

Chapter Eth 2

STATEMENT OF ECONOMIC INTERESTS

Eth 2.01	Annual filing by state public officials	Eth 2.06	Interests held for the benefit of another
Eth 2.02	Initial statement of economic interests	Eth 2.07	Valuation
Eth 2.03	Filing by nominees and candidates for state public office	Eth 2.08	Signing statement
Eth 2.035	Current information	Eth 2.09	Failure to file a statement of economic interests as required by law
Eth 2.04	Determination of significant fiduciary relationship		
Eth 2.045	Identification of business and organizations		
Eth 2.05	Trusts		

Eth 2.01 Annual filing by state public officials. Each person who on March 1 is a state public official shall complete and file a statement of economic interests with the board on or before April 30.

Note: This new rule interprets sections 19.43(1) (All state public officials shall file an initial statement of economic interests within a time period specified by the board.) and section 19.43(6) (Each person required to file a statement under sub. (1) shall file updated statements no later than April 30 of each year.)

History: Cr. Register, June, 1976, No. 246, eff. 7-1-76.

Eth 2.02 Initial statement of economic interests. Each person appointed to a position identified in section 20.923, Wis. Stats., other than the positions of employe of the investment board or teaching personnel of the university of Wisconsin system or a position within the judicial branch of government shall file a statement of economic interests with the board within 21 days following the date of taking office unless he or she has filed a statement of economic interests with the board subsequent to the preceding March 1.

Note: Section Eth 2.01 provides that each state public official shall file a Statement of Economic Interests between March 1 and April 30. Candidates for election to state public office will file within 21 days of becoming a candidate. A person nominated by the governor for appointment to state public office will file within 21 days of his or her nomination. This rule establishes 21 days following appointment as the filing deadline for a person who becomes a state public official by reason of his or her appointment to a position identified in section 20.923, Wis. Stats., unless the appointee filed a Statement of Economic Interests since the most recent period for updating Statements of Economic Interests.

History: Cr. Register, June, 1976, No. 246, eff. 7-1-76; am. Register, September, 1976, No. 249, eff. 10-1-76.

Eth 2.03 Filing by nominees and candidates for state public office. (1) **CANDIDATES FOR ELECTION TO STATE PUBLIC OFFICE.** A candidate for election to state public office shall file a statement of economic interests with the board and with the secretary of state within 21 days following the date of either:

(a) Filing nomination papers and a declaration under section 8.10(5), 8.15(4) (b) or 8.20(6), Wis. Stats., or

(b) Having been nominated for such office in an election through the write-in process, files a declaration under section 8.10(5) or 8.15(4) (b), Wis. Stats.

(2) **NOMINEES.** A person shall file a statement of economic interests with the board and with the secretary of state within 21 days of the

Register, June, 1977, No. 258

date the governor publicly announces the person's nomination for appointment to a position the appointment to which requires the senate's consent other than positions within the judicial branch of state government, or the positions of member of the investment board or trustee of any private higher educational institution receiving state appropriations.

Note: This section repeats the statutory requirement that candidates for state public office file Statements of Economic Interests within 21 days of their nomination and establishes the governor's public announcement of nomination as the date of nomination.

History: Cr. Register, June, 1976, No. 246, eff. 7-1-76; am. (1) (intro.) and (a) and (2), Register, September, 1976, No. 249, eff. 10-1-76.

Eth 2.035 Current information. Information required to be identified on a statement of economic interests shall be current within 60 days of the date the statement of economic interests must be filed.

History: Cr. Register, June, 1976, No. 246, eff. 7-1-76.

Eth 2.04 Determination of significant fiduciary relationship. "Significant fiduciary relationship" includes the beneficial ownership or the control, whether direct or indirect, of:

- (1) An interest having a value of \$5,000 or more in the capital and/or retained earnings and/or net profit or loss of any business, or
- (2) A 10% or greater interest in the capital and/or retained earnings and/or net profit or loss and/or voting rights of any business.

History: Cr. Register, June, 1976, No. 246, eff. 7-1-76; am. (intro.) and (1), renum. (2) to be Eth 2.06 and am., Register, September, 1976, No. 249, eff. 10-1-76.

