

Maryland's Public Ethics Law



Board of Regents
Retreat
November 29, 2017



Agenda



- I. Background, Purpose, and Scope**
- II. Conflicts of Interest**
- III. Financial Disclosure**
- IV. Available Resources**



What Is The Purpose Of The Law?

- Helps board members and employees avoid improper influence and appearance of improper influence
- Assures citizens of the impartiality and independent judgment of board members and employees
- Requires board members and employees to disclose financial affairs and to meet minimum standards of ethical conduct



The State Ethics Commission

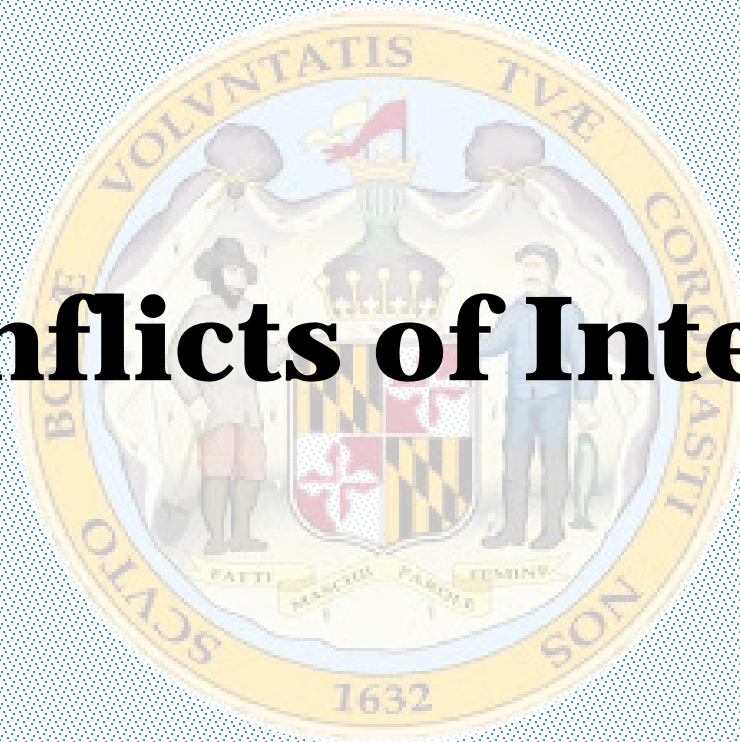


- Five Commissioners, appointed to 5-year terms
- Charged with administering the Public Ethics Law
- Provides advice, issues formal opinions, regulates lobbyists, undertakes enforcement action
- Supported by a 12-member staff



Maryland's Public Ethics Law

Conflicts of Interest





What if...



...the Board is voting on the purchase of software to be used by USM institutions to evaluate professors. Among the companies whose products are being considered are businesses that employ your sister-in-law and your daughter.

Can you participate?



Participation



The **Public Ethics Law** prohibits participation in matters by board members or employees:

- where the board member or employee, or certain relatives of the board member or employee (spouse, parent, child, brother, sister), have a specific interest
- matters involving business entities in which the board member or employee, or certain relatives of the board member or employee, have employment, contractual, creditor, or potential employment relationships



What if...



...in the previous scenario, your daughter is employed by a bidder, but the company is national in scope and your sister works in California on contracts with that state's university system.

*Now, can you
participate?*



What if...



...you are assigned to a panel to interview candidates for a vacant university president position. Your brother is one of the applicants.

Can you participate?



Participation



Exceptions allowed if:

- Conflict is disclosed and:
 - (1) disqualification would leave body with less than quorum (applies to Board members only);
 - (2) disqualified individual required to act by law; or
 - (3) disqualified individual only one authorized to act.
- Permitted by State Ethics Commission regulation



What if...



...your company was named the prime contractor for the construction of a new student union building at Towson University.

Do you see a problem here?



Employment/Financial Interest



Absent an exception, a board member or employee may not be *employed by*, or have a *financial interest* in:

- an entity regulated by the board
- an entity that is negotiating or has entered a contract with the board, or...



