

Appendix D

STATEMENT FROM THE ETHICS ADVISOR TO THE FOMB, ANDREA BONIME-BLANC:

The Financial Oversight and Management Board for Puerto Rico (FOMB) was established under the PROMESA (Puerto Rico Oversight, Management, and Economic Stability) Act on June 13, 2016. Under PROMESA Section 109, there are two provisions that impose ethics requirements on the Board and in some cases “staff designated by the Oversight Board” (which as of May 16, 2019, includes the Executive Director and General Counsel of the FOMB) – PROMESA Section 109(b) regarding financial reports and PROMESA Section 109(a) regarding conflicts of interest. Below is a description of applicable financial disclosure and conflicts of interest provisions of PROMESA and related Federal laws as applicable to the FOMB.

1. PROMESA SECTION 109(b) ON FINANCIAL DISCLOSURES STATES THE FOLLOWING:

- *“[n]otwithstanding any ethics provision governing employees of the covered territory, all members of the Oversight Board and staff designated by the Oversight Board shall be subject to disclosure of their financial interests, the contents of which shall conform to the same requirements set forth in section 102 of the Ethics in Government Act of 1978 (5 U.S.C. App.)”*

- **ETHICS IN GOVERNMENT ACT OF 1978 SECTION 102 (“EGA Section 102”) states the following:**
 - *Section 102 of the Ethics in Government Act of 1978 (“EGA Section 102”) is titled “Contents of Reports.” 5 U.S.C. App. § 102. It provides that “[e]ach report filed pursuant to section 101(d) and (e) shall include a full and complete statement” with respect to enumerated items, including (but not limited to) the following:*
 - *“source, type, and amount or value of income . . . from any source” other than income referred to in subparagraph B (dividends, rents, interest and capital gains) (5 U.S.C. App. § 102(a)(1)(A)*

- **FOMB ETHICS ADVISOR COMMENTS ON FINANCIAL DISCLOSURE PRACTICES AT FOMB:** In addition to the Initial Financial Disclosure form filed by each Board member upon initial vetting and appointment to the FOMB in August 2016 and by “staff designated by the Oversight Board”, the FOMB has established quarterly, annual and termination Financial Disclosure forms and protocols which require each Board member (and designated executive staff) to file a Quarterly Periodic Transactions Report at the end of each calendar quarter and an Annual Financial Disclosure Report at the end of each calendar year, each of which, when finalized and reviewed by the FOMB Ethics Advisor is signed and posted on the FOMB public website. In addition, when each Board member’s (or designated executive staff member) term ends, we will require them to file a Termination Financial Disclosure Report up to such termination date.

2. PROMESA SECTION 109(a) ON CONFLICTS OF INTEREST STATES THE FOLLOWING:

- “[n]otwithstanding any ethics provision governing employees of the covered territory, all members and staff of the Oversight Board shall be subject to the Federal conflict of interest requirements described in section 208 of title 18, United States Code.”
- **US CODE SECTION 208 OF THE U.S. CODE (“CODE SECTION 208”) PROVIDES THAT COVERED INDIVIDUALS ARE PROHIBITED FROM PARTICIPATING:**

a. “through decision, approval, disapproval, recommendation, the rendering of advice, investigation, or otherwise, in a judicial or other proceeding, application, request for ruling or other determination, contract, claim, controversy, charge, accusation, arrest or other particular matter” in which, “to his knowledge,” the individual or “his spouse, minor child, general partner, organization in which he is serving as officer, director, trustee, general partner or employee, or any person or organization with whom he is negotiating or has any arrangement, concerning prospective employment, has a financial interest.” 18 U.S.C. § 208(a). Violations of Code Section 208(a) are “subject to the [criminal] penalties set forth in section 216” of title 18. *Id.*

- **FOMB ETHICS ADVISOR COMMENTS ON CONFLICTS OF INTEREST PROTOCOLS AT FOMB:** The FOMB has developed and implemented the following measures, policies and protocols regarding the proactive management of possible or actual conflicts of interest not only for the Board but for the entire FOMB staff including the creation of the Ethics Advisor role under the Bylaws, direct Code of Conduct provisions, practices and protocols as follows:

a. **FOMB BYLAWS SECTION 11.4 COMPLIANCE WITH SECTION 109 OF THE ACT STATES THE FOLLOWING:**

“(a) For purposes of advising the Board regarding compliance with Section 109 of the Act, and consistent with section 7.1 of these Bylaws, the General Counsel shall retain an ethics expert (the “Ethics Advisor”), who shall undertake the duties and responsibilities set out in this Section 11.4 and such other duties and responsibilities as the Board shall from time to time determine to be appropriate.

(b) In accordance with section 109(a) of the Act, all members and the ex officio member of the Board, the Executive Director and all other staff shall be subject to the Federal conflict-of-interest requirements described in section 208 of title 18, United States Code. It shall be the responsibility of the Ethics Advisor to

(i) review all situations that raise potential conflicts of interest issues,
(ii) determine if any Board or staff member should be disqualified from involvement in any activities of the Board based upon a conflict of interest and (iii) grant any exemptions that he or she deems appropriate.”

