



SELECT COMMITTEE ON ETHICS

UNITED STATES SENATE

QUALIFIED BLIND TRUSTS

SEPTEMBER 2015

One Hundred Fourteenth Congress

Senate Select Committee on Ethics
220 Hart Senate Office Building
202-224-2981
email: mailbox_office@ethics.senate.gov
<http://www.ethics.senate.gov>

QUALIFIED BLIND TRUSTS

September 2015

**SELECT COMMITTEE ON ETHICS
UNITED STATES SENATE**

One Hundred Fourteenth Congress

SELECT COMMITTEE ON ETHICS

United States Senate

JOHNNY ISAKSON, Georgia, Chairman
BARBARA BOXER, California, Vice Chairman

PAT ROBERTS, Kansas	CHRISTOPHER A. COONS, Delaware
JAMES E. RISCH, Idaho	BRIAN SCHATZ, Hawaii

Deborah Sue Mayer, Chief Counsel and Staff Director
Annette Gillis, Deputy Staff Director

Tremayne Bunaugh, Senior Counsel
Rochelle Ford, Counsel
Philip Kibbey, Financial Disclosure Specialist
Danny Remington, Director of Information Technology
Anna Stolarz, Counsel
Lynn Tran, Senior Counsel
Geoff Turley, Counsel
Ray Wolcott, Counsel

TABLE OF CONTENTS

Overview	1
Frequently Asked Questions	2
Sample Trust Agreement	5
Sample Schedule A – List of Assets	13
Sample Schedule B – Trustee Fee Schedule	14
Sample Certification of Independence of Trustee.....	15
Sample Certification of Independence of Investment Advisor	16
Model Quarterly Report to Grantor	17
Model Report of Asset Sold or Value Less Than \$1,000	18
Model Report of Tax Statement	19
Ethics in Government Act § 102(f)(2)–(7).....	20

This booklet provides an overview of the regulations governing qualified blind trusts. It contains answers to some questions frequently asked by Members, officers, and employees who are considering creating a qualified blind trust as a way to avoid potential conflicts of interest. This booklet does not cover every issue that may arise, and it is not a substitute for formal advice from the Select Committee on Ethics (the Committee). For specific advice, please contact the Committee.

Potential conflicts of interest may arise when a Member, officer, or employee's financial interests or affiliations could be seen as affecting the performance of official duties. For example, certain financial holdings, like owning particular stocks, might create a conflict of interest with certain aspects of Senate employment including votes, meetings, and actions.

While there are a number of ways to eliminate conflicts of interests and the appearance of them, the most comprehensive approach is to put financial assets in a Qualified Blind Trust (QBT), a special trust that is created according to guidelines established by federal law.

When a QBT is established, an individual gives up the management of assets to an independent trustee, who makes investment decisions for the individual's benefit without the individual's knowledge. In this situation, any potential conflicts of interest are resolved because the Member, officer, or employee does not have any knowledge of the assets nor do they control or manage the assets.

Under the Ethics in Government Act of 1978 (EIGA), as amended, a QBT must be approved by the Committee **prior to its execution**. Included in this booklet is a sample trust agreement made available by the Committee for use by Members, officers, employees, and their attorneys when drafting proposed trust agreements to be submitted for certification pursuant to § 102(f)(3) of EIGA.

Many of the provisions included in the sample agreement are required by statute and therefore must be included in a proposed trust agreement in order for it to be approved by the Committee. However, the language of any given trust will depend upon the circumstances of the particular case and we recommend that the Committee be consulted as early as possible in this process.

"Grantor" is defined as the individual creating the QBT.

"Trustee" is the person or institution managing the QBT.

"Interested party" means a reporting individual, his or her spouse, and any minor or dependent children.

Frequently Asked Questions

What are the advantages of establishing a QBT?

A QBT allows grantors to avoid potential conflicts of interest or the appearance of such conflicts during Senate employment. By turning over the management of assets to an independent trustee, a QBT generally will allow the grantor to be fully invested in the market without worrying about potential conflicts of interest and the possibility of having to recuse oneself from handling official business. In addition, a QBT may help avoid even the appearance of a conflict of interest.

Is establishing a QBT always the best option?

No. Setting up and maintaining a QBT can be expensive and time consuming, and might not be appropriate when other solutions, like selling an individual asset, are acceptable. QBTs are also not generally recommended for Members or staff with only a few moderate holdings or staff members whose duties are narrowly focused on a specific industry sector.

What must be submitted to the Committee for approval?

- ☐ Cover letter from the grantor addressing how the trustee was selected.
- ☐ Copy of the proposed trust instrument—a model trust agreement is available on page 5.
- ☐ Schedule A—list of assets contained in the QBT at the time of the Committee’s approval, categorized as to value using the categories found in § 102(d) of the Ethics in Government Act and Senate Rule 34. Value assets as of any date that is within 31 days of the filing date. A model is available on page 13.
- ☐ Schedule B—trustee fee schedule. If an investment advisor is selected, include a fee schedule for the investment advisor(s). A model is available on page 14.
- ☐ *Certificate of Independence of Trustee*— a model is available on page 15.
- ☐ *Certificate of Independence of Investment Advisor* (if applicable)—a model is available on page 16.

