Florida's Financial Disclosure Requirements



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We will cover:

- What is financial disclosure
- How to fill out the forms
- Common mistakes
- How to amend a filing
- Late Filing: Fines & Collections
- Recent changes in the law
- Questions

The purpose of financial disclosure

- Reminds public officials of financial interests that may conflict with their duties
- Citizens can monitor potential conflicts
- Deters officials from actions that might cause a conflict
- Instills public confidence in government

The Sunshine Amendment



Gov. Reubin Askew

- Legislature rejected Gov.
 Askew's call for ethics reforms
- 1976: Gov. Askew spearheads successful ballot initiative to create a constitutional Sunshine Amendment
- "A public office is a public trust."
- Created Commission on Ethics
- Required financial disclosure for public officials

Who files financial disclosure?

Form 6 Filers (2,500+ filers)

- All constitutional officers
- Candidates for constitutional offices

See Art. II, Section 8(a), Fl. Const. and Section 112.3144, Florida Statutes.

Form 1 Filers (35,000+ filers)

- State Officers
- Specified State Employees
- Local Officers

See Section 112.3145(1), Florida Statutes.

When to file financial disclosure

Form 6 Filers

- By July 1 if they're in the position on 12/31 of previous year
- Within 60 days of termination

Form 1 Filers

- By July 1 if they're in the position on 12/31 of previous year
- Within 60 days of termination
- Within 30 days of start date

Creation of the Annual Filing List

- The Commission is charged with the creation of the annual filing list
- Each agency has a coordinator who informs the Commission who should be on the list
- ~1,700 coordinators
- Form 6 & state-level Form 1 filers: Commission on Ethics mails forms to the filers
- Local Form 1 filers: Supervisor of Elections mails forms to the filers

The Role of the Coordinators

- Provides names/addresses of filers
- Reminds newly hired/appointed filers to file
 Form 1 within 30 days of their start date
- Reminds terminating officers/employees to file Form 1F or 6F within 60 days (more on Form 1F/6F later)
- Helps to contact filers who have not filed their forms

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Form 6: Assets

- •An asset is anything that can be sold to settle debts
- •List description and value of all assets over \$1,000
- •Most common: bank accounts, real property, stock

Form 6: Liabilities

PART C - LIABILITIES	
LIABILITIES IN EXCESS OF \$1,000 (See instructions on page 4): NAME AND ADDRESS OF CREDITOR	AMOUNT OF LIABILITY
U.S. Department of Education	\$16,978
400 Maryland Ave., SW, Washington D.C.	
Wells Fargo Home Mortgage Co.	\$181,456
P.O. BOX 10335, DES MOINES, IA JOINT AND SEVERAL LIABILITIES NOT REPORTED ABOVE:	
NAME AND ADDRESS OF CREDITOR	AMOUNT OF LIABILITY

- •List all liabilities over \$1,000
- •Exclusions listed in form instructions
- •Most Common: mortgages and student Loans

Form 6: Income

PART D – INCOME You may EITHER (1) file a complete copy of your 2014 federal income tax return, including all W2's, schedules, and attachments, OR (2) file a swom statement identifying each separate source and amount of income which exceeds \$1,000, including secondary sources of income, by completing the remainder of Part D, below. | lelect to file a copy of my 2014 federal income tax return and all W2's, schedules, and attachments. | [if you check this box and attach a copy of your 2014 tax return, you need not complete the remainder of Part D,] | PRIMARY SOURCES OF INCOME (See instructions on page 5): | NAME OF SOURCE OF INCOME EXCEEDING \$1,000 | ADDRESS OF SOURCE OF INCOME | AMOUNT | | STATE OF FLOYIDA | 325 JOHN KWOX Rd. | \$45,000 | | YUW! BYAWAS, INC. 1900 Col. SAWDEYS LANE | \$15,000 | | SECONDARY SOURCES OF INCOME [Major customers, clients, etc., of businesses owned by reporting person-see instructions on page 5]: | NAME OF | NAME OF MAJOR SOURCES | ADDRESS | PRINCIPAL BUSINESS | | BUSINESS ENTITY | OF BUSINESS' INCOME | OF SOURCE | ACTIVITY OF SOURCE |

- •Primary Sources: gross income to the filer, such as job compensation (e.g., public salary) & capital gains
- •Secondary Sources: list major clients and customers of businesses of which you own more than 5 percent

Form 6: Interests in Specified Businesses

PART E INTERESTS IN SPECIFIED BUSINESSES [Instructions on page 6]			
1	BUSINESS ENTITY # 1	BUSINESS ENTITY # 2	BUSINESS ENTITY # 3
NAME OF BUSINESS ENTITY			
ADDRESS OF BUSINESS ENTITY			
PRINCIPAL BUSINESS ACTIVITY			
POSITION HELD WITH ENTITY			
I OWN MORE THAN A 5% INTEREST IN THE BUSINESS			
NATURE OF MY OWNERSHIP INTEREST			

- •List ownership stake in the industry types specified in the instructions
- •Common Mistake: Do not list businesses that are not of the specified industry types

