

INTRADEPARTMENTAL CORRESPONDENCE

April 26, 2012

14.5

TO: The Honorable Board of Police Commissioners

FROM: Chief of Police

SUBJECT: CONFIDENTIAL FINANCIAL DISCLOSURE POLICY AND PROCEDURES
FOR GANG ENFORCEMENT AND NARCOTICS ENFORCEMENT
PERSONNEL – RENAMED AND REVISED

RECOMMENDED ACTION

That the Board of Police Commissioners REVIEW and APPROVE the revision to the Confidential Financial Disclosure Policy and Procedures for Gang Enforcement and Narcotics Enforcement Personnel.

DISCUSSION

The attached Special Order renames and revises Department Manual Section 3/381, *Confidential Financial Disclosure Policy and Procedures for Gang Enforcement and Narcotics Enforcement Personnel*.

This Order is in response to the Office of Inspector General's third Financial Disclosure Audit. The Order clarifies units within Gang and Narcotics Division which are subject to or exempt from the Confidential Financial Disclosure program and includes the responsibilities of the Financial Disclosure Coordinator, Internal Audits and Inspections Division.

Should you have any questions, please contact Captain Carol J. Aborn Khoury, Commanding Officer, Planning and Research Division, at (213) 486-0400.

Respectfully,



CHARLIE BECK
Chief of Police

Attachment

OFFICE OF THE CHIEF OF POLICE

SPECIAL ORDER NO.

APPROVED BY THE BOARD OF POLICE COMMISSIONERS ON

SUBJECT: CONFIDENTIAL FINANCIAL DISCLOSURE POLICY AND PROCEDURES
FOR GANG ENFORCEMENT AND NARCOTICS ENFORCEMENT
PERSONNEL - RENAMED AND REVISED

PURPOSE: This Order clarifies the assignments that require financial disclosure as a result of the reorganization of Gang Operations Support Division and Narcotics Division into Gang and Narcotics Division (GND). In addition, this Order revises the Confidential Financial Disclosure Face Sheet, Form 01.74.00, and the Confidential Financial Disclosure Report, Form 01.74.01, to update organization name changes.

PROCEDURE: Attached is the renamed and revised Department Manual Section 3/381, *Confidential Financial Disclosure Policy and Procedures for Gang Enforcement and Narcotics Enforcement Personnel*, with revisions in italics. This Section is revised to clarify units within GND which are subject to or exempt from the Confidential Financial Disclosure program and includes the responsibilities of the Financial Disclosure Coordinator, Internal Audits and Inspections Division.

FORM AVAILABILITY: The revised Confidential Financial Disclosure Face Sheet and the Confidential Financial Disclosure Report are available in E-Forms on the Department's Local Area Network. Copies of the forms are attached for immediate use and duplication. All other versions of the forms shall be marked "obsolete" and placed in the divisional recycling bin.

AMENDMENTS: This Order amends Section 3/381 of the Department Manual. The "Form Use Link" applicable to the Confidential Financial Disclosure Face Sheet and the Confidential Financial Disclosure Report are accessible in LAPD E-Forms.

AUDIT RESPONSIBILITY: The Commanding Officer, Internal Audits and Inspections Division, shall review this directive and determine whether an audit or inspection shall be conducted in accordance with Department Manual Section 0/080.30.



CHARLIE BECK
Chief of Police

Attachments

DISTRIBUTION "D"

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381. CONFIDENTIAL FINANCIAL DISCLOSURE POLICY AND PROCEDURES FOR GANG ENFORCEMENT AND NARCOTICS ENFORCEMENT PERSONNEL. Sworn employees at the rank of lieutenant or below shall submit a completed Confidential Financial Disclosure Face Sheet, Form 01.74.00, and a Confidential Financial Disclosure Report, Form 01.74.01, to the *Financial Disclosure Coordinator (FDC)*, Internal Audits and Inspections Division, within ten calendar days of being selected and prior to assignment to or for the retention of an existing position within any assignment or loan to:

- Gang Impact Team (GIT);
- Gang Enforcement Detail (GED);
- Narcotic Enforcement Detail (NED) positions;
- Community Law Enforcement and Recovery (CLEAR) Unit; or,
- Gang and Narcotics Division (GND). *Any sworn personnel whose primary duty involves contact with or investigation of gangs and/or narcotics.*

Note: An assessment of units within GND which are subject to or exempt from the Confidential Financial Disclosure program will be provided on an annual basis to the Board of Police Commissioners or whenever there is a reorganization impacting GND.

