

[Form Approved: OMB No. 3209-0007]

OFFICE OF GOVERNMENT ETHICS

Model Qualified Blind Trust Provisions

[For use in the case of multiple fiduciaries]

The model qualified blind trust agreement contained in this memorandum is made available by the Office of Government Ethics to attorneys for their use in drafting proposed trust agreements to be submitted for certification pursuant to section 102(f)(3) of the Ethics in Government Act of 1978 (Pub. L. 95-521, as amended) and 5 C.F.R. Part 2634(D). Under the statutory scheme, a trust agreement is not permitted to be recognized as creating an efficacious blind trust arrangement for any purpose under Federal law unless it had been certified by the Office prior to its execution. Proposed trust drafts submitted to the Office for consideration must adhere to the language of the model except to the extent, as agreed to by the Office of Government Ethics, that variations are required by the unusual circumstances of a particular case. The certificates of fiduciaries must be executed in the exact form indicated.

It is strongly recommended in any case in which the use of a blind trust is contemplated that the Office be consulted as early as possible. Prospective trustees or their representatives

should schedule an appointment with the staff of the Office of Government Ethics for an orientation to the specialized procedures and requirements which have been established by law with respect to blind trust administration prior to the certification of the trust. As a condition of approval by the Office, prospective trustees must exhibit a familiarity with and commitment to the specialized nature of blind trust administration.

For further information, contact the Office of Government Ethics directly: telephone 202-208-8000, fax 202-208-8037.

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3

TRUST AGREEMENT

4

5 THIS TRUST AGREEMENT is made and entered into this _____

6 day of _____, _____, between _____, whose mailing

7 address is _____, hereinafter called the

8 Settlor; _____, whose business address is

9 _____, hereinafter called the Trustee; and

10 _____, whose business address is _____,

11 hereinafter called the Investment Manager; such Trustee and

12 Investment Manager hereinafter collectively called the

13 Fiduciaries.

14

15

WITNESSETH

16

17 SETTLOR has been appointed by the _____ to the

18 position of _____ of the _____

19 [**department or agency**], with respect to which appointment the

20 _____ has given its advice and consent. To avoid any

21 conflict of interest, or appearance of any such conflict, which

22 may arise from his duties and powers in such office and any other

23 office to which he may subsequently be appointed to the extent

24 provided for by section 102(f)(4)(A) of the Ethics in Government

25 Act of 1978 (Pub. L. 95-521, as amended) [hereinafter referred to

as the "Act"], Settlor hereby creates a trust which shall become effective on the date this agreement bears.

The Trustee is an eligible entity as specified in paragraph (a)(2) of 5 C.F.R. §2634.406, which meets the requirements of paragraph (a)(3) of that section. The existence of any other banking or client relationship between any interested party and the Trustee is disclosed in annexed Schedule A, and no other such relationship shall be instituted without the prior written approval of the Director of the Office of Government Ethics.

The Investment Manager is an eligible entity as specified in paragraph (a)(2) of 5 C.F.R. §2634.406, which meets the requirements of paragraph (a)(3) of that section. The existence of any other banking or client relationship between any interested party and the Trustee is disclosed in annexed Schedule A, and no other such relationship shall be instituted without the prior written approval of the Director of the Office of Government Ethics.

The Custodian is an eligible entity as specified in paragraph (a)(2) of 5 C.F.R. §2634.406, which meets the requirements of paragraph (a)(3) of that section. The existence of any other banking or client relationship between any interested party and the Trustee is disclosed in annexed Schedule A, and no other such relationship shall be instituted without the

1 prior written approval of the Director of the Office of
2 Government Ethics.

3
4 Settlor, therefore, hereby delivers to the Trustee, and the
5 Trustee hereby acknowledges receipt of, the property listed in
6 annexed Schedule B, subject to the provisions of this Trust and
7 the Act, and regulations promulgated thereunder, and other
8 applicable Federal laws, Executive orders, and regulations.

9
10 The primary purpose of this Trust is to confer on the
11 Fiduciaries the sole responsibility to administer the trust and
12 to manage trust assets without the participation by, or the
13 knowledge of, any interested party. This includes the duty to
14 decide when and to what extent the original assets are to be sold
15 or disposed of and in what investments the proceeds of sale are
16 to be reinvested. Accordingly, the Settlor and the Fiduciaries
17 agree as follows:

18
19 FIRST: (A) This Trust shall terminate upon the first to occur
20 of the following -- (1) Settlor's ceasing for any reason to
21 serve as _____ and in any other position to which he
22 may have been subsequently appointed in the Federal Government
23 and Settlor thereafter giving Trustee written notice directing
24 that this Trust be terminated; or (2) Settlor's death or
25 incompetence. The period between the date of this agreement and
26 the termination of the Trust shall be called the "Trust Term".