What happens after the trust is approved by the Committee?

After the QBT is established, within 30 days the grantor must file the executed trust agreement, Schedule A and Schedule B, with the Secretary of the Senate, Office of Public Records (Hart 232). Failure to file the executed trust agreement within 30 days of Committee approval may result in the grantor needing to seek approval again. *See* 5 U.S.C. app. § 102(f)(5)(A).

Who can be the trustee of my QBT?

The trustee must be completely independent and must be approved by the Committee. An independent trustee cannot be affiliated with, associated with, related to, or subject to the control or influence of anyone who has a beneficial interest in the QBT. The trustee should not be a current or former investment advisor, partner, accountant, attorney, relative or any other similarly situated individual. An ideal trustee is usually a financial institution, such as a bank or trust company. Generally, a financial institution will be considered independent if the grantor and the grantor’s family have no relationship with the proposed trustee other than savings, checking, or other types of similar accounts. *See* 5 U.S.C. app. § 102(f)(3)(A).

If my current investment advisor cannot serve as the trustee, how can I find an appropriate trustee?

Any trust company or large financial institution with a trust department should be able to help you create a QBT. You may want to contact several of these organizations to compare portfolio management, costs, and other pertinent information. As discussed above, it is very important that the company you choose be considered independent. Such independence requires that the trustee and trust employees are not influenced by the grantor or other interested parties in investment decisions, and not be “associated” or “affiliated” with, nor an employee, partner, or a relative of, the grantor or any interested party to the trust.

When interviewing a trustee, the grantor may communicate his or her overall investment objectives for the portfolio, but may not communicate specific directions about how to construct or manage the portfolio.

What are some examples of assets that may be placed in a QBT?

Generally, grantors will inject publicly-traded securities (stock, bonds, and mutual funds) and cash into a QBT. Conversely, real property, a business entity, or assets held in a qualified retirement plan are typically not ideal assets to inject into a QBT because those types of assets are generally not able to be managed and controlled entirely by the trustee as required by law.

How much knowledge about or control over the assets that I place in the QBT will I have?

Very little. As discussed above, the purpose of establishing a QBT is to avoid conflicts of interests. Therefore, a QBT requires the grantor to relinquish control of his or her assets to an independent trustee, who manages the assets in the trust without the grantor’s knowledge or control. The trustee of a QBT has the freedom to sell or dispose of any assets in the corpus of the trust at his or her discretion, unless a restriction on particular assets is expressly approved by the Committee. The trustee, interested parties (which includes the grantor, his or her family members, other beneficiaries of the trust) and any Senate staff cannot consult or communicate with one another regarding asset management, trust holdings, or trust administration. However, the grantor is permitted to communicate a preference for maximizing income or long-term capital gain or for balancing safety of capital with growth. For example, you may advise the trustee if you want to be risky, moderate, or conservative with your investments.

Assets initially placed in the QBT, because they are known to the grantor, continue to pose a potential conflict of interest until they have been sold or reduced to a value less than \$1,000. New assets purchased by the trustee will not be disclosed to the grantor, so they will not pose a conflict.

Under what circumstances and how may a trustee and grantor communicate?

Once the QBT is approved by the Committee, communication between the grantor and the trustee is very limited. For example, all interested parties and the trustee are prohibited from discussing asset management, trust holdings, or trust administration. However, the grantor is permitted to request cash distributions. Also, the grantor will receive periodic reports about the overall performance of their QBT.

The trustee is prohibited from consulting or communicating with the beneficiaries or other interested parties in the QBT concerning the identity of any asset in the trust, except to inform the grantor, beneficiary, or other interested parties when an original asset has been disposed of or its value has become less than \$1,000, as required by law. The trustee shall prepare the tax return for the QBT; however, no reports concerning the holdings of the QBT may be made to the grantor and interested

parties. Only information on the value and income of the QBT as a whole may be communicated.

The beneficiaries of the QBT may not attempt to gain information about the identity of any assets held in the trust. The beneficiaries of the QBT may not communicate with the trustee except in writing concerning (1) general financial needs or income of interested parties; (2) notifications of a “law or regulation subsequently applicable” prohibiting the holding of an asset, or (3) directions to sell all of an original asset that now creates a real or apparent conflict of interest “due to subsequent assumption of duties” of the reporting individual. *See* 5 U.S.C. app. § 102(f)(3)(C)(vi).

Prior review and approval of the Committee is required for most communications with a few limited exceptions, including requesting a distribution. Failure to receive approval of communications may result in unblinding the trust. Once a QBT is unblinded, the grantor must report the assets held in the trust to the Secretary of the Senate as required upon dissolution (see below) and the potential of a conflict of interest emerges with respect to all assets of the trust.

How may I request a distribution from the trust?

Requests solely for distributions of cash or other unspecified assets of the QBT may be made directly to the trustee without preapproval of the Committee. The trustee is responsible for specifying the format of distribution requests and for employing whatever security measures it deems appropriate to protect the grantor. Moreover, while the Committee is available to review and approve communications between the grantor and the trustee related to distribution requests if desired by the parties, the Committee cannot and does not authorize distributions from QBTs.