Failure to complete a Confidential Financial Disclosure Face Sheet and a Confidential Financial Disclosure Report will prevent an employee from being loaned or transferred to a GIT, GED, NED, CLEAR, or applicable GND assignment. Additionally, employees within any of these designated assignments who either fail or refuse to fill out the forms as specified in this policy will not be allowed to continue in the assignment. An employee's refusal to fill out the required forms could impact their ability to work these assignments in the future.

- Officers will be required to fill out a new form every two years if they wish to remain assigned to *GIT, GED, NED, CLEAR or GND.*

Note: Gang Enforcement Detail officers requesting an extension for a fifth year do not need to complete the forms.

Information to be Disclosed. Employees subject to the Financial Disclosure process are required to disclose all information regarding sole and jointly owned assets, liabilities, income, and income sources as detailed in the Confidential Financial Disclosure Report.

Employee Responsibilities. Employees required to report will receive the Confidential Financial Disclosure Face Sheet and a Confidential Financial Disclosure Report from the GIT, GED, NED, CLEAR, or GND officer in charge or commanding officer prior to transferring or being loaned to the specialized unit, section, or division. The employee shall:

- Call the *FDC* and set an appointment for review of the forms;
- Complete and return the forms to the *FDC* within ten calendar days of being selected and prior to assignment to a Financial Disclosure required unit;

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- Attend the *FDC* appointment and provide supporting documentation regarding assets, liabilities, and outside employment (*only if there is a determination that the Confidential Financial Disclosure form contained unexplained wealth*);
- Provide a self-generated credit report (*only if there is a determination that the Confidential Financial Disclosure form contained unexplained wealth*) from a Department approved credit agency. If a cost is incurred by the employee to obtain a credit report the Department shall pay that cost;
- Cooperate with any official Department audit. If selected for such an audit, the employee shall provide a self-generated credit report. The Department shall pay the cost of the credit report if any is incurred; and,
- Retain all supporting documentation presented for review with the Financial Disclosure forms for two years or until they leave the assignment.

The Financial Disclosure Coordinator Responsibilities. The *Financial Disclosure Coordinator* shall:

- Review each Confidential Financial Disclosure Face Sheet and the Confidential Financial Disclosure Report to ensure completeness;
- Review all supporting documentation submitted in accordance with Financial Disclosure Review/Audit Protocols;
- Initial the corresponding box to verify that the documentation was provided and reviewed;
- Sign and date the Confidential Financial Disclosure Face Sheet and the Confidential Financial Disclosure Report in the presence of the employee;
- Provide the employee an opportunity to respond in writing to any areas of concern; and,
- *Provide the employee with a copy of the Receipt for the Original Confidential Financial Disclosure Packet, Form 01.74.02.*

The *Commanding Officer, Internal Audits and Inspections Division*, shall then review and approve the completed work.

The *FDC* will report all findings to the *Special Assistant for Constitutional Policing (SACP)* who will review and approve the completed forms. The *SACP* will review the forms with the Chief of Police who will make a “final determination” to approve or deny the application. *Internal Audits and Inspections Division* will be responsible for the audit of the Confidential Financial Disclosure Face Sheet and the Confidential Financial Disclosure Report.

Note: The *SACP* and *FDC* shall not keep or make copies of any supporting documents including the self-generated credit report.

Financial Disclosure Forms.

