

May 14, 2013

MEMORANDUM TO: Commissioner William C. Ostendorff

FROM: Margaret M. Doane **/RA/**
General Counsel and
Designated Agency Ethics Official

SUBJECT: HONEYWELL STOCK HOLDINGS

This responds to your request for my views regarding whether your ownership of common stock issued by Honeywell International, Inc. resulted in any violation of any ethics law or regulation. Based on the information available to me, which is set forth below, no ethics law or regulation has been violated.

The Ethics in Government Act of 1978, as amended, requires senior officials in the executive branch to file public reports of their finances as well as other interests outside the Government. The statute and U.S. Office of Government Ethics's (OGE) regulations require NRC Commissioners to report this information in OGE Form 278. Forms submitted by NRC Commissioners are reviewed by the NRC's General Counsel and then forwarded to OGE for additional review and certification.

The primary purpose of the financial disclosure report is to assist the NRC in identifying conflicts of interest between the official duties of the filer and the financial interests of the filer. NRC regulations, codified at 5 C.F.R. §5801, prohibit NRC Commissioners from owning stocks, bonds or other security interests issued by entities falling within categories specified in that regulation. To implement the regulation, the Office of the General Counsel issues a list of prohibited security interests that are provided to NRC employees. The NRC does not prohibit ownership of security interests in entities unless they are included on the list. However, employees are not permitted to participate in any particular matter involving other entities if they, their spouse or minor children collectively hold securities that exceed a *de minimus* amount specified in OGE regulations. During your tenure at the NRC, the *de minimus* threshold has been \$15,000.

Your financial disclosure records show that you initially filed a 278 form as a Presidential nominee in November 2009, on which you reported ownership of Honeywell stock with a value between \$1,001 and \$15,000. Your subsequent 278 forms disclosed continued ownership of Honeywell stock valued between \$15,001 and \$50,000 during 2010 and 2011. Each form was reviewed and approved by the General Counsel and OGE. Notably, these included an additional form that was reviewed when the President nominated you for a second term in 2011. On August 6, 2012, you reported, on the 278-T Periodic Transaction Report, a July 31, 2012, sale of Honeywell stock valued between \$15,001 and \$50,000. You have informed me that this sale disposed of all of your Honeywell stock. This form was reviewed and approved by an NRC ethics officer in the Office of the General Counsel and has been referred to OGE for additional review and certification.

Honeywell has not been included on the NRC's prohibited list of securities during your tenure as an NRC Commissioner. Therefore, you have never been subject to a prohibition against owning Honeywell stock.

From the information available to me, I am not aware of your participation in any particular matter involving parties affecting the final interests of Honeywell during your period as a Commissioner prior to the sale of your Honeywell stock. There were a number of matters handled by the NRC staff involving Honeywell during that period, but you have informed me that you were not involved in providing advice, recommendations or making decisions on matters pertaining to Honeywell. With regard to the Honeywell adjudicatory proceeding on financial qualifications, which was appealed to the Commission during 2012, the Commission review of the matter did not begin until after the sale of your Honeywell stock holdings when the Office of Commission Appellate Adjudication presented a draft order to the Commission for its consideration. Your site visit to the Honeywell also occurred after the sale of the Honeywell stock.