(c) In accordance with section 109(b) of the Act, all members and the ex officio member of the Board, the Executive Director and staff designated by the Board (collectively, "Disclosure Persons") shall be subject to disclosure of their financial interests as follows:

- (1) **Documentation of Financial Interests:** Disclosure Persons shall document financial interests using the form attached to these Bylaws as Attachment A (including as it may from time to time be amended) or in such alternative format as approved by the Ethics Advisor.
- (2) **Submission of Financial Interest Information:** Disclosure Persons shall submit their financial interest disclosure forms to the Ethics Advisor.
- (3) **Initial Disclosures.** Each Disclosure Person shall provide an initial disclosure of his or her financial interests the later of (i) within thirty (30) days following the Disclosure Person's appointment and (ii) February 28, 2017.
- (4) **Updates.** Each Disclosure Person shall update his or her financial disclosure whenever a purchase, sale or exchange of stocks, bonds, commodity futures or other securities has occurred and the amount of the transaction exceeds \$1,000 as set forth on the transaction disclosure form (and subject to the exceptions noted in that form) attached to these Bylaws as Attachment B (including as it may from time to time be amended). Such disclosures shall be made as necessary on a quarterly basis fourteen (14) calendar days after the close of each calendar quarter beginning with the first calendar quarter in 2017.
- (5) **Annual Disclosures.** Each Disclosure Person shall annually provide a subsequent disclosure of his or her financial interests by no later than April 30 of each year, beginning on April 30, 2018.
- (6) **Publication.** After review by the Ethics Advisor, the financial interest information provided by each Disclosure Person shall be published on the Board's website."

b. SECTION 2 OF THE FOMB CODE OF CONDUCT, FIRST ADOPTED ON JANUARY 28, 2017 (AS AMENDED THEREAFTER), CONTAINS THE FOLLOWING CONFLICTS OF INTEREST PROVISIONS APPLICABLE NOT ONLY TO BOARD MEMBERS BUT ALL FOMB STAFF ("COVERED PERSONS"):

"2. Conflicts of Interest: All Covered Persons shall comply with Bylaw 11.4(b), which states in part:

"In accordance with section 109(a) of the Act, all members and the ex officio member of the Board, the Executive Director and all other staff shall be subject to the Federal conflict-of-interest requirements described in section 208 of title 18, United States Code."

- a. It shall be the responsibility of each Covered Person to proactively bring to the Ethics Advisor's attention any concerns regarding actual or potential conflicts of interest as soon as practical (and in advance of taking any official action that could be perceived as raising ethical concerns), including, without limitation, the following:

- i. *Matters that are subject to the annual and quarterly Financial Disclosure obligations specified in Section 4 below and Bylaw 11.4(c);*
- ii. *Matters concerning any contract proposed to be entered into by the Commonwealth of Puerto Rico or any covered instrumentality as further defined and described in the “FOMB Policy: Review of Contracts,” as amended from time to time (the “Contract Policy”), in which a Covered Person, his/her spouse, minor child, general partner, organization in which he/she is serving as an officer, director, trustee, general partner or employee, or any person or organization with whom he/she is negotiating or has any arrangement concerning prospective employment, may have a financial interest.*

A Covered Person shall refrain from participating in any action that falls under the Board’s mandate implicating a potential conflict of interest unless and until the Ethics Advisor specifically authorizes such involvement (including the scope of such involvement) in writing after an opportunity for a thorough review and vetting of such potential conflict.”

- c. **OTHER FOMB CONFLICT OF INTEREST POLICIES, PRACTICES AND PROTOCOLS.** In addition to the above Bylaws, Code of Conduct, financial disclosure and conflicts of interest practices the FOMB Board members and all FOMB staff are subject to, the FOMB General Counsel and Ethics Advisor have developed and implemented a variety of additional conflict of interest policies, protocols and practices as follows (and continue to do so as new issues and challenges arise):
 - **FOMB CONTRACT REVIEW POLICY** pursuant to which the FOMB staff review certain material Commonwealth of Puerto Rico and its instrumentalities’ third-party contracts and under which certain conflict of interest protocols are observed to ensure that any Board member who may have an actual or an appearance of a conflict of interest with any such third parties recuses him or herself prior to any decisions being made by the FOMB.
 - **FOMB BOARD AND STAFF ANNUAL ETHICS EDUCATION & TRAINING.** FOMB Ethics Advisor provides the Board and the entire staff of the FOMB with periodic/annual ethics and code of conduct training and education including a focus on conflicts of interest issues.
 - **LUSKIN MCKINSEY INVESTIGATION RECOMMENDATIONS IMPLEMENTATION.** FOMB General Counsel and Ethics Advisor have developed a plan to implement the eight recommendations from the Luskin McKinsey Investigation completed in February 2019 pursuant to which a variety of additional FOMB third party contractor conflicts of interest management protocols and requirements will be imposed beyond those already in place.
 - **PUERTO RICO BOND, DEBT RESTRUCTURING AND OTHER RELATED LITIGATION RECUSALS.** The FOMB General Counsel and Ethics Advisor, with the assistance of outside counsel from time to time, maintain a proactive, preventative and disciplined

approach to the recusal of FOMB Board members when and if it appears that they may have a present or past appearance or actual conflict of interest with any such litigation or related proceedings.