STORAGE. All completed forms will be stored in a secured and locked location at the Office of the Chief of Police (OCOP);

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CONFIDENTIALITY. All forms are considered confidential and shall remain on file at the OCOP during the course of the employee's assignment to GIT, NED, GED, CLEAR, or *GND*. The forms shall remain secured at the OCOP until their date for destruction;

AUDIT OF FORMS. An annual audit of forms will be conducted in accordance with standard audit guidelines; and,

DESTRUCTION OF FORMS. The Office of the Chief of Police is responsible for the destruction of forms. Upon the employee separating from the specialized assignment, the employee's forms will be destroyed two years from the date of separation. The employee is responsible for notifying *the FDC* upon separation of assignment.

Financial Disclosure Instructions

Applicant:

1. Complete the Financial Disclosure Form only if you are a Police Officer, Detective, Sergeant, or Lieutenant assigned or loaned to Gang and Narcotics Division (GND), a Gang Enforcement Detail (GED), a Gang Impact Team (GIT), a Narcotics Enforcement Detail (NED) or a Community Law Enforcement and Recovery (CLEAR) Unit.
2. Complete all sections legibly in blue or black ink, or type. Print, except where you are required to sign.
3. The "Codes" box refers to who holds the asset or liability. Write "O" if the item is in your name only. Write "JS" if the item is jointly held by you and your spouse. Write "JD" if the item is jointly held by you and a dependent. Write "JO" if the item is jointly held by you and someone other than a spouse or dependent.
4. Where necessary, use additional continuation pages to add additional information. Number each continuation page in order following the numbers on the forms.
5. Contact the Financial Disclosure Coordinator (FDC), Internal Audits and Inspections Division (IAID), and make an appointment to file your form. Hand-carry your completed form to the FDC and cooperate with the review process by providing all supporting documentation (i.e. account statements, house note, credit card statements, etc.) to the personnel reviewing your form. You will be present with the FDC during the review of the Financial Disclosure Form and supporting documents, and be given an opportunity to explain discrepancies. All supporting documentation will be returned to you immediately following the review.

Financial Disclosure Coordinator:

1. Review the form to ensure applicant has completely filled out each section. Review any necessary supporting documents (i.e. account statements, house note, etc.) to ensure what the employee has listed is accurately documented in the Financial Disclosure Form. List on the "Supporting Documentation Page" of the form all documents that you reviewed as part of this process. Use the "Continuation Page, Narrative Section" if needed, to explain any areas of concern identified by the applicant or yourself during your review (bankruptcies, judgments, etc.). Complete and sign in the proper section at the bottom of the Financial Disclosure Face Sheet, Page 1.
2. Confirm the number of pages, be sure to include the Face Sheet (with all signatures) as Page 1, and ensure that any continuation sheets are marked with the proper page number.
3. Staple all pages of the form together. Treat it as confidential and store the file in a secured location in the Office of the Chief of Police. This form and any of its component parts are NOT TO BE COPIED OR RELEASED FOR ANY REASON, except to give one copy of the final signed form to the applicant. The original report shall be sent to the Commanding Officer, IAID, for review.

**Los Angeles Police Department
CONFIDENTIAL FINANCIAL DISCLOSURE REPORT**

Page Number 2 of
Continuation pages are provided if needed.

Employee's Name (Last, first, middle) _____ Serial No. _____ Position/Rank _____

Unit, Section or Division _____ Signature of Employee _____

I certify that the statement I have made on this form and all attached pages are true, complete, and correct to the best of my knowledge. _____ Date _____

Part I Assets
Assets (Identify stock, bond, mutual fund, real estate, bank accounts, vehicles, boats, etc.). Account numbers are not required. A general description is sufficient.

CODE	Estimated Fair Market Value	
	\$0 - \$250,000	\$250,001 - \$500,000
None	Properties	
	Example	Rental Condo, Los Angeles, CA 90017
	1.	<input type="checkbox"/> \$0 - \$250,000 <input type="checkbox"/> \$500,001 - \$750,000 <input type="checkbox"/> Over \$1,000,000
None	Bank Accounts	
	Example	Checking Account, Bank of America
	1.	<input type="checkbox"/> \$0 - \$10,000 <input type="checkbox"/> \$20,001 - \$30,000 <input type="checkbox"/> \$0 - \$10,000 <input type="checkbox"/> \$20,001 - \$30,000 <input type="checkbox"/> \$0 - \$10,000 <input type="checkbox"/> \$20,001 - \$30,000
None	Stocks, Bonds, Mutual Funds	
	Example	Mutual Fund, Fidelity Investments
	1.	<input type="checkbox"/> \$0 - \$25,000 <input type="checkbox"/> \$50,001 - \$75,000 <input type="checkbox"/> \$0 - \$25,000 <input type="checkbox"/> \$50,001 - \$75,000 <input type="checkbox"/> \$0 - \$25,000 <input type="checkbox"/> \$50,001 - \$75,000