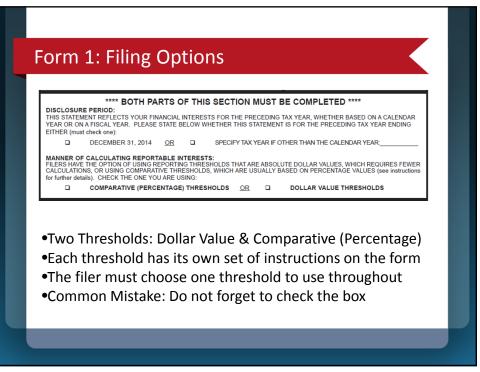
Form 6: Training



- •Constitutional and Municipal Officers must complete 4 hours of ethics training each calendar year.
- •Public officials assuming a new office/term before 3/31 must complete the training before 12/31 of that year

OATH	STATE OF FLORIDA COUNTY OF
I, the person whose name appears at the beginning of this form, do depose on oath or affirmation and say that the information disclosed on this form	Sworn to (or affirmed) and subscribed before me this day of by
and any attachments hereto is true, accurate, and complete.	(Signature of Notary Public–State of Florida)
	(Print, Type, or Stamp Commissioned Name of Notary Public) Personally Known OR Produced Identification
SIGNATURE OF REPORTING OFFICIAL OR CANDIDATI	Type of Identification Produced
she must complete the following statement:	73, or attorney in good standing with the Florida Bar prepared this form for you, he or, prepared the CE Form 6 in accordance with Art. II, Sec. 8, Florida Constitution, to the form. Upon my reasonable knowledge and belief, the disclosure herein is true

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Form 1: Primary Sources of Income

PART A PRIMARY SOURCES OF INCOME [Major sources of income to the reporting person - See instructions] (If you have nothing to report, write "none" or "n/a")		
NAME OF SOURCE OF INCOME	SOURCE'S ADDRESS	DESCRIPTION OF THE SOURCE'S PRINCIPAL BUSINESS ACTIVITY

- •Report sources of gross income to the filer exceeding threshold chosen
- •Dollar Value Threshold: \$2,500
- •Do not report income amounts
- •Do not report public salary

Form 1: Secondary Sources of Income

PART B SECONDARY SOURCES OF INCOME [Major customers, clients, and other sources of income to businesses owned by the reporting person - See instructions] (If you have nothing to report, write "none" or "nia")			
NAME OF BUSINESS ENTITY	NAME OF MAJOR SOURCES OF BUSINESS' INCOME	ADDRESS OF SOURCE	PRINCIPAL BUSINESS ACTIVITY OF SOURCE

- •Dollar Value Threshold: List major clients and customers of businesses of which you own more than 5%
- •Common Mistake: do not list "second jobs"
- •Do not list dollar amounts

Form 1: Real Property

PART C -- REAL PROPERTY [Land, buildings owned by the reporting person - See instructions] (If you have nothing to report, write "none" or "n/a")

- •List property where ownership is greater than 5%
- •Only Florida properties are reportable
- •Residence(s) and vacation home(s) are not reportable
- •Most Common: rentals, commercial property, investment properties, vacant lots
- •Do not list property value

Form 1: Intangible Personal Property

PART D — INTANGIBLE PERSONAL PROPERTY (Stocks, bonds, certificates of deposit, etc. - See instructions)

(If you have nothing to report, write "none" or "n/a")

TYPE OF INTANGIBLE

BUSINESS ENTITY TO WHICH THE PROPERTY RELATES

•Dollar Value Threshold: \$10,000

•Do not list dollar amounts

•Most Common: bank accounts, stock

Form 1: Liabilities

PART E — LIABILITIES [Major debts - See instructions] (If you have nothing to report, write "none" or "n/a")		
NAME OF CREDITOR	ADDRESS OF CREDITOR	

- •Dollar Value Threshold: \$10,000
- •Exclusions listed in form instructions
- •Do not list dollar amounts

Form 1: Interests in Specified Businesses

PART F — INTERESTS IN SPECIFIED BUSINESSES [Ownership or positions in certain types of businesses - See instructions]		
(If you have nothing to report, write "none"	BUSINESS ENTITY # 1	BUSINESS ENTITY # 2
NAME OF BUSINESS ENTITY		
ADDRESS OF BUSINESS ENTITY		
PRINCIPAL BUSINESS ACTIVITY		
POSITION HELD WITH ENTITY		
I OWN MORE THAN A 5% INTEREST IN THE BUSINESS		
NATURE OF MY OWNERSHIP INTEREST		

- •List ownership stake in the industry types specified in the instructions
- •Common Mistake: Do not list businesses that are not of the specified industry types

IF ANY OF PARTS A THROUGH F ARE CONTINUED ON A SEPARATE SHEET, PLEASE CHECK HERE ☐ SIGNATURE OF FILER: If a certified public accountant licensed under Chapter 473, or attorney in good standing with the Florida Bar prepared this form for you, he or she must complete the following statement: I, prepared the CE Form 1 in accordance with Section 112.3145, Florida Statutes, and the instructions to the form. Upon my reasonable knowledge and belief, the disclosure herein is true and correct.
CPA/Attorney Signature Date Signed

Common Disclosure Issues

How to Disclose IRAs, 401(k)s, Investment Accounts, and FRS Investment Plan

- <u>Do not</u> disclose the entire investment vehicle
- Instead, disclose individual investment products within the vehicle that meet the applicable threshold

See CEO 11-11 & CEO 12-10.