1 (B) Notwithstanding Paragraph (A) of this Article
2 FIRST, this Trust agreement may in addition be terminated through
3 revocation. However, such revocation or any amendment of the
4 terms of this Trust agreement shall require the prior written
5 approval of the Director of the Office of Government Ethics, upon
6 a showing of necessity and appropriateness.

7
8 SECOND: The Fiduciaries in the exercise of their authority and
9 discretion to manage and control the assets of this Trust shall
10 not consult or notify any interested party.

11
12 THIRD: (A) None of the assets initially placed in Trust
13 hereunder, as listed in annexed Schedule B, is prohibited as a
14 holding by any interested party by the Act and regulations
15 promulgated thereunder, and other applicable Federal laws,
16 Executive orders, and regulations.

17
18 (B) Each asset listed in annexed Schedule B is free of
19 any restriction with respect to its transfer or sale, except as
20 fully described in such Schedule B.

21
22 (C) During the Trust Term, the interested parties
23 shall not pledge, mortgage, or otherwise encumber their interests
24 in the property held in trust hereunder.

1 FOURTH: The Fiduciaries shall not knowingly or negligently
2 disclose to the public or to any interested party any information
3 as to the acquisition, retention, or disposition of any
4 particular securities or other Trust property; except that, the
5 Trustee shall promptly notify the Settlor and the Director of the
6 Office of Government Ethics when the holdings of any particular
7 asset transferred to the Trust by any interested party have been
8 completely disposed of or when the value of that asset becomes
9 less than \$1,000.

10
11 FIFTH: The income tax return of the Trust shall be prepared by
12 the Trustee or his delegate, and such return and any information
13 relating thereto (other than the Trust income summarized in
14 appropriate categories necessary to complete an interested
15 party's tax return), shall not be disclosed publicly or to any
16 interested party. To effectuate the provisions of this Article
17 FIFTH, the Trustee shall use its best efforts to provide the
18 interested party, promptly after the close of each taxable year
19 of the Trust during the Trust Term, with that information
20 concerning the Trust, including information on income, expenses,
21 capital gains and capital losses, which is necessary for the
22 interested party to prepare and file tax returns required by the
23 laws of the United States and the laws of any State, district or
24 political subdivision; provided however, that in no event shall
25 the Fiduciaries disclose publicly or to any interested party any
26 information whatsoever which might identify the securities or

1 other property which comprise the assets of the Trust or identify
2 the securities or other property which have been sold from the
3 assets of the Trust.

4
5 SIXTH: An interested party shall not receive any report on the
6 holdings and sources of income of the Trust; except that the
7 Trustee shall --

8
9 (A) Make quarterly reports of the aggregate market
10 value of the assets representing such interested party's interest
11 in the Trust,

12
13 (B) Report the net income or loss of the Trust and
14 make other reports necessary to enable the interested party to
15 complete an individual tax return required by law (in accordance
16 with Article FIFTH of this Trust), and

17
18 (C) Provide an annual report for purposes of section
19 102(a)(1) of the Act of the aggregate amount of the Trust's
20 income attributable to the beneficial interest in the Trust of
21 such interested party, categorized in accordance with the
22 provisions of such section.

23
24 A copy of each written communication under this Article SIXTH
25 shall be filed by the Trustee with the Director, Office of

1 Government Ethics, within five days of the date of the
2 communication.

3
4 SEVENTH: There shall be no direct or indirect communication
5 between an interested party and the Fiduciaries with respect to
6 the Trust unless the communication is with the Trustee, in
7 writing, and has the prior written approval of the Director,
8 Office of Government Ethics, and unless it relates only --

9
10 (A) To a request for a distribution in cash or other
11 unspecified assets of the trust,

12
13 (B) To the general financial interest and needs of the
14 interested party (including, but not limited to, a preference for
15 current income or long-term appreciation),

16
17 (C) To the notification of the Fiduciaries of a law,
18 Executive order, or regulation subsequently applicable to the
19 reporting individual which prohibits the interested party from
20 holding an asset, which notification directs that the asset not
21 be held by the Trust, or

22
23 (D) To directions to the Fiduciaries to sell all of an
24 asset initially placed in the Trust by an interested party which
25 in the determination of the Settlor creates a conflict of
26 interest or the appearance thereof due to the subsequent

1 assumption of duties by the Settlor (but any such direction is
2 not required).