How are these communication restrictions enforced?

The Attorney General of the United States is authorized to bring a civil action for violations of the laws concerning communications and disclosures of information with respect to a QBT. *See* 5 U.S.C. app. § 102(f)(6)(C).

What happens upon dissolution of the QBT?

Upon dissolution, the reporting individual must notify the Committee of the dissolution and file a list of trust assets with category of value at the time of dissolution with both the Secretary of the Senate, Office of Public Records and the Committee. *See* 5 U.S.C. app. § 102(f)(5)(C).

TRUST AGREEMENT

THIS TRUST AGREEMENT is made and entered into this ____ day of ____, 20__, between _____, whose home address is _____, hereinafter called the Grantor, and _____ of _____, whose business address is _____, hereinafter called the Trustee.

WITNESSETH

GRANTOR is a United States Senator for the State of _____. To avoid any conflict of interest, or appearance of any such conflict, which may arise from his duties and powers in such office and any other office to which he may subsequently be appointed to the extent provided for by § 102(f)(4)(A) of the Ethics in Government Act of 1978 (Pub. L. No. 95-521, as amended) (hereinafter the Act), Grantor hereby creates a trust to be administered in accordance with the requirements of the Act (herein after the Trust), which shall become effective on the date this agreement bears.

The Trustee is an eligible person, as specified in § 102(f)(3)(A) of the Act, who meets the requirements of such section.

Grantor, therefore, hereby delivers to the Trustee, and the Trustee hereby acknowledges receipt of, the property listed in the annexed Schedule A, subject to the provisions of this Trust, the Act, and other applicable Federal laws.

The primary purpose of this Trust is to entrust to the Trustee decisions as to when and to what extent the original assets of the Trust are to be sold or disposed of and in what investments the proceeds of sale are to be reinvested, without any participation in, or knowledge of, such decisions by any interested party. The term “interested party” as used in this Trust means the Grantor, his spouse, any minor or dependent child, and their representatives. Accordingly, the Grantor and the Trustee agree as follows:

- FIRST:**
- (A) This Trust shall terminate upon the first to occur of the following—(1) Grantor’s ceasing for any reason to serve as a U.S. Senator and in any other position to which he may have been subsequently appointed or elected in the Federal Government and Grantor thereafter giving Trustee written notice directing that this Trust be terminated; or (2) Grantor’s death or incompetence. The period between the date of this agreement and the termination of the Trust shall be called the “Trust Term.”
 - (B) Notwithstanding Paragraph (A) of this Article FIRST, this Trust agreement may in addition be terminated through revocation.
- SECOND:**
- The Trustee shall administer this Trust in accordance with the requirements of the Act and, in the exercise of its authority and discretion to manage and control the assets of this Trust, shall not consult or notify any interested

party.

- THIRD:**
- (A) Each asset listed in the annexed Schedule A is free of any restriction with respect to its transfer or sale, except as fully described in such Schedule A, and none of the assets listed are prohibited by any law or regulation.
 - (B) During the Trust Term, the interested parties shall not pledge, mortgage, or otherwise encumber their interests in the property held in trust hereunder.

FOURTH: The Trustee shall not knowingly or negligently disclose to the public or to any interested party any information as to the acquisition, retention, or disposition of any particular securities or other Trust property; except that, the Trustee shall promptly notify the Grantor, the U.S. Senate Select Committee on Ethics, and the Secretary of the Senate, Office of Public Records when the holdings of a particular asset transferred to the Trust by any interested party have been completely disposed of or when the value of that asset becomes less than \$1,000.

FIFTH: The income tax return of the Trust shall be prepared by the Trustee or his designee, and such return and any information relating thereto (other than the Trust income summarized in appropriate categories necessary to complete an interested party's tax return), shall not be disclosed to the public or to any interested party. To effectuate the provisions of this Article FIFTH, the Trustee shall use its best efforts to provide the interested party, promptly after the close of each taxable year of the Trust during the Trust Term, with that information concerning the Trust, including information on income, expenses, capital gains and capital losses, which is necessary for the interested party to prepare and file tax returns required by the laws of the United States and the laws of any State, district or political subdivision; provided however, that in no event shall the Trustee disclose publicly or to any interested party any information whatsoever which might identify the securities or other property which comprise the assets of the Trust or identify the securities or other property which have been sold from the assets of the Trust.

SIXTH: An interested party shall not receive any report on the holdings and sources of income of the Trust other than provided by Article FOURTH of this Trust; except that the Trustee shall—

- (A) Make quarterly reports of the total cash value of such interested party's interest in the Trust,
- (B) Report the net income or loss of the Trust and make other reports

necessary to enable the interested party to complete an individual tax return required by law (in accordance with Article FIFTH of this Trust), and

- (C) Provide an annual report for purposes of § 102(a)(1) and § 102(d)(1) of the Act and Senate Rule 34 of the aggregate amount of the Trust's value and income attributable to the beneficial interest in the Trust of such interested party, categorized in accordance with the provisions of such sections and Rule.