CODES

"O" if item is in your name only; "JS" if item is jointly held by a spouse; "JD" if item is jointly held by a dependent; "JO" if item is jointly held by you and someone other than a spouse or a dependent.
 Check Box if Continuation page is used

Part II Liabilities

List all a) outstanding debts or liabilities, except those paid on a monthly basis, do not include inactive accounts or those cancelled at your request, b) judgements, liens or bankruptcies for the past five years, and c) credit that has been denied, revoked or cancelled by a creditor during the past two years. Indicate if an account is past due. Past due accounts equal any accounts past due over 90 days.

Creditors, Name and Address	CODE	Type of Liability <i>(Mortgages, vehicle loans, judgments, etc.)</i>	Estimated Current Balance Owed
Example Bank of America, Los Angeles, CA	JS	Mortgage on condo in Los Angeles, CA	
LAPFCU	O	Loan for 2000 Ford F100 Pickup	
MasterCard	JD	Credit card	

Accounts

1.		<input type="checkbox"/> \$0 - \$10,000 <input type="checkbox"/> \$10,001 - \$20,000 <input type="checkbox"/> \$20,001 - \$50,000 <input type="checkbox"/> \$50,000 - \$250,000 <input type="checkbox"/> \$250,001 - \$500,000 <input type="checkbox"/> \$500,001 - \$750,000 <input type="checkbox"/> \$750,001 - \$1,000,000 <input type="checkbox"/> Over - \$1,000,000
2.		<input type="checkbox"/> \$0 - \$10,000 <input type="checkbox"/> \$10,001 - \$20,000 <input type="checkbox"/> \$20,001 - \$50,000 <input type="checkbox"/> \$50,000 - \$250,000 <input type="checkbox"/> \$250,001 - \$500,000 <input type="checkbox"/> \$500,001 - \$750,000 <input type="checkbox"/> \$750,001 - \$1,000,000 <input type="checkbox"/> Over - \$1,000,000
3.		<input type="checkbox"/> \$0 - \$10,000 <input type="checkbox"/> \$10,001 - \$20,000 <input type="checkbox"/> \$20,001 - \$50,000 <input type="checkbox"/> \$50,000 - \$250,000 <input type="checkbox"/> \$250,001 - \$500,000 <input type="checkbox"/> \$500,001 - \$750,000 <input type="checkbox"/> \$750,001 - \$1,000,000 <input type="checkbox"/> Over - \$1,000,000

Part III Outside Income

Organization other than LAPD (*Name and Address*) Type of organization Position Held Annual Earnings

			Annual Earnings
Example Boyd's Security Services Los Angeles, CA	Security	Investigator	<input type="checkbox"/> \$0 - \$25,000 <input type="checkbox"/> \$25,001 - \$50,000 <input type="checkbox"/> \$50,001 - \$75,000 <input type="checkbox"/> \$75,001 - \$100,000 <input type="checkbox"/> Over - \$100,000
Income Sources			
1.			<input type="checkbox"/> \$0 - \$25,000 <input type="checkbox"/> \$25,001 - \$50,000 <input type="checkbox"/> \$50,001 - \$75,000 <input type="checkbox"/> \$75,001 - \$100,000 <input type="checkbox"/> Over - \$100,000
2.			<input type="checkbox"/> \$0 - \$25,000 <input type="checkbox"/> \$25,001 - \$50,000 <input type="checkbox"/> \$50,001 - \$75,000 <input type="checkbox"/> \$75,001 - \$100,000 <input type="checkbox"/> Over - \$100,000
3.			<input type="checkbox"/> \$0 - \$25,000 <input type="checkbox"/> \$25,001 - \$50,000 <input type="checkbox"/> \$50,001 - \$75,000 <input type="checkbox"/> \$75,001 - \$100,000 <input type="checkbox"/> Over - \$100,000

CODES

"O" if item is in your name only; "JS" if item is jointly held by a spouse; "JD" if item is jointly held by a dependent; "JO" if item is jointly held by you and someone other than a spouse or a dependent.