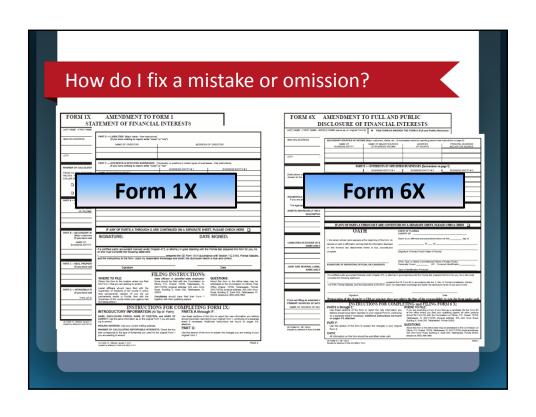
Example: Disclosing an IRA on Form 6 Disclose individual products **SAMPLE IRA CONTAINS** •Form 6 Threshold for Facebook Stock \$11,000 Assets is \$1,000 XYZ Mutual Fund \$2,000 G.M. Stock \$500 **IRA TOTAL** \$13,500 PART B -- ASSETS HOUSEHOLD GOODS AND PERSONAL EFFECTS: Household goods and personal effects may be reported in a lump sum if their aggregate value exceeds \$1,000. This category includes any of the following, if not held for investment purposes: jevelry; collections of stamps, guns, and numismatic items; art objects; household equipment and furnishings; clothing, other household items; and vehicles for personal use, whether owned or leased. ASSETS INDIVIDUALLY VALUED AT OVER \$1,000: DESCRIPTION OF ASSET (specific description is required - see instructions p.4) Facebook stock \$11,000 XYZ Mutual Fund \$2,000

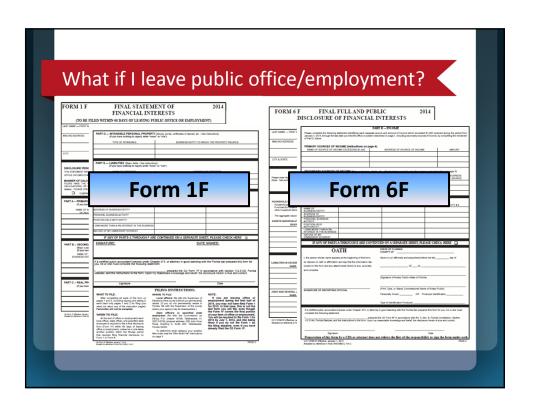
Example: Disclosing an IRA on Form 1

SAMPLE IRA CONTAINS	
Facebook Stock	\$11,000
XYZ Mutual Fund	\$2,000
G.M. Stock	\$500
IRA TOTAL	\$13,500

- Disclose individual products
- •Form 1 Threshold for Intangible Assets is \$10,000
- •Do not report dollar amounts

PART D — INTANGIBLE PERSONAL PROPERTY [Stocks, bonds, certificates of deposit, etc See instructions] (If you have nothing to report, write "none" or "nla")		
TYPE OF INTANGIBLE	BUSINESS ENTITY TO WHICH THE PROPERTY RELATES	
Stock	Facebook	





Additional Forms for Reporting Individuals <

- Gifts Law
 - Section 112.3148, Florida Statutes
 - Form 9, Quarterly Gift Disclosure
 - Form 10, Annual Disclosure of Gifts from Governmental Entities and Direct-Support Organizations and Honorarium Event Related Expenses
- Client Disclosure
 - Section 112.3145(5), Florida Statutes
 - Form 2, Quarterly Client Disclosure

Late Filers

- Forms are due July 1 every year
- Penalty-Free Grace Period through September 1
- After Sept. 1, fines of \$25/day for up to 60 days (\$1,500)
- Fine can be appealed if "unusual circumstances" outside the filer's control prevented a timely filing
- Collection of fines
 - Payment agreements with Commission on Ethics
 - Salary withholding of compensated public officials
 - Collection Agency
 - Garnishment
- Statute of Limitations for collection of fines is 20 years

Change in the Law Effective 7/1/14

If a public official or employee <u>fails or refuses</u> to file a financial disclosure form and receives the <u>maximum fine</u> (\$1,500)

the Commission shall <u>automatically</u> investigate and conduct a public hearing

to determine whether the person's failure to file was willful

For Form 6, see Section 112.3144(6), Florida Statutes. For Form 1, see Section 112.3145(8)(c), Florida Statutes.

Change in the Law Effective 7/1/14 (cont.) ◀

If the failure to file is found to be willful

the Commission must enter an order

recommending that the officer/employee be removed from his/her position

For Form 6, see Section 112.3144(6), Florida Statutes. For Form 1, see Section 112.3145(8)(c), Florida Statutes.