SEVENTH:

There shall be no direct or indirect communication between an interested party and the Trustee with respect to the Trust unless—

- (A) It relates to a request for a distribution from the Trust of cash or other unspecified assets of the Trust, or
- (B) The communication is in writing and is filed by the person initiating the communication at the office of the U.S. Senate Select Committee on Ethics within five days of the communication, and it relates only—
 - 1) To the general financial interest and needs of the interested party (including, but not limited to, an interest in maximizing income or long-term capital gain),
 - 2) To the notification of the Trustee of a law or regulation subsequently applicable to the reporting individual which prohibits the interested party from holding an asset, which notification directs that the asset not be held by the Trust, or
 - 3) To directions to the Trustee to sell all of an asset initially placed in the Trust by an interested party which in the determination of the Grantor creates a conflict of interest or the appearance thereof due to the subsequent assumption of duties by the Grantor (but any such direction is not required).

EIGHTH:

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

NINTH:

The Trustee shall not knowingly and willfully, or negligently—

- (A) Disclose any information to any interested party with respect to this

Trust that may not be disclosed pursuant to any provision or requirement of Title I of the Act or this Trust,

- (B) Acquire any holding the ownership of which is prohibited by, or not in accordance with the terms of, this Trust, including the acceptance of any contribution in cash or in kind to the trust from an individual other than the Grantor,
- (C) Solicit advice from any interested party with respect to this Trust, which solicitation is prohibited by any provision or requirement of Title I of the Act or this Trust, or
- (D) Fail to file any document required by Title I of the Act.

TENTH: The Grantor shall not knowingly and willfully, or negligently—

- (A) Solicit or receive any information with respect to this Trust that may not be disclosed pursuant to any provision or requirement of Title I of the Act or this Trust, or
- (B) Fail to file any document required by Title I of the Act.

ELEVENTH: Subject to such amounts as the Trustee may from time to time reserve for the payment of such income taxes as may be due and payable by the Trust, and for payment of expenses and compensation as provided for in this Trust, during the Trust Term the Trustee shall pay to the Grantor \$__ at the beginning of each month.

TWELFTH: In addition to the rights, duties, and powers conferred upon the Trustee by law, the Trustee shall have the following powers, rights, and discretion with respect to any Trust property held by him:

- (A) To sell, exchange, or otherwise dispose of the property in such manner and upon such terms as the Trustee in its sole discretion shall deem appropriate;
- (B) Except as limited by specific enumeration in this Trust agreement or subsequent notification pursuant to Article SEVENTH, paragraph (B)(2), to invest and reinvest the principal and any undistributed income in property of any kind;
- (C) Except as limited by specific enumeration in this Trust agreement, to participate in any reorganization, consolidation, merger, or dissolution of any corporation having stocks, bonds or other securities which may be held at any time, to receive and hold any property which may be

allocated or distributed to it by reason of participation in any such reorganization, consolidation, merger, or dissolution;

- (D) To exercise all conversion, subscription, voting, and other rights of whatsoever nature pertaining to any such property and to grant proxies, discretionary, or otherwise, with respect thereto;
- (E) To elect, appoint, and remove directors of any corporation, the stock of which shall constitute Trust property, and to act through its nominee as a director or officer of any such corporation;
- (F) Except as limited by specific enumeration in this Trust agreement, to manage, control, operate, convert, reconvert, invest, reinvest, sell, exchange, lease, mortgage, grant a security interest in, pledge, pool, or otherwise encumber and deal with the property of this Trust for Trust purposes and on behalf of the Trust to the same extent and with the same powers that any individual would have with respect to his own property and funds (but such actions may not take into account any interests of an interested party or other individual outside of those interests held by the Trust);
- (G) Except as limited by specific enumeration in this Trust agreement, to borrow money from any person or corporation (including the Trustee hereunder) and for the purpose of securing the payment thereof, to pledge, mortgage, or otherwise encumber any and all such Trust property for Trust purposes upon such terms, covenants, and conditions as it may deem proper and also to extend the time of payment of any loans or encumbrances which at any time may be encumbrances on any such Trust property, irrespective of by whom the same were made or where the obligations may or should ultimately be borne on such terms, covenants, and conditions as it may deem proper (but such actions may not take into account any interests of an interested party or other individual outside of those interests held by the Trust);
- (H) To register any property belonging to the Trust in the name of its nominee, or to hold the same unregistered, or in such form that title shall pass by delivery;
- (I) To abandon, settle, compromise, extend, renew, modify, adjust, or submit to arbitration in whole or in part and without the order or decree of any court any and all claims whether such claims shall increase or decrease the assets held under this Trust agreement;
- (J) To determine whether or to what extent receipts should be deemed income or principal, whether or to what extent expenditures should be

charged against principal or income, and whether or to what extent other adjustments should be made between principal and income, provided that such adjustments shall not conflict with well-settled rules for the determination of principal and income adjustments, or the Uniform Principal and Income Act, if in effect in the State of _____;