Check Box if Continuation page is used

Financial Disclosure Requirements Chart

Applies to employees of the rank of lieutenant and below assigned as noted below:

Type of Employee	First time to Complete Form	Subsequent Time to Complete Form
Gang Impact Team Lieutenant	Within 10 days of initial selection & prior to starting assignment	Every 2 years
Gang Enforcement Detail	Within 10 days of initial selection & prior to starting assignment	Every 2 years
Gang Impact Team Detective	Within 10 days of initial selection & prior to starting assignment	Every 2 years
Community Law Enforcement and Recovery Unit	Within 10 days of initial selection & prior to starting assignment	Every 2 years
Gang and Narcotics Division	Within 10 days of initial selection & prior to starting assignment	Every 2 years
Narcotics and Enforcement Detail	Within 10 days of initial selection & prior to starting assignment	Every 2 years

Financial Disclosure Review/Audit Protocols

Initial Entry/Selection	Annual Audit
1. Meet with employee and review the completed forms.	1. Select a statistically valid random sample for the audit. Notify selected employees immediately and set an appointment.
2. Review documents for income to asset ratio, and debt to income ratio. <ul style="list-style-type: none"> • Evaluate unexplained wealth. • Evaluate debt to income ratio, past due accounts and bankruptcies. • Discuss with employee who may be able to provide additional information to resolve the concern. • If necessary, provide a self-generated credit report from a list of Department approved agencies.¹ • In the event that additional supporting documentation would assist in the evaluation, request such documents from employee (deeds, registrations, etc.). List all supporting documents on the Financial Disclosure Form.² 	2. Review documents for income to asset ratio, and debt to income ratio. <ul style="list-style-type: none"> • Evaluate unexplained wealth. • Evaluate debt to income ratio, past due accounts and bankruptcies. • Discuss with employee who may be able to provide additional information to resolve the concern. • In the event that additional supporting documentation would assist in the evaluation, request such documents from employee (deeds, registrations, etc.). List all supporting documents on the Financial Disclosure Form.³
3. When no issues are raised, forward to Commanding Officer, Internal Audits and Inspections Division (IAID) for final review.	3. Request that the employee bring to the meeting a self-generated credit report selected from a list of Department approved agencies. ⁴ Also request that the employee bring any necessary supporting documents necessary based on the completed financial disclosure form.
4. If areas cannot be adequately explained regarding debt to income ratio, income to asset ratio, past due accounts or bankruptcies make an appointment with the Commanding Officer, IAID to allow the involved officer the opportunity to personally discuss the matter.	4. Complete the review for all randomly selected employees. Document results in a standard audit format. Meet with IAID for direction on format. <ul style="list-style-type: none"> • Identify all anomalies identified in the reviews. • Document all explanations and/or justifications to such anomalies. • Document unexplained anomalies. • Make recommendations as appropriate.
5. The Chief of Police will make the final determination as to whether an employee is de-selected from the process.	5. Forward the Audit to the Commanding Officer, IAID for approval.
	6. The Chief of Police will make the final determination as to whether an employee is de-selected from the process.

¹ Internal Audits and Inspections Division shall keep a list of such agencies on file and provide employees with directions on how to obtain a credit report that will not impact their credit rating.

² Bad debt flags causing further evaluation include: Bankruptcies within the past 3 years, past due accounts over 90 days.

³ Bad debt flags causing further evaluation include: Bankruptcies within the past 3 years, past due accounts over 90 days.

⁴ Internal Audits and Inspections Division shall keep a list of such agencies on file and provide employees with directions on how to obtain a credit report that will not impact their credit rating.