Employment



- ...hold any other employment that would impair impartiality and independent judgment



Financial Interests



The Law defines financial interest as:

- Ownership of more than 3% of a business entity by board member or employee **or spouse of board member or employee**
- Ownership of securities that represent more than 3% of a business entity by board member or employee **or spouse of board member or employee**
- Ownership of an interest resulting in board member or employee having received in past 3 years, is currently receiving or will receive more than \$1,000 per year.



Two Exceptions



- If the statute governing the board requires appointment of persons regulated by the board
- If the member holds the employment or financial interest *when appointed*, and the employment or financial interest is publicly disclosed to the appointing authority, the State Ethics Commission and if applicable, the Senate

APPOINTEE EXEMPTION DISCLOSURE FORM

PART 1:	
NAME:	
ADDRESS:	
BOARD/COMMISSION NAME:	
PART 2:	
Please Check Item(s):	Exemption Requested: <input type="checkbox"/> No (If no, check box and skip to Part 3, Signature) <input type="checkbox"/> Yes (If yes, check box and complete rest of Part 2 and 3)
I request exemption for: <input type="checkbox"/> Financial Interest <input type="checkbox"/> Employment	
Financial Interest	Employment
Name of Entity where the financial interest exists:	Employment to be Exempted:
Address of Entity:	Your Position/Job Title:
Interest to be Exempted:	
Current Value: <input type="checkbox"/> Under \$1,000 <input type="checkbox"/> \$1,000-\$5,000 <input type="checkbox"/> \$5,000-\$10,000 <input type="checkbox"/> \$10,000 or More	
Explain below why you believe you may have financial interests or an employment situation that, in the absence of an exemption, will conflict with your service on the board or commission for which appointment is being considered. You may wish to contact the State Ethics Commission for information or advice at 410-260-7770.	
PART 3:	
Appointee:	Signature: _____ Date: _____

Mail the completed form to the Appointing Authority. For appointments made by the Governor:
 Governor's Appointments Office
 State House
 Annapolis, MD 21401

Form #5





What if...



...you own a construction company. You participated in the development of a proposal for funding of major dormitory renovations on various campuses. You leave the Board in order to bid on the projects.

Can you do so?

Post-Employment Restrictions



Former board member or employee may not assist or represent outside entities or persons for compensation:

- In a case, contract or specific matter
- If the former board member or employee significantly participated in the matter in his/her State position

What if...



... the CEO of a company that does business with various USM institutions, who happens to be a friend, invites you to be his guest in his box at the Stadium to watch a Ravens game.

Can you accept the ticket and enjoy the food and drink?



What if...



...you are invited to lunch by a lobbyist who lobbies on higher education issues.

Can you accept and allow the lobbyist to pay?

Can you accept a logo jacket offered to you by the lobbyist?



Gifts



Prohibitions Generally

- No solicitation
- No unsolicited gifts from 1) vendors, 2) regulated entities, 3) lobbyists, or 4) those with financial interests that may be uniquely affected by recipient

Key Exceptions

- Nominal = \$20 or less
- Meals/beverages in the presence of the donor
- Reasonable food, lodging, and travel for participation at a speaking engagement



What if...



...your best friend's son has applied for a position at UMCP. Your friend asks you to put in a good word for his son with the officials doing the hiring.

Can you do so?



Prestige of Office



Prohibitions Generally

- No use of office for board member's or employee's private gain
- No use of office for private gain of another

Covers both using the influence of one's office and using State resources





Prestige of Office



Effective October 1, 2017, the following types of actions are specifically prohibited:

- Influencing, except as part of the official duties of the board member or employee, the award of a State or local contract to a specific person;
- Directly or indirectly initiating a solicitation for a person to retain the compensated services of a particular regulated lobbyist;
- Using public resources or title to solicit a political contribution.





What if...



...the Board has been considering, in closed session, authorizing an RFP to purchase certain education software for university-wide use. This information has not yet been made public. You want to inform your brother-in-law who owns a company you expect will be interested in bidding.

Should you do so?



