

January 9, 2019

TO: Interested Parties

FROM: Marc E. Elias

RE: **Governor-Elect Pritzker's Blind Trust Procedures**

This memorandum describes the steps that Governor-Elect J.B. Pritzker is taking to ensure that the Illinois Governor's Office operates free of any financial conflict of interest and upholds the highest ethical standards during Governor-Elect Pritzker's term of office.

The Illinois legislature has enacted various protective measures to ensure that those responsible for the fair and ethical administration of state government do not improperly benefit from their public position. For example, Illinois law prohibits Governor-Elect Pritzker, his wife, and his minor children from having a direct financial interest in any contract that is funded with state dollars.¹ Similarly, no company in which the Governor-Elect or his immediate family members hold certain ownership interests may enter into a contract with the State.² Illinois also recognizes that state officials may not vote or act on any matter before their office if the official has a personal interest in the matter.³

Governor-Elect Pritzker believes that public service is a public trust. As Governor-Elect and Governor, he is committed to taking all steps necessary to comply with Illinois ethics rules and to promote transparency and accountability to avoid even the appearance of a conflict of interest in the Governor's Office. Thus, to ensure the highest ethical standards are met at all times during his term of office, Governor-Elect Pritzker is taking the following specific actions:

- Governor-Elect Pritzker is divesting his personally-held direct interests in companies that have contracts that are wholly or partially funded with state dollars. Pursuant to 30 ILCS 500/50-13(a), neither Governor-Elect Pritzker, M.K. Pritzker, nor their minor children will have or acquire any direct pecuniary interest in a contract during his term of office that is satisfied with state funds.
- Governor-Elect Pritzker is voluntarily placing his remaining personally-held assets into a blind trust. Governor-Elect Pritzker has appointed the Northern Trust Company as independent trustee responsible for managing and controlling the trust. The blind trust terms prohibit the Governor-Elect from exercising any management or control over assets held in the trust. The terms further prohibit direct or indirect communication between Governor-Elect Pritzker and the trustee except to the extent described below. The terms

¹ 30 ILCS 500/50-13.

² *Id.*

³ See, e.g., Ill. Attorney General Opinion No. 93-010 (“a member of a governmental body who has a personal interest in a matter coming before the body is disqualified... from voting or otherwise acting thereon.”).

severely limit the information he is entitled to receive about the trust, its assets, its performance, and its management. The only communication Governor-Elect Pritzker may have with the trustee is to receive minimum amount of information needed to (1) properly file his personal income tax returns and other filings required by law; (2) verify his Statement of Economic Interests under the Illinois Government Ethics Act; and (3) comply with the provisions of the Illinois Procurement Code. In the event Governor-Elect Pritzker becomes aware that he is entitled to receive a return from an investment held in trust in which the underlying company enters into or acquires a state contract during his term, the Governor-Elect will make a charitable contribution in the amount of the return.

- Governor-Elect Pritzker is a beneficiary of several domestic and foreign trusts. These trusts are irrevocable, and the preexisting trust instruments do not grant Governor-Elect Pritzker authority to alter or terminate the trust or its investments. Moreover, Governor-Elect Pritzker does not receive distributions from any foreign trust. For several of the domestic and foreign trusts, Governor-Elect Pritzker has the limited ability to direct trust distributions to certain beneficiaries (not including himself) who are specified in the trust instruments. The Governor-Elect has committed to the following rules further limiting his involvement in these trusts: (1) Governor-Elect Pritzker will not make asset allocation or risk decisions regarding assets held in these trusts. Instead, the respective trustees will control all aspects managing the trust investments. (2) Governor-Elect Pritzker will not receive regular reporting regarding the performance of assets held in these trusts. The Governor-Elect has instructed the trustees to provide him only with the minimum amount of information necessary to prepare and verify his Statement of Economic Interests, his personal income tax returns, and other financial filings required by law. (3) Governor-Elect Pritzker will not take any action in his official role or communicate with any office of Illinois government regarding assets held in trust, nor will any such assets receive any favor or advantage in any Illinois government proceeding. (4) In the event Governor-Elect Pritzker becomes aware that he is entitled to receive a return from an investment held in trust in which the underlying company enters into or acquires a state contract during his term, the Governor-Elect will make a charitable contribution in the amount of the return. The complete rules Governor-Elect Pritzker has outlined regarding these trusts are included as Attachment A to this memorandum.
- To ensure the highest levels of transparency and ethical compliance are maintained throughout his term in office, Governor-Elect Pritzker is appointing an independent compliance adviser. The advisor will oversee a team of attorneys and ethics experts to advise the connected parties on compliance considerations regarding potential conflicts that arise.
- Finally, Governor-Elect Pritzker will also continue to comply with the terms of the Illinois Government Ethics Act by disclosing his assets on a public Statement of Economic Interests. The Statement of Economic Interests will allow the media and

members of the public to verify that none of Governor-Elect Pritzker's holdings conflict with his ability to fairly and impartially execute the duties of his office.