3
4 A copy of each written communication under this Article SEVENTH
5 shall be filed by the person initiating the communication with
6 the Director, Office of Government Ethics, within five days of
7 the date of the communication.

8
9 EIGHTH: The interested parties shall not take any action to
10 obtain, and shall take appropriate action to avoid receiving,
11 information with respect to the holdings of, and the sources of
12 income of, the Trust, including obtaining a copy of any Trust
13 tax return filed by the Trustee or any information relating
14 thereto, except for the reports and information specified in
15 Article SIXTH of this Trust.

16
17 NINTH: The Fiduciaries shall each file with the Director,
18 Office of Government Ethics, by the May 15th after any calendar
19 year during which the Trust was in existence a properly executed
20 Certificate of Compliance in the form prescribed in Appendix B to
21 5 C.F.R. Part 2634. In addition, the Fiduciaries shall maintain
22 and make available for inspection by the Office of Government
23 Ethics, as it may from time to time direct, the Trust's books of
24 account and other records and copies of the Trust's tax returns
25 for each taxable year of the Trust.

1 TENTH: The Fiduciaries shall not knowingly or negligently --

2
3 (A) Disclose any information to any interested party
4 with respect to this Trust that may not be disclosed pursuant to
5 any provision or requirement of Title I of the Act (and the
6 regulations thereunder) or this Trust,

7
8 (B) Acquire any holding the ownership of which is
9 prohibited by, or not in accordance with the terms of, this
10 Trust,

11
12 (C) Solicit advice from any interested party with
13 respect to this Trust, which solicitation is prohibited by any
14 provision or requirement of Title I of the Act (and the
15 regulations thereunder) or this Trust, or

16
17 (D) Fail to file any document required by Title I of
18 the Act (and the regulations thereunder).

19
20 ELEVENTH: The Settlor shall not knowingly or negligently --

21
22 (A) Solicit or receive any information with respect to
23 this Trust that may not be disclosed pursuant to any provision or
24 requirement of Title I of the Act (and the regulations
25 thereunder) or this Trust, or

1 (B) Fail to file any document required by Title I of
2 the Act (and the regulations thereunder).

3
4 TWELFTH **[Optional provision]**: Subject to such amounts as the
5 Fiduciaries may from time to time reserve for the payment of such
6 income taxes as may be due and payable by the Trust, and for
7 payment of expenses and compensation as provided for in this
8 Trust, during the Trust Term the Trustee shall pay to the Settlor
9 \$_____ at the beginning of each month.

10
11 THIRTEENTH: In addition to the rights, duties, and powers
12 conferred upon the Fiduciaries by law, the Fiduciaries shall have
13 the following powers, rights, and discretion with respect to any
14 Trust property held by them:

15
16 (A) To sell, exchange, or otherwise dispose of the
17 property in such manner and upon such terms as the Fiduciaries in
18 its sole discretion shall deem appropriate;

19
20 (B) Except as limited by specific enumeration in this
21 Trust agreement, to invest and reinvest the principal and any
22 undistributed income, in property of any kind;

23
24 (C) Except as limited by specific enumeration in this
25 Trust agreement, to participate in any reorganization,
26 consolidation, merger, or dissolution of any corporation having

1 stocks, bonds or other securities which may be held at any time,
2 to receive and hold any property which may be allocated or
3 distributed to it by reason of participation in any such
4 reorganization, consolidation, merger, or dissolution;

5
6 (D) To exercise all conversion, subscription, voting,
7 and other rights of whatsoever nature pertaining to any such
8 property and to grant proxies, discretionary, or otherwise, with
9 respect thereto;

10
11 (E) To elect, appoint, and remove directors of any
12 corporation, the stock of which shall constitute Trust property,
13 and to act through its nominee as a director or officer of any
14 such corporation;

15
16 (F) Except as limited by specific enumeration in this
17 Trust agreement, to manage, control, operate, convert, reconvert,
18 invest, reinvest, sell, exchange, lease, mortgage, grant a
19 security interest in, pledge, pool, or otherwise encumber and
20 deal with the property of this Trust, for Trust purposes and in
21 behalf of the Trust to the same extent and with the same powers
22 that any individual would have with respect to his own property
23 and funds;

24
25 (G) Except as limited by specific enumeration in this
26 Trust agreement, to borrow money from any person or corporation