Confidential Information

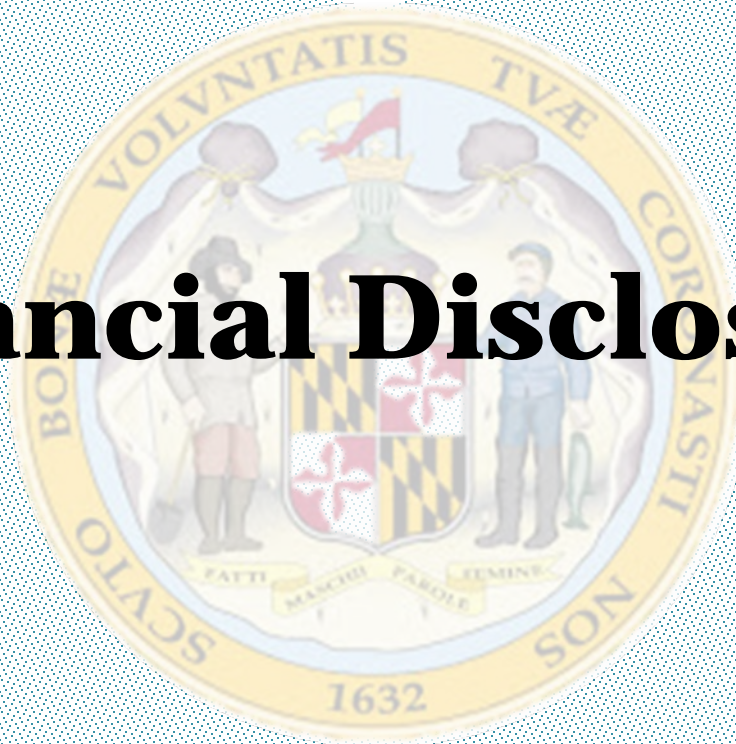


Cannot disclose or use confidential information acquired by reason of one's position and not available to the public:

- **For personal economic benefit, or**
- **For the economic benefit of another**

Maryland's Public Ethics Law

Financial Disclosure





Why Financial Disclosure?



- Annual opportunity to review employment and financial interests
- Public disclosure of possible conflicts of interest
- Demonstrate to public that interests are not hidden
- Allow voters to evaluate the suitability of candidates for office

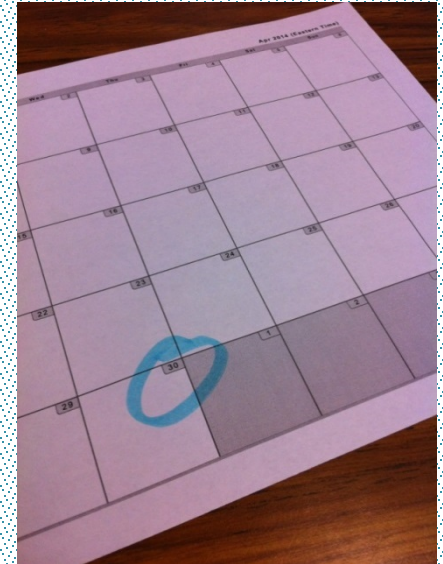




Who Files and When?



- New board members must submit an initial filing within 30 days of assuming their positions
 - After the initial filing, a financial disclosure statement must be filed annually no later than April 30th
 - Departing board members must file a financial disclosure termination statement within 60 days of their departure, covering the period that elapsed since their previous filing
- ***Effective October 1, 2017 filing must be done electronically**





What must be disclosed?



- Interests in real property*
- Interests in corporations, partnerships (e.g. stocks)*
- Interests in non-corporate businesses*
- Gifts (exceeding \$50 or series of gifts totaling \$100 or more) from certain donors*
- Offices, directorships, salaried employment or similar interest (of the individual or member of immediate family) in certain businesses*
- Debts owed to entities*
- Immediate family members employed by the Board
- Sources of earned income, to include salaried employment and business interests of individual and members of the immediate family (Note HB879 – Lobbyist spouse's clients as of 01/01/19)

*Must disclose where there is business/regulatory relationship with Board or where applicable involves lobbyist (who lobbies on matters before the Board)



Can the Public Access Financial Disclosure Statements?