- (K) To determine whether or not to amortize bonds purchased at a premium;
- (L) Except to the extent otherwise expressly provided in this Trust agreement, to make distributions to or at the request of an interested party in kind or in cash or partly in each and for such purposes to fix, insofar as legally permissible, the value of any property;
- (M) To pay such persons employed by the Trustee to assist in the administration of the Trust, including investment counsel, accountants, and those engaged for assistance in preparation of tax returns, such sums as the Trustee deems to be reasonable compensation for the services rendered by such persons. Such persons may rely upon and execute the written instructions of the Trustee, and shall not be obliged to inquire into the propriety thereof. No person may be employed or consulted by the Trustee to assist it in any capacity in the administration of the Trust or the management and control of Trust assets, including investment counsel, investment advisers, accountants, and those engaged for assistance in preparation of tax returns, unless—
 - 1) if any such employment or consultation is known to any interested party, the person is a signatory to this Trust instrument as a party, subject to the prior approval of the U.S. Senate Select Committee on Ethics,
 - 2) such person, under all the facts and circumstances, would be determined to be independent of any interested party with respect to the trust arrangement pursuant to the requirements of § 102(f)(3)(A)(ii) of the Act,
 - 3) such person is instructed by the Trustee to make no disclosure to the public or to any interested party which might identify the securities or other property which comprise the assets of the Trust or identify securities or other property which have been sold from the assets of the Trust, or of any other information which may not be disclosed by the Trustee, and
 - 4) such person is instructed by the Trustee to have no direct communication with any interested party, and that any

indirect communication with an interested party shall be made only through the Trustee pursuant to Article SEVENTH of this Trust;

(N) Except as specifically limited in this Trust agreement, to do all such acts, take all such proceedings, and exercise all such rights and privileges, although not otherwise specifically mentioned in this Article TWELFTH, with relation to any such Trust property, as if the Trustee 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.

THIRTEENTH: The Trustee 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 Trustee has exercised good faith and ordinary diligence in the exercise of its duties such as would have been exercised by a prudent man.

FOURTEENTH: No Trustee 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.

FIFTEENTH: Except as provided in Article SIXTH of this Trust, the Trustee shall make no accounting to the Grantor until the date of termination of this Trust, and, at such time, it shall be required to make full and proper accounting and turn over to the Grantor all assets of the Trust then held by it the said Trustee.

SIXTEENTH: The Trustee shall be compensated in accordance with the table in the annexed Schedule B, or as provided for by the laws of the State of _____.

SEVENTEENTH: The Trustee (and any substitute or successor) shall have the right, by a duly acknowledged instrument delivered to the Grantor to resign as Trustee in which event the Grantor shall designate and appoint a substitute or successor Trustee (subject to the prior written approval of the U.S. Senate Select Committee on Ethics) in his place and stead, which shall have all of the rights, powers, discretions, and duties conferred or imposed hereunder upon the original Trustee.

EIGHTEENTH: Any amendment of the terms of this Trust Agreement, including the appointment of a substitute or successor Trustee, shall require the prior written approval of the U.S. Senate Select Committee on Ethics, upon a showing of necessity and appropriateness unless it relates to the testamentary provisions of this trust. Any such substitute or successor Trustee shall have all of the rights, powers, discretions, and duties conferred or imposed

hereunder upon the original Trustee.

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 _____, 20__.

Grantor

The above Trust is accepted this _____ day of _____, 20__.

Trustee

By: _____

(title)

SAMPLE SCHEDULE A – LIST OF ASSETS

Asset Name	Value
Stock A	\$50,001 - \$100,000
Stock B	\$100,001 - \$250,000
Stock C	\$50,001 - \$100,000
Stock D	\$250,001 - \$500,000
Stock E	\$100,001 - \$250,000
Stock F	\$250,001 - \$500,000
Mutual Fund A	\$250,001 - \$500,000
Mutual Fund B	\$100,001 - \$250,000
Mutual Fund C	\$250,001 - \$500,000
Mutual Fund D	\$250,001 - \$500,000
Mutual Fund E	\$100,001 - \$250,000
Mutual Fund F	\$250,001 - \$500,000
Municipal Bond A	\$50,001 - \$100,000
Corporate Bond B	\$15,001 - \$50,000
Cash	\$500,001 - \$1,000,000

SAMPLE SCHEDULE B – TRUSTEE FEE SCHEDULE

Option 1:

For the TITLE OF TRUST AGREEMENT account held with TRUSTEE, the fee schedule is presently and going forward, at a flat 1.5% on all assets.

Option 2:

When TRUSTEE acts as an investment manager, trustee, or co-trustee, fees are based on the market value of assets under management, plus additional charges as applicable.

