you. A statement from the broker may be attached as long as it provides all the information required on the OGE Form 450.

c. Failure to identify the name, location, and nature of business of all nonpublic partnerships, closely held corporations, and similar private business ventures.

d. Failure to report the assets of a partnership which is not an "Excepted Investment Fund." Partnerships can be reported without describing the underlying assets only when the interest is a limited partnership, which is publicly available, and purchased from a broker.

e. Failure to list the underlying assets in an individual retirement account or 401(k) plan in which the filer has control over selecting from among various investment options.

f. Using abbreviations and acronyms that do not fully identify the financial interest.

g. Failure to check the "None" blocks when there are no entries. A reviewer cannot assume the failure was an oversight.

h. Reporting assets and liabilities that need not be reported. For example, bank deposits, money market accounts, U.S. Government securities, personal auto loans, and mortgages on the filer's personal residence do not have to be reported on the OGE Form 450.

i. Failure to report the general nature of the filer's or the filer's spouse's employment outside the U.S. Government.

j. Failure to identify annuities as fixed or variable. For variable annuities, in which the filer may choose among various investment options, the filer must report the specific investment portfolios, mutual funds, or other investments held in the account.

k. Failure to report the location (city and state) where rental property is located.

l. Failure to report the name and location (city and state) of creditors.

m. Failure to report the correct type of income for income-producing assets. Filers often list individual retirement account, retirement fund, annuity, insurance, etc., as types of income. These are types of assets or accounts. Types of income include dividends, interest, capital gains, rent, salary, fees, etc.

2. Mutual funds and other account numbers, as well as social security numbers should not be disclosed. Although the report is confidential, government officials who review the form do not have a need to know this information.

ETHICS TRAINING SCHEDULE

1. All ethics training sessions will be held in the third-floor auditorium of the Marine Corps Combat Development Command Headquarters, 3300 Russell Road, on the dates and times indicated below:

- a. Tuesday, 5 October 2004, from 1000-1100
- b. Tuesday, 5 October 2004, from 1500-1600
- c. Thursday, 7 October 2004, from 1000-1100
- d. Tuesday, 12 October 2004, from 1000-1100
- e. Wednesday, 27 October 2004, from 1000-1100

2. All identified filers of the OGE Form 450 are required to attend one session of ethics training.

MILESTONES FOR FILING OGE FORM 450 AND
COMPLETING ANNUAL ETHICS TRAINING

SEPTEMBER

30 Division directors appoint a project action officer and forward action officer name to division supervisors and to Ms. Kay Lyon at kay.lyon@usmc.mil.

OCTOBER

4 Action officers forward list of employees required to file OGE Form 450 to Ms. Kay Lyon, same as above.

5 Annual Ethics Training from 1000-1100

5 Annual Ethics Training from 1500-1600

7 Annual Ethics Training from 1000-1100

12 Annual Ethics Training from 1000-1100

27 Annual Ethics Training from 1000-1100

NOVEMBER

15 All completed OGE Forms 450 submitted to the Office of Counsel, Marine Corps Combat Development Command and all ethics training complete.