Eth 2.045 Identification of businesses and organizations. The identity of a significant fiduciary relationship, office, directorship, bond, debenture, or other debt obligation comprises information sufficient to enable a person to ascertain without extraordinary diligence this information about the business or organization in which an ownership interest, securities, office, or directorship is held:

- (1) The general nature of the business or activity in which the organization is engaged.
- (2) The identity of the organization's officers and directors, if any.
- (3) In the case of a partnership, the identity of the general partners.
- (4) If the business is primarily income producing real property, the property's location.

History: Cr. Register, June, 1977, No. 268, eff. 7-1-77.

Eth 2.05 Trusts. (1) A person is the owner of significant fiduciary relationships and reportable bonds, debentures and other debt obligations held by a trust if he or she is the creator of the trust and has the power to revoke the trust without obtaining the consent of all the trust's beneficiaries.

(2) A person who has a vested beneficial interest of 10% or more in a trust is the pro rata owner of any significant fiduciary relationships held by the trust in the proportion that such person's beneficial interest in the trust bears to the total beneficial interests vested in all

Register, June, 1977, No. 268

beneficiaries of the trust. A vested beneficial interest in a trust includes a vested reverter interest.

(3) A trustee of a trust controls any significant fiduciary relationship held by the trust if, as a matter of law or fact, the trustee possesses the power to control the management of the trust.

History: Cr. Register, June, 1976, No. 246, eff. 7-1-76; r. and recr. Register, September, 1976, No. 249, eff. 10-1-76.

History: Eth 2.06 Qualified plan or trust. Cr. Register, June, 1976, No. 246, eff. 7-1-76; r. Register, September, 1976, No. 249, eff. 10-1-76.

Eth 2.06 Interests held for benefit of another. Economic interests held in the name of a bank, broker-dealer, trustee, or nominee for the account of a person are owned by the person for whose benefit they are held. A person owns economic interests held in the name of another person or entity if by reason of any contract, understanding, relationship, including a family relationship or arrangement, such person obtains therefrom benefits substantially equivalent to those of ownership.

History: Renum. from 2.04 (2) and am., Register, September, 1976, No. 249, eff. 10-1-76.

Eth 2.07 Valuation. (1) For the purpose of determining whether economic interests are required to be disclosed under section 19.44(1) (a) and (b), Wis. Stats., the following methods of valuation shall be used:

(a) The value of securities listed on a stock exchange shall be the closing price on such exchange.

(b) The value of unlisted securities traded in the over-the-counter market shall be the average of the bid and asked price.

(c) The value of securities for which no market information is readily available shall be determined as follows:

1. Common stock or equivalent securities—book value (net worth divided by number of outstanding voting shares times the number of shares held).

2. Preferred stock—redemption price or par or stated value if not redeemable.

3. Debt securities—unpaid balance.

(d) The value of a sole proprietorship shall be its net worth as shown on the books of the business.

(e) The value of an interest in the capital of a partnership shall be the book value (net worth of the partnership times percentage of interest held). If the interest is only in "net profit or loss" of a partnership, identify the partnership and indicate that the interest is only in "net profit or loss".

History: Cr. Register, June, 1976, No. 246, eff. 7-1-76.

Eth 2.08 Signing statement. Each person required to file a statement of economic interests shall sign such statement indicating the truth of the information contained therein. If such statement is prepared by a person other than the person required to file a

Register, June, 1977, No. 258

statement of economic interests, such person shall also sign the statement and provide his or her address.

History: Cr. Register, June, 1976, No. 246, eff. 7-1-76; am. Register, September, 1976, No. 249, eff. 10-1-76

Eth 2.09 Failure to file a statement of economic interests as required by law. If a person fails to file a statement of economic interests by the deadline established for filing, or if a person fails to disclose economic interests required to be disclosed, the board shall issue a notice to such person. The notice shall be sent by certified mail and shall provide:

(1) A specific indication of the nature of such person's failure to file a statement of economic interests as required by law.

(2) A date by which such person shall file a statement of economic interests as required by law. The date set for filing the statement shall not be less than 10 days from the date the notice is issued.

(3) A statement which explains what action the board will take to enforce the financial disclosure provisions of the law.

History: Cr. Register, June, 1976, No. 246, eff. 7-1-76.