Investment Management

1.00%

0.75%

0.50%

0.40%

Market Value

on the first \$1,000,000

on the next \$5,000,000

on the next \$10,000,000

on the balance over \$20,000,000

Minimum Annual Fee: \$10,000

**CERTIFICATION OF INDEPENDENCE
OF TRUSTEE OF QUALIFIED BLIND TRUST**

Trust Name _____

With respect to the trust of _____ (Grantor), which has been submitted to the Select Committee on Ethics of the United States Senate for approval as a blind trust pursuant to § 102(f) of the Ethics in Government Act of 1978, as amended (the Act), the undersigned proposed Trustee of such trust, or the person in addition to the Trustee who is designated in the trust instrument as an investment adviser, or an officer or employee of the undersigned, is eligible to serve in such a capacity in accordance with § 102(f)(3)(A) of the Act:

1. The undersigned is:
 - () a financial institution;
 - () an attorney;
 - () a certified public accountant;
 - () a broker under the definition set forth in § 3(a)(4) of the Securities and Exchange Act of 1934 (15 U.S.C. § 78c(a)(4)); or
 - () an investment advisor who, other than with respect to his or her involvement with this trust, is generally involved in his or her role as such an advisor in the management or control of trusts.
2. The undersigned and any other entity designated in the trust instrument to perform fiduciary duties:
 - (a) Is independent of and not associated with any interested party so that the trustee or other person cannot be controlled or influenced in the administration of the trust by any interested party (an “interested party” is defined in § 102(f)(3)(E) of the Act);
 - (b) Is not and has not been an employee of or affiliated with any interested party and is not a partner of, or involved in any joint venture or other investment with, any interested party; and
 - (c) Is not a relative of any interested party (a “relative” is defined in § 109(16) of the Act).
3. The undersigned certifies that any officer or employee of the undersigned person or entity who is involved in the management or control of the trust:
 - (a) Is independent of and not associated with any interested party so that such officer or employee cannot be controlled or influenced in the administration of the trust by any interested party;
 - (b) Is not a partner of, or involved in any joint venture or other investment with, any interested party; and
 - (c) Is not a relative of any interested party.

Certified by _____ Date _____

Name of Trustee _____

Address _____

**CERTIFICATION OF INDEPENDENCE
OF INVESTMENT ADVISOR OF QUALIFIED BLIND TRUST**

Trust Name _____

With respect to the trust of _____ (Grantor), which has been submitted to the Select Committee on Ethics of the United States Senate for approval as a blind trust pursuant to § 102(f) of the Ethics in Government Act of 1978, as amended [“the Act”], the undersigned proposed Investment Advisor of such trust, or the person in addition to the Investment Advisor who is designated in the trust instrument as an officer or employee of the undersigned, is eligible to serve in such a capacity in accordance with § 102(f)(3)(A) of the Act:

1. The undersigned is:
 - () a financial institution;
 - () an attorney;
 - () a certified public accountant;
 - () a broker under the definition set forth in § 3(a)(4) of the Securities and Exchange Act of 1934 (15 U.S.C. § 78c(a)(4)); or
 - () an investment advisor who, other than with respect to his or her involvement with this trust, is generally involved in his or her role as such an advisor in the management or control of trusts.
2. The undersigned and any officer or employee of the undersigned person or entity who is involved in, or who will be involved in the management or control of the trust:
 - (a) Is independent of and not associated with any interested party so that such officer or employee cannot be controlled or influenced in the administration of the trust by any interested party;
 - (b) Is not a partner of, or involved in any joint venture or other investment with, any interested party; and
 - (c) Is not a relative of any interested party (a “relative” is defined in § 109(16) of the Act).

Certified by _____ Date _____

Name of Investment Advisor _____

Address _____

MODEL QUARTERLY REPORT TO GRANTOR

January 15, 20__

Honorable Mary Jones
United States Senate
Washington, DC 20510

RE: Qualified Blind Trust of December 30, 20__

Dear Senator Jones:

Pursuant to Paragraph (A) of Article SIXTH of your Qualified Blind Trust, this is to inform you that as of December 31, 20__, the aggregate market value of the assets representing your interest in the Trust was \$_____.

Sincerely,

Commonwealth Trust Company
by:

Trust Officer

cc: Select Committee on Ethics
United States Senate
220 Hart Senate Office Building
Washington, DC 20510

MODEL REPORT OF ASSET SOLD OR VALUED LESS THAN \$1,000

January 15, 20__

Honorable Mary Jones
United States Senate
Washington, DC 20510

RE: Qualified Blind Trust of December 30, 20__

Dear Senator Jones:

Pursuant to Article FOURTH of your Qualified Blind Trust, this is to inform you that as of December 31, 20__, (name of asset) has been completely disposed of or has a value of less than \$1,000.

Sincerely,

Commonwealth Trust Company
by:

Trust Officer

cc: Select Committee on Ethics
United States Senate
220 Hart Senate Office Building
Washington, DC 20510

MODEL REPORT OF TAX STATEMENT

February 15, 20__

Honorable Mary Jones
United States Senate
Washington, DC 20510

RE: Qualified Blind Trust of December 30, 20__

Dear Senator Jones:

Pursuant to Article FIFTH of your Qualified Blind Trust, enclosed is your summary (Grantor Tax Information Letter) of the income receipts and disbursements for the above referenced account necessary to complete your income tax return(s).