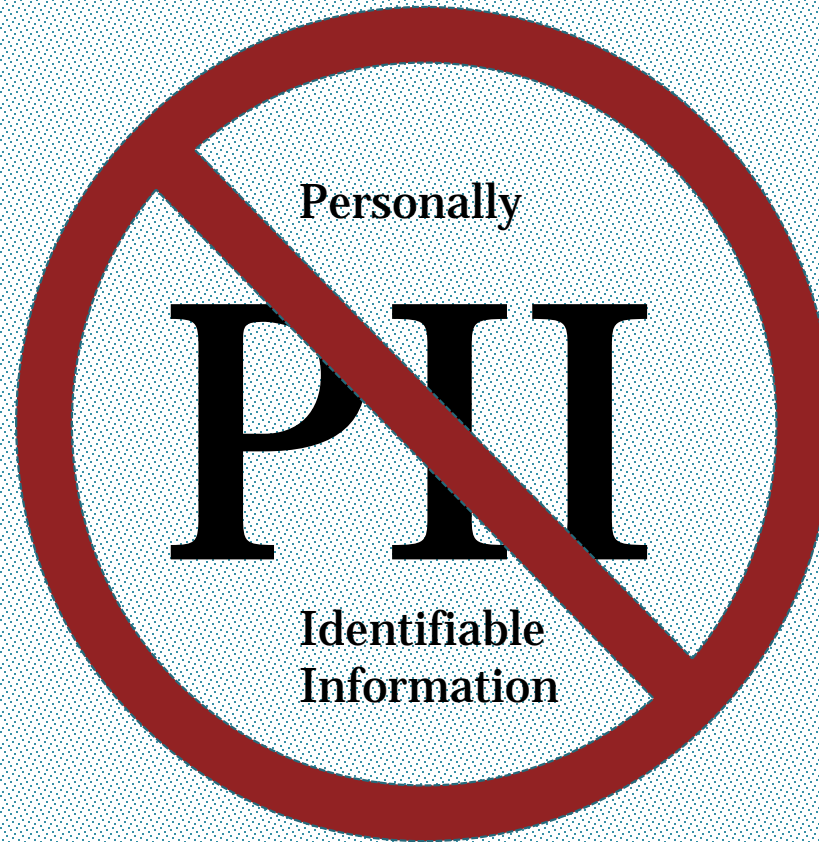
- **YES!**
(Note HB879 – not home address as of 01/01/19)
- **Statements must be available for public inspection and copying**
(Note: HB879 – On Internet for State Official, candidate, Cabinet Secretary as of 01/01/19)



Precautions You Can Take Regarding Your Financial Disclosure Statement



Request to
be notified
if someone
reviews
your file



If you attach
documents to
your disclosure
statement,
redact personal
information on
end-of-year
statements
(SSN, account
#, etc.)



Maryland State Ethics Commission

Maryland's Public Ethics Law

The seal of the State of Maryland is centered in the background. It features a shield with a red cross on a white field, surrounded by a yellow and black checkered border. The shield is supported by two figures: a Native American on the left and a European on the right. Above the shield is a crown with a red flag. The seal is encircled by a yellow border with the Latin motto "SCVTO BONA VOLVNTATIS TVAE COROASTI NOS" and the year "1632" at the bottom.

Available Resources



STATE ETHICS COMMISSION

Search



STATE EMPLOYEES & OFFICIALS

LOBBYISTS

BOARDS & COMMISSIONS

LOCAL GOVERNMENT

General Info

- > [About the Commission](#)
- > [Annual Reports](#)
- > [Enforcement](#)
- > [Meeting Minutes](#)
- > [Public Ethics Law](#)
- > [Regulations](#)

Quick Links

- > [Advisory Opinions](#)
- > [Bank List](#)
- > [Lobbying Report Totals](#)
- > [Lobbyist & Employer](#)

Financial Disclosure Deadline

Did you know?

You may file your annual Financial Disclosure Statement anytime after



Don't wait until the April 30th deadline

File Now

How Do I?

- > [File a Financial Disclosure Statement](#)
- > [File an Amendment to my Financial Disclosure Statement](#)
- > [File a Lobbying Registration Form](#)
- > [File a Lobbying Activity Report](#)
- > [File a Complaint](#)
- > [Get my User Name and Password](#)
- > [Make a Request for Secondary Employment](#)

www.ethics.maryland.gov

Where do I go for Advice?



45 Calvert Street, 3rd Floor

Annapolis, MD 21401

(410) 260-7770

(410) 260-7746 (Fax)

<http://ethics.maryland.gov>