

# STATE ETHICS COMMISSION

45 CALVERT STREET, 3<sup>RD</sup> FLOOR  
ANNAPOLIS, MARYLAND 21401  
410-260-7770 or 1-877-669-6085

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## FREQUENTLY ASKED QUESTIONS REGARDING FINANCIAL DISCLOSURE

### I. Financial Disclosure Background

1. ***What is Financial Disclosure?*** Financial disclosure is the filing of a form, usually on an annual basis, disclosing certain financial interests that may relate to the conflict of interest provisions in the Law.
2. ***Where is the Financial Disclosure Law found?*** Md. Code Ann., General Provisions §§5-601 through 5-611.
3. ***What is the purpose of the Financial Disclosure Law?*** Some of the purposes of the law are to: provide public access to documents disclosing possible conflicts of interest; provide access to documents that demonstrate to the public that financial interests are not hidden and that, generally, officials and employees are not engaging in conflicts of interest.
4. ***Who is required to file a financial disclosure statement with the Ethics Commission?*** Members of Executive Branch boards and commissions, all State elected officials, candidates for state office, members of the General Assembly, and certain employees who are designated as public officials under standards set in the Law. The criteria for designation as a public official may vary by branch of government and take into consideration a variety of factors, including compensation, duties or both.
5. ***What information does the financial disclosure statement require?*** Interests held in real property; interests in corporations and partnerships; interests in non-corporate business entities that do business with the State; gifts over \$20 in value or a series of gifts totaling more than \$100 received from a person doing business with the State, regulated by the State, or registered as a lobbyist; offices, directorships, salaried employment or similar interests in business entities that do business with the State, held by the official or employee or his or her immediate family; debts owed to persons doing business with the State; names and positions of family members who are employed by the State; and the name of each place of salaried employment and identification of any business entity in which the official, employee or member of their immediate family was the sole or partial owner and from which income was earned.
6. ***Why am I required to file a financial disclosure statement providing information for the calendar year before I was an employee or a candidate?*** The law requires that a financial

disclosure statement cover the calendar year immediately preceding the year of filing. As such, if you began State employment in 2012 in a position required to file financial disclosure, then you would need to file for the calendar year 2011 within 30 days of assuming the position.

## II. Timing and Mechanics of Filing

1. ***How do I file the financial disclosure statement?*** The Public Ethics Law requires you to file electronically (subject to very limited exceptions described in State Ethics Commission regulations) at <https://efds.ethics.state.md.us> (also accessible through our web site by clicking on Financial Disclosure Electronic Filing). If you qualify for one of the limited exceptions, you must request a paper form from the State Ethics Commission, complete it, sign it, have it notarized, and return the completed, signed and notarized form to the State Ethics Commission, 45 Calvert Street, 3rd Floor, Annapolis, Maryland 21401.
2. ***Can I file my form by fax?*** No. The Commission must receive either the electronic form (<https://efds.ethics.state.md.us>) or (in very limited circumstances) the original signed and notarized form.
3. ***What is the filing deadline?*** April 30<sup>th</sup> for incumbent employees and within 30 days of taking the position for new employees. (See Question 6 in previous section.)
4. ***What is the fee for filing a financial disclosure statement?*** There is no fee.
5. ***I left State service, or changed positions to one that is not required to file. Do I have to file a financial disclosure statement after leaving my position?*** You are required to file a statement for each year in which you hold a filing position and within 60 days after leaving your position. Therefore, you are required to file a statement, reflecting your financial interests from January 1<sup>st</sup> of the year in which you leave your position through the last day of your employment in that position. The statement must be filed within 60 days after you leave your position.
6. ***Must the financial disclosure statement be filed under oath?*** Yes. If you file electronically, you will be asked to swear or affirm under the penalties of perjury (on the Completion page). If you qualify for one of the limited exceptions permitting you to file a paper form, you will need to have the form notarized. Most agencies have notaries on staff. Additionally, the Ethics Commission office will provide notary services to you free of charge. Of course, you will have to bring your form to the office.
7. ***What happens if I fail to file a financial disclosure statement by the deadline?*** The Commission may issue a complaint against you.
8. ***What is the sanction imposed for failing to file a financial disclosure statement?*** The Commission may assess late fees in the amount of \$5 per day up to \$500, issue a reprimand, and/or recommend censure, removal or other discipline.
9. ***Are financial disclosure statements publicly available?*** Yes. The individual inspecting the document must appear in person, present identification, and register his or her name, home address, and the identity of the person whose statement was inspected. If you have noted on

your form that you wish to be notified if someone asks to see your form, we will notify you of the name and home address of the person who requested your form and the date on which it was requested. Electronically submitted forms are not accessible to the public over the internet. Like paper forms, electronically submitted forms are available for viewing only at the Commission's office.

10. ***If I omit something from my financial disclosure statement, can I amend it?*** Yes, if you initially filed electronically, log onto the system at <https://efds.ethics.state.md.us>. This takes you to the User Application Activity screen. Click on the "History" button near the top left hand side of the screen then choose which year's form you would like to amend. At the bottom right hand of the screen, click on "Add Amendment" then "Continue Amendment." Choose which Schedule you need to amend from the list on the left, make the addition or correction, then SAVE. When you have completed all of your additions or corrections, click "Verify Amendment" in the column to the left of the dialogue box and follow the directions to complete and submit the amendment. If you initially were permitted to submit your Financial Disclosure Statement on paper, request form 7 from the Ethics Commission, attach to it the Schedule(s) to be amended, and submit to the State Ethics Commission. Unlike the original form, an amendment need not be notarized.