Sincerely,

Commonwealth Trust Company
by:

Trust Officer

cc: Select Committee on Ethics
United States Senate
220 Hart Senate Office Building
Washington, DC 20510

At the time this publication was issued in September 2015, the following was the language of the qualified blind trust provisions of the public financial disclosure requirements of Title I of the Ethics in Government Act, as amended.

§ 102(f)(2)–(7)

(2) A reporting individual need not report the holdings of or the source of income from any of the holdings of--

(A) any qualified blind trust (as defined in paragraph (3));

(B) a trust--

(i) which was not created directly by such individual, his spouse, or any dependent child, and

(ii) the holdings or sources of income of which such individual, his spouse, and any dependent child have no knowledge of; or

(C) an entity described under the provisions of paragraph (8), but such individual shall report the category of the amount of income received by him, his spouse, or any dependent child from the trust or other entity under subsection (a)(1)(B) of this section.

(3) For purposes of this subsection, the term "qualified blind trust" includes any trust in which a reporting individual, his spouse, or any minor or dependent child has a beneficial interest in the principal or income, and which meets the following requirements:

(A) (i) The trustee of the trust and any other entity designated in the trust instrument to perform fiduciary duties is a financial institution, an attorney, a certified public accountant, a broker, or an investment advisor who--

(I) is independent of and not associated with any interested party so that the trustee or other person cannot be controlled or influenced in the administration of the trust by any interested party; and

(II) is not and has not been an employee of or affiliated with any interested party and is not a partner of, or involved in any joint venture or other investment with, any interested party; and

(III) is not a relative of any interested party.

(ii) Any officer or employee of a trustee or other entity who is involved in the management or control of the trust--

(I) is independent of and not associated with any interested party so that such officer or employee cannot be controlled or influenced in the administration of the trust by any interested party;

(II) is not a partner of, or involved in any joint venture or other investment with, any interested party; and

(III) is not a relative of any interested party.

(B) Any asset transferred to the trust by an interested party is free of any restriction with respect to its transfer or sale unless such restriction is expressly approved by the supervising ethics office of the reporting individual.

(C) The trust instrument which establishes the trust provides that--

(i) except to the extent provided in subparagraph (B) of this paragraph, the trustee in the exercise of his authority and discretion to manage and control the assets of the trust shall not consult or notify any interested party;

(ii) the trust shall not contain any asset the holding of which by an interested party is prohibited by any law or regulation;

(iii) the trustee shall promptly notify the reporting individual and his supervising ethics office when the holdings of any particular asset transferred to the trust by any interested party are disposed of or when the value of such holding is less than \$ 1,000;

(iv) the trust tax return shall be prepared by the trustee or his designee, and such return and any information relating thereto (other than the trust income summarized in appropriate categories necessary to complete an interested party's tax return), shall not be disclosed to any interested party;

(v) an interested party shall not receive any report on the holdings and sources of income of the trust, except a report at the end of each calendar quarter with respect to the total cash value of the interest of the interested party in the trust or the net income or loss of the trust or any reports necessary to enable the

interested party to complete an individual tax return required by law or to provide the information required by subsection (a)(1) of this section, but such report shall not identify any asset or holding;

(vi) except for communications which solely consist of requests for distributions of cash or other unspecified assets of the trust, there shall be no direct or indirect communication between the trustee and an interested party with respect to the trust unless such communication is in writing and unless it relates only (I) to the general financial interest and needs of the interested party (including, but not limited to, an interest in maximizing income or long-term capital gain), (II) to the notification of the trustee of a law or regulation subsequently applicable to the reporting individual which prohibits the interested party from holding an asset, which notification directs that the asset not be held by the trust, or (III) to directions to the trustee to sell all of an asset initially placed in the trust by an interested party which in the determination of the reporting individual creates a conflict of interest or the appearance thereof due to the subsequent assumption of duties by the reporting individual (but nothing herein shall require any such direction); and

(vii) the interested parties shall make no effort to obtain information with respect to the holdings of the trust, including obtaining a copy of any trust tax return filed or any information relating thereto except as otherwise provided in this subsection.

(D) The proposed trust instrument and the proposed trustee is approved by the reporting individual's supervising ethics office.

(E) For purposes of this subsection, "interested party" means a reporting individual, his spouse, and any minor or dependent child; "broker" has the meaning set forth in section 3(a)(4) of the Securities and Exchange Act of 1934 (*15 U.S.C. 78c(a)(4)*); and "investment adviser" includes any investment adviser who, as determined under regulations prescribed by the supervising ethics office, is generally involved in his role as such an adviser in the management or control of trusts.

(F) Any trust qualified by a supervising ethics office before the effective date of title II of the Ethics Reform Act of 1989 shall continue to be governed by the law and regulations in effect immediately before such effective date.

(4) (A) An asset placed in a trust by an interested party shall be considered a financial interest of the reporting individual, for the purposes of any applicable conflict of interest statutes, regulations, or rules of the Federal Government (including *section 208 of title 18, United States Code*), until such time as the reporting individual is notified by the trustee that such asset has been disposed of, or has a value of less than \$ 1,000.