1 (including the Fiduciaries hereunder) and for the purpose of
2 securing the payment thereof, to pledge, mortgage, or otherwise
3 encumber any and all such property for Trust purposes upon such
4 terms, covenants, and conditions as they may deem proper and also
5 to extend the time of payment of any loans or encumbrances which
6 at any time may be encumbrances on any such property irrespective
7 of by whom the same were made or where the obligations may or
8 should ultimately be borne on such terms, covenants, and
9 conditions as they may deem proper;

10
11 (H) To register any property belonging to the Trust in
12 the name of their nominee, or to hold the same unregistered, or
13 in such form that title shall pass by delivery;

14
15 (I) To abandon, settle, compromise, extend, renew,
16 modify, adjust, or submit to arbitration in whole or in part and
17 without the order or decree of any court any and all claims
18 whether such claims shall increase or decrease the assets held
19 under this Trust agreement;

20
21 (J) To determine whether or to what extent receipts
22 should be deemed income or principal, whether or to what extent
23 expenditures should be charged against principal or income, and
24 what other adjustments should be made between principal and
25 income, provided that such adjustments shall not conflict with
26 well-settled rules for the determination of principal and income

1 adjustments, or the Uniform Principal and Income Act, if in
2 effect in the State of _____;

3
4 (K) To determine whether or not to amortize bonds
5 purchased at a premium;

6
7 (L) Except to the extent otherwise expressly provided
8 in this Trust agreement, to make distributions in kind or in cash
9 or partly in each and for such purposes to fix, insofar as
10 legally permissible, the value of any property;

11
12 (M) To pay such persons employed by the Fiduciaries to
13 assist it in the administration of the Trust, including
14 investment counsel, accountants, and those engaged for assistance
15 in preparation of tax returns, such sums as the Fiduciaries deem
16 to be reasonable compensation for the services rendered by such
17 persons. Such persons may rely upon and execute the written
18 instructions of the Fiduciaries, and shall not be obliged to
19 inquire into the propriety thereof;

20
21 (N) No person may be employed or consulted by the
22 Fiduciaries to assist it in any capacity in the administration of
23 the Trust or the management and control of Trust assets,
24 including investment counsel, investment advisers, accountants,
25 and those engaged for assistance in preparation of tax returns,
26 unless the following four conditions are met --

1 (1) when an interested party learns about such
2 employment or consultation, the person must sign the Trust
3 instrument as a party, subject to the prior approval of the
4 Director of the Office of Government Ethics,

5
6 (2) under all the facts and circumstances, the person
7 is determined pursuant to the requirements for eligible entities
8 under 5 C.F.R. §2634.406(a)(3) to be independent of any
9 interested party with respect to the trust arrangement,

10
11 (3) the person is instructed by the Fiduciaries to
12 make no disclosure publicly or to any interested party which
13 might specifically identify current Trust assets or those assets
14 which have been sold or disposed of from Trust holdings, and

15
16 (4) the person is instructed by the Fiduciaries to
17 have no direct communication with any interested party, and that
18 any indirect communication with an interested party shall be made
19 only through the Fiduciaries pursuant to Article SEVENTH of this
20 Trust;

21
22 (0) Except as specifically limited in this Trust
23 agreement, to do all such acts, take all such proceedings, and
24 exercise all such rights and privileges, although not otherwise
25 specifically mentioned in this Article THIRTEENTH, with relation
26 to any such property, as if the Fiduciaries were the absolute

owner thereof, and in connection therewith to make, execute, and deliver any instruments and to enter into any covenants or agreements binding the Trust.

FOURTEENTH: Notwithstanding the provisions of Article THIRTEENTH of this Trust, the Fiduciaries shall not acquire by purchase, grant, gift, exercise of option, or otherwise, without the prior written approval of the Director of the Office of Government Ethics, any securities, cash, or other property in addition to that listed in the annexed Schedule B, from any interested party.

FIFTEENTH: The Fiduciaries shall not at any time be held liable for any action taken or not taken or for any loss or depreciation of the value of any property held in the Trust whether due to an error of judgment or otherwise where the Fiduciaries has exercised good faith and ordinary diligence in the exercise of its duties such as would have been exercised by a prudent man.

SIXTEENTH: No Fiduciaries hereunder shall be required, in any jurisdiction, to furnish any bond or other security, or to obtain the approval of any court before applying, distributing, selling, or otherwise dealing with property.

1 SEVENTEENTH: Except as provided in Article SIXTH of this Trust,
2 the Fiduciaries shall make no accounting to the Settlor until the
3 date of termination of this Trust, and, at such time, it shall be
4 required to make full and proper accounting and turn over to the
5 Settlor all assets of the Trust then held by them the said
6 Fiduciaries.