11. ***When I verify the application, I am told to update the Account Information. How do I do that?***

At the top of the dialogue box, in the dark border, you click on Edit Account Information (it has a picture of a pencil), then re-enter your password, click submit, and then click on the word **edit** (which appears in red) to the right of "personal details." This will bring you to the edit screen for Account Information. Select your agency from the drop down box and in the next fields, type in your agency's current address and your title or position. Each field must have a response in it. Check the box that asks if you wish to be informed if anyone reviews your financial disclosure statement and then click "save."

### III. Contents of Financial Disclosure Statements

1. ***On Schedule A, if I own the property with my spouse, do I own it jointly or as tenants by the entirety?*** If you own the property with your spouse, you probably own it as tenants by the entirety. This is an undivided interest in real property with the right of survivorship. If you own it with siblings, parents, children, or others, it will likely be jointly held.
2. ***If I rent an apartment and do not own any real property, must I disclose anything on Schedule A?*** Yes. Schedule A requires that you disclose any interests you may have in real property, including apartment leases if you rent. It is rare not to have an entry on Schedule A. An example of the few circumstances not requiring disclosure would be if you live rent-free in a residence owned by someone else and the interest is not attributable to you pursuant to the definitions in the Public Ethics Law.
3. ***On Schedule B, should I list my employment with the State?*** No. The Account Information provides the information related to your employment with the State. Schedule E is used to disclose any employment or position (as an employee,

partner, director, officer, etc.) with a non-profit or any other entity that did business with the State during the reporting year.

4. ***I invested funds through a stock brokerage firm. Am I required to list each corporation in which I have invested through the stock brokerage firm on my financial disclosure statement?*** Yes, on Schedule B, the electronic process will take the filer right through the process. The electronic filing system does allow you to upload a year-end statement from your brokerage firm which lists all of your holdings and transactions throughout the calendar year in lieu of entering each holding individually. If you are eligible for a limited exception for filing on paper, you also may attach a year-end statement from your brokerage firm. If you attach a year-end statement, be sure to black out your account number and social security number and any information that is not required (cash accounts, annuities, etc.). We are not permitted to alter your forms after they are submitted, and it is not wise to include unnecessary information on your financial disclosure statements.
5. ***Am I required to list mutual funds on Schedule B of my financial disclosure statement?*** You are not required to list your mutual fund holding if the mutual fund is publicly traded on a national scale. The one exception is if your mutual fund holdings consist primarily of interests in a specific area (e.g. energy, health care, real estate) and your agency regulates that area.
6. ***On Schedule F, Question #6 asks if there is collateral for the loan. How do I respond to this question?*** If the loan is a home mortgage, a second mortgage, a home equity loan or any other type of loan involving your home, the collateral for that loan is your home. Thus, you would answer “yes” and click on “home” in the drop down box. If the loan is for a car or a boat, the answer to the question is “yes” and you would click on “boat” or “vehicle.” If the loan were a personal signature loan, you would answer “no.”
7. ***On Schedule F, Question 7 asks if the indebtedness is in the name of another person but the filer is responsible for the debt. Exactly what does that mean?*** For example, your child obtains a car loan or student loan in his or her name, but you, the filer, co-signed for that loan. In this case, your response to Question 7 would be yes, and in the fields below the question you would put your child’s name and the type of loan.
8. ***On Schedule H, what must a filer report concerning his spouse or dependent child?*** With regard to spouse, the filer must list the name and address of the spouse’s employer from which income was earned and any business which the spouse owns wholly or partially from which income was earned. With regard to earned income by a dependent child, the filer needs to report this only if the source of the earned income is from an entity that does business with or is regulated by the filer’s agency. If the dependent child’s earned income is from a source that is unrelated to (does not do business with and is not regulated by) the filer’s agency, there is no requirement to report that source of earned income.
9. ***On Schedule H, if the filer (or his spouse or dependent child) owns or partially owns a business by which he or she is also employed and earns both a salary and some profits from the ownership of the business, must he respond to both Question 1 (employment income) and Question 2 (income from ownership of the business)?*** The simple answer would be yes. If the filer or his spouse owns or has partial ownership of a business by which he or she is also employed, the filer would complete Questions 1 and 2.

10. *In simple language, what is an attributable interest?* Although there is a definition in the glossary of terms that you can access just by clicking on the term as it is used on the form, the easiest way to answer this is as follows: if your name is on the deed or the lease, the interest is direct. If you own part of a corporation or are in a partnership that owns real property and your interest in the corporation or partnership is 30% or more, your interest in the real property owned by that partnership or corporation is an attributable interest. Also, if the property is in another person's name (e.g. spouse) but you are responsible for the payments or contribute toward the payments, taxes or maintenance, the interest in that property is attributable.

**The Ethics Commission has drafted these financial disclosure FAQs to provide general information about financial disclosure and to assist financial disclosure filers while they complete the annual statement. The Commission encourages any person with additional questions, or a need for further assistance with the filing, to contact the Commission directly at 410-260-7770.**