(B) (i) The provisions of subparagraph (A) shall not apply with respect to a trust created for the benefit of a reporting individual, or the spouse, dependent child, or minor child of such a person, if the supervising ethics office for such reporting individual finds that--

(I) the assets placed in the trust consist of a well-diversified portfolio of readily marketable securities;

(II) none of the assets consist of securities of entities having substantial activities in the area of the reporting individual's primary area of responsibility;

(III) the trust instrument prohibits the trustee, notwithstanding the provisions of paragraphs (3)(C)(iii) and (iv) of this subsection, from making public or informing any interested party of the sale of any securities;

(IV) the trustee is given power of attorney, notwithstanding the provisions of paragraph (3)(C)(v) of this subsection, to prepare on behalf of any interested party the personal income tax returns and similar returns which may contain information relating to the trust; and

(V) except as otherwise provided in this paragraph, the trust instrument provides (or in the case of a trust established prior to the effective date of this Act which by its terms does not permit amendment, the trustee, the reporting individual, and any other interested party agree in writing) that the trust shall be administered in accordance with the requirements of this subsection and the trustee of such trust meets the requirements of paragraph (3)(A).

(ii) In any instance covered by subparagraph (B) in which the reporting individual is an individual whose nomination is being considered by a congressional committee, the reporting individual shall inform the congressional committee considering his nomination before or during the period of such individual's confirmation hearing of his intention to comply with this paragraph.

(5) (A) The reporting individual shall, within thirty days after a qualified blind trust is approved by his supervising ethics office, file with such office a copy of--

(i) the executed trust instrument of such trust (other than those provisions which relate to the testamentary disposition of the trust assets), and

(ii) a list of the assets which were transferred to such trust, including the category of value of each asset as determined under subsection (d) of this section.

This subparagraph shall not apply with respect to a trust meeting the requirements for being considered a qualified blind trust under paragraph (7) of this subsection.

(B) The reporting individual shall, within thirty days of transferring an asset (other than cash) to a previously established qualified blind trust, notify his supervising ethics office of the identity of each such asset and the category of value of each asset as determined under subsection (d) of this section.

(C) Within thirty days of the dissolution of a qualified blind trust, a reporting individual shall--

(i) notify his supervising ethics office of such dissolution, and

(ii) file with such office a copy of a list of the assets of the trust at the time of such dissolution and the category of value under subsection (d) of this section of each such asset.

(D) Documents filed under subparagraphs (A), (B), and (C) of this paragraph and the lists provided by the trustee of assets placed in the trust by an interested party which have been sold shall be made available to the public in the same manner as a report is made available under section 105 [5 *USCS App.* § 105] and the provisions of that section shall apply with respect to such documents and lists.

(E) A copy of each written communication with respect to the trust under paragraph (3)(C)(vi) shall be filed by the person initiating the communication with the reporting individual's supervising ethics office within five days of the date of the communication.

(6) (A) A trustee of a qualified blind trust shall not knowingly and willfully, or negligently, (i) disclose any information to an interested party with respect to such trust that may not be disclosed under paragraph (3) of this subsection; (ii) acquire any holding the ownership of which is prohibited by the trust instrument; (iii) solicit advice from any interested party with respect to such trust, which solicitation is prohibited by paragraph (3) of this subsection or the trust agreement; or (iv) fail to file any document required by this subsection.

(B) A reporting individual shall not knowingly and willfully, or negligently, (i) solicit or receive any information with respect to a qualified blind trust of which he is an interested party that may not be disclosed under paragraph (3)(C) of this subsection or (ii) fail to file any document required by this subsection.

(C) [**Caution: For inflation-adjusted civil monetary penalties, see 28 CFR 85.3.**]

(i) The Attorney General may bring a civil action in any appropriate United States district court against any individual who knowingly and willfully violates the provisions of subparagraph (A) or (B) of this paragraph. The court in which such action is brought may assess against such individual a civil penalty in any amount not to exceed \$ 10,000.

(ii) The Attorney General may bring a civil action in any appropriate United States district court against any individual who negligently violates the provisions of subparagraph (A) or (B) of this paragraph. The court in which such action is brought may assess against such individual a civil penalty in any amount not to exceed \$ 5,000.

(7) Any trust may be considered to be a qualified blind trust if--

(A) the trust instrument is amended to comply with the requirements of paragraph (3) or, in the case of a trust instrument which does not by its terms permit amendment, the trustee, the reporting individual, and any other interested party agree in writing that the trust shall be administered in accordance with the requirements of this subsection and the trustee of such trust meets the requirements of paragraph (3)(A); except that in the case of any interested party who is a dependent child, a parent or guardian of such child may execute the agreement referred to in this subparagraph;

(B) a copy of the trust instrument (except testamentary provisions) and a copy of the agreement referred to in subparagraph (A), and a list of the assets held by the trust at the time of approval by the supervising ethics office, including the category of value of each asset as determined under subsection (d) of this section, are filed with such office and made available to the public as provided under paragraph (5)(D) of this subsection; and

(C) the supervising ethics office determines that approval of the trust arrangement as a qualified blind trust is in the particular case appropriate to assure compliance with applicable laws and regulations.