7
8 EIGHTEENTH: The Fiduciaries shall be compensated in accordance
9 with the table in the annexed Schedule C, or as provided for by
10 the laws of the State of _____.

11
12 NINETEENTH: The Fiduciaries (and any substitute or successor)
13 shall have the right, by a duly acknowledged instrument delivered
14 to the Settlor to resign as Fiduciaries in which event the
15 Settlor shall designate and appoint substitute or successor
16 Fiduciaries (subject to the prior written approval of the
17 Director, Office of Government Ethics) in their place and stead,
18 which shall have all of the rights, powers, discretions, and
19 duties conferred or imposed hereunder upon the original
20 Fiduciaries.

21
22 TWENTIETH: Any amendment of the terms of this Trust Agreement,
23 including the appointment of a substitute or successor
24 Fiduciaries, shall require the prior written approval of the
25 Director of the Office of Government Ethics, upon a showing of
26 necessity and appropriateness. Any such substitute or successor

Fiduciaries shall have all of the rights, powers, discretions,
and duties conferred or imposed hereunder upon the original
Fiduciaries.

**TWENTY-FIRST [Optional provision]: [A provision delineating the
respective powers and responsibilities of the Fiduciaries is
recommended. Note that the Fiduciaries will not be able to
communicate with the Settlor for resolution of any disputes which
may arise among them.]**

The term "interested party" as used in this Trust means
the Settlor, his spouse, any minor or dependent child, and their
representatives.

The validity, construction, and administration of this Trust shall be governed by the Act (and regulations thereunder) and the laws of the State of _____.

Dated this _____ day of _____, _____.

NOTARIZATION Settlor
REQUIRED

The above Trust is accepted this _____ day of _____, _____.

NOTARIZATION Trustee
REQUIRED

By:

(title)

NOTARIZATION Investment Manager
REQUIRED

By:

(title)

Privacy Act Statement

Section 102(f) of the Ethics in Government Act of 1978 as amended (the "Ethics Act"), 5 U.S.C. Appendix, § 102(f), and subpart D of 5 CFR part 2634 of the regulations of the Office of Government Ethics (OGE) require the reporting of this information for the administration of qualified trusts under the Ethics Act. The primary use of the information on the trust instrument prepared based in part upon this model draft document is for review by Government officials of OGE and the agency of the Government employee for whom the trust is being established to determine compliance with applicable Federal laws and regulations as regards qualified trusts. Additional disclosures of the information in the trust document itself may be made: (1) to any requesting person in accordance with the access provisions of section 105 of the Ethics Act (underlying trust information is not generally available under this routine use, except for the list of assets initially placed in trust and statutorily mandated notifications by the trustee of divestitures of initially transferred assets to below \$1,000 in value in the case of a qualified blind trust); (2) to a Federal, State or local law enforcement agency if the disclosing agency becomes aware of a violation or potential violation of law or regulation; (3) to a court or party in a court or Federal administrative proceeding if the Government is a party or in order to comply with a judge-issued subpoena; (4) to a source when necessary to obtain information relevant to a conflict of interest issue; (5) to the National Archives and Records Administration or the General Services Administration in records management inspections; (6) to the Office of Management and Budget during legislative coordination on private relief legislation; and (7) in response to a discovery request or for the appearance of a witness in a pending judicial or administrative proceeding, if the information is relevant to the subject matter. Knowing or willful falsification of information on the trust document prepared from this model draft or failure to file or report information required to be reported under title I of the Ethics Act and 5 CFR part 2634 of the OGE regulations may lead to disqualification as a trustee or other fiduciary as well as possible disqualification of the underlying trust itself. Knowing and willful falsification of information required under the Ethics Act and the regulations may also subject you to criminal prosecution.

Public Burden Information and Paperwork Reduction Act Statement

This collection of information is estimated to take an average of one hundred hours per response, given the estimated amount of time deemed necessary to structure an actual trust arrangement based in part on this model draft. You can send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for

reducing this burden, to: Deputy Director for Office of Administration and Information Management, U.S. Office of Government Ethics, Suite 500, 1201 New York Avenue, NW., Washington, DC 20005-3917. Do not send your completed trust document to this address; rather, see the remainder of the instructions to this model draft.

Pursuant to the Paperwork Reduction Act, as amended, an agency may not conduct or sponsor, and no person is required to respond to, a collection of information unless it displays a currently valid OMB control number (that number, 3209-0007, is displayed here and in the upper left-hand corner of the first page of this OGE model qualified trust draft document).