



SECRETARY OF DEFENSE  
1000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1000

JUL 26 2019

MEMORANDUM FOR DESIGNATED AGENCY ETHICS OFFICIAL

SUBJECT: ETHICS OBLIGATIONS AND SCREENING ARRANGEMENT

This memorandum is to inform you of my ethics obligations and the screening arrangement I have implemented, with the assistance of the Standards of Conduct Office (SOCO), to help ensure that I do not participate in particular matters in which I have a financial interest or a personal or business relationship. I am committed to fully complying with all laws and regulations governing ethics and recusals, and will continue to work closely with the ethics professionals in SOCO to implement this screening guidance. I will always place the good of our country and the men and women in uniform above all other interests. My obligations are set forth in the Ethics Agreement that I signed prior to my confirmation by the United States Senate for the position of Secretary of Defense. I have not requested or received a waiver of the former employer provisions of the Administration's Ethics Pledge. *This screening arrangement does not create any exception, modification, or waiver of my Ethics Agreement.*

**ETHICS OBLIGATIONS**

*For two years beginning on November 20, 2017, I am disqualified from participating personally and substantially in any particular matter<sup>1</sup> involving Raytheon or the Lake Braddock Athletic Booster's Club unless I receive the appropriate waiver of the Administration's Ethics Pledge (Executive Order 13770). While it is possible to receive a waiver of the Administration's Ethics Pledge, as stated in my September 21, 2017, letter to the Chairman of the Senate Armed Services Committee, I will not seek or accept waivers to this two year restriction.*

Additionally, after November 19, 2019, I will continue to be disqualified from participating personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the ability or willingness of Raytheon to provide my deferred compensation benefits, unless I first obtain a written waiver as required by 18 U.S.C. § 208. As described below, my staff will consult with SOCO prior to referring any particular matters to me in which Raytheon is a party or represents a party.

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<sup>1</sup> A "particular matter" is a deliberation, decision, or action that is focused upon the interest of specific persons, or a discrete and identifiable class of persons. The term may include matters that do not involve formal parties and may extend to legislation or policy making that is narrowly focused on interests of a discrete and identifiable class of persons. It does not, however, cover consideration or adoption of broad policy options directed to the interests of a large and diverse group of persons. Similarly, the term would not include broad budget and strategy discussions about acquiring or improving a general defense capability that is not specific to a particular weapons system or program. Particular matters typically include applications, contracts, grants, claims, controversies, or licenses. In addition to the "particular matters involving specific parties," such matters shall also include any meeting or other communication with Raytheon relating to the performance of my official duties, unless the communication applies to a particular matter of general applicability and participation in the meeting or other event is open to all interested parties.



*For the duration of my service as Secretary of Defense*, even if the law would allow me to participate in discussions or decisions about the proposed merger of Raytheon and United Technologies Corporation (UTC), I have decided to disqualify from participating personally and substantially in such discussions or decisions.

I will continue to disqualify myself from participating personally and substantially in any “particular matter” that has a direct and predictable effect on my remaining financial interests or those of any persons whose interests are imputed to me, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). I understand that the interests of the following persons are imputed to me: any spouse or minor child of mine; any general partner of a partnership in which I am a limited or general partner; any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

I understand that none of these interests and restrictions preclude me from participating in a personal or official capacity in any social, ceremonial, or similar event that include personnel from Raytheon. Further, although I may not take any official action or otherwise participate, I may be allowed to be present in meetings and receive information regarding Raytheon when necessary to remain informed about matters of critical importance to national security and Department of Defense programs and budget.

## **SCREENING ARRANGEMENT**

To help ensure that I do not participate in matters relating to these entities, I am taking the following steps:

- I am hereby directing my Chief of Staff, Executive Secretary, Military Assistants, and other designated Administrative Assistants to screen all matters directed to my attention that involve outside entities, or that require my participation, to determine if they involve Raytheon, including the proposed Raytheon-UTC merger, or the Lake Braddock Athletic Booster’s Club.
- If any screener determines that Raytheon or the Lake Braddock Athletic Booster’s Club is or represents a party to the matter, or may otherwise directly and predictably affect the financial interests of these organizations, he or she will refer the matter, without my knowledge or involvement, to an appropriate alternate senior Defense official for action or assignment. If the alternate official believes the Government’s interest in my participation in such a matter is so important that it cannot be referred to another official, he or she will contact you via SOCO to determine whether I may be authorized to participate under applicable law and my Ethics Agreement. I do not foresee the need for any waiver or authorization and expect that such circumstances would be rare and involve only a matter of significant importance to national security.

- To ensure that I do not inadvertently participate in matters from which I should be recused, I am hereby directing each of my screeners to seek the assistance of SOCO if he or she is uncertain whether I may participate in a matter.

In consultation with SOCO, I will revise and update this memorandum if warranted by changed circumstances, including changes in my financial interests, my personal or business relationships, or the nature of my official duties.

The Designate Agency Ethics Official and SOCO may issue additional guidance on standards and procedures to personnel implementing this screening arrangement.



Mark T. Esper

cc:

Deputy Secretary of Defense

Chief of Staff, Secretary of Defense

Chief of Staff, Deputy Secretary of Defense

Executive Secretary

Immediate Office Staff (Secretary and Deputy Secretary of Defense)

DoD Standards of Conduct Office