

A WORD ABOUT ETHICS

SELLING ASSETS TO AVOID A CONFLICT OF INTEREST

SELLING ASSETS

WHEN AM I REQUIRED TO SELL AN ASSET?

- Because you must disqualify yourself from working on matters affecting a company in which you have financial interests,* some holdings may interfere with your ability to perform important Government duties due to this disqualification requirement. In such cases, you may be required to sell the interests in order to avoid this conflict between your personal financial interests and your Government responsibilities.
** unless the interests are in securities of \$15,000 or less or held through a broadly-diversified mutual fund*

CAN ECONOMIC COSTS DUE TO A SALE BE REDUCED?

- In some cases you can defer Federal taxes on capital gains received due to a sale made to avoid a conflict of interest.

HOW ARE TAXES DEFERRED?

- To defer taxes, you must:
first: get a Certificate of Divestiture
then: within 3 months, divest the conflicting asset
then: within 60 days, reinvest the proceeds into:
 - U.S. Government securities or
 - diversified investment funds.Taxes are due when these are sold.

CERTIFICATES OF DIVESTITURE

WHAT IS A CERTIFICATE OF DIVESTITURE?

- A Certificate of Divestiture is confirmation by the U.S. Office of Government Ethics (OGE) that an asset was sold to avoid a conflict of interest. It permits deferral of Federal taxes on capital gains from the sale, if certain conditions are met. You may ask for a Certificate of Divestiture through the Ethics Law and Programs Division of the Office of the General Counsel.

ARE CERTIFICATES OF DIVESTITURE AVAILABLE FOR ALL SALES THAT RESULT FROM A CONFLICT OF INTEREST?

- No. A Certificate of Divestiture
 - *will not* apply to a sale made before the certificate was issued and
 - *will not* be issued for an asset that created a conflict of interest when you originally obtained it.

WHO CAN PROVIDE ME WITH FURTHER TAX ADVICE?

- The Internal Revenue Service or a tax advisor can provide you with further guidance on the applicable tax law (Section 1043 of the Internal Revenue Code).

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