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Introduction

I have been privileged to serve as president of the Federal Reserve Bank of Atlanta since 2017. As a public servant, I take very seriously my responsibility to be transparent about my financial transactions and to avoid any actual or perceived conflicts of interest. That is why, since I assumed office, I have ensured that my assets were held in managed accounts that neither I nor my personal investment adviser had the ability to direct. I have come to learn, however, that while I did not have the ability to direct trades in these accounts, the transactions directed by third parties, not just the assets themselves, should have been listed on my annual financial disclosure forms.

Due to my reliance on a third-party manager, I was unaware of any specific trades or their timing, including a limited number that took place during Federal Open Market Committee (FOMC) blackout periods or financial stress periods. Similarly, I was unaware of when my holdings of US Treasury funds in 2021 exceeded the limits set forth by the FOMC's trading and investing rules.

As soon as I became aware that my financial reporting did not meet the expressed or implicit expectations necessary to maintain the public's trust, I worked with the Federal Reserve Bank of Atlanta's general counsel's office, the Federal Reserve Board's general counsel's office, and my board of directors to provide corrected information to the board of directors of the Federal Reserve Bank of Atlanta, the Federal Reserve Board of Governors, and the public.

To that end, I am now publicly posting corrected annual disclosure forms for every year I have been in office as president of the Federal Reserve Bank of Atlanta.

Moreover, I have worked to gain a more in-depth understanding of the requirements and have fundamentally changed the way my accounts are managed to ensure that I am in full compliance with the spirit and letter of our investment and disclosure rules. Specifically, my assets are no longer in unified managed or advisory accounts, and no "automatic" investments can occur without my approval. I have also divested assets that are now prohibited under the trading rules that went into effect on May 1, 2022.

Institutionally, I am working with the Federal Reserve Bank of Atlanta's general counsel's office to review and, where possible, materially enhance its processes for reviewing and advising on financial transactions and regular reporting issues to ensure that the Bank's senior leaders have broad appreciation for and remain in compliance with all our obligations. This enhancement is in addition to the process put in place at the Board of Governors beginning in May 2022 to implement an additional systematic review for consistency and completeness of the filing of all Reserve Bank officials covered by the enhanced investment and trading guidelines.

I recognize it is my responsibility to understand and abide by every obligation of this office. I want to be clear: at no time did I knowingly authorize or complete a financial transaction based on nonpublic information or with any intent to conceal or sidestep my obligations of transparent and accountable reporting.

I sincerely regret if my actions raise questions about my standards, behavior, or motivation, the Federal Reserve Bank of Atlanta's systems and processes to maintain the public trust, or the commitment of the Federal Reserve to transparency and accountability in fulfilling its mission. I have long viewed my public service as a privilege, and it has been an honor to serve this nation in several capacities over many years. I hold the Federal Reserve in the highest regard and, moving forward, will redouble my efforts to serve in the most positive light.

The sections that follow offer more detail about these matters.

I. BACKGROUND

In 2017, when I started in my role at the Federal Reserve Bank of Atlanta, my assets were held in a number of vehicles:

- individual retirement accounts (IRAs), including employer-based IRAs from the University of Southern California (USC), a Roth IRA, and an inherited IRA due to the death of my father;
- non-retirement investment funds;
- bank cash savings and checking accounts;
- and real estate.

The inherited IRA and the non-retirement funds were held in unified managed and advisory accounts. Unified managed and advisory accounts are centrally managed by a management investment office that maintains target allocations that are approved by an investment policy committee. Once funds are transferred into the account, neither I nor my personal firm investment adviser had the ability to direct specific trades, which in my case involved only mutual funds and exchange-traded funds. I therefore was not consulted or notified about plans for or execution of specific transactions.

It was my understanding and philosophy at the time that the advantage to having funds in managed accounts is that this would distance and protect me from decisions associated with the management of my financial assets. I further sought to distance myself by not actively monitoring individual trades and by using a third-party tax preparer. In my view, this advanced my goal of eliminating the possibility that I would inadvertently use or be seen as using nonpublic information to strategically direct my investments.

There have been four classes of transactions associated with my financial assets. The first class is the portfolio adjustments made by the managers of managed accounts. I was not informed of these adjustments in advance of their being executed. The second class of transactions is the statutorily required annual distributions from my inherited IRA. Each year, holders of inherited IRAs are required to withdraw an amount that must equal or exceed a minimum dollar amount pursuant to an established formula. A third class of transactions involves withdrawals from my non-retirement investment funds to pursue home improvements and have down-payments for real estate purchases.

The final class of transactions involved moving IRAs to different asset managers. The locus of my IRA portfolio has changed twice in the past five years. First, in 2019, I sought to consolidate my IRAs with a single asset manager, and thus moved the USC accounts to the manager overseeing the Roth and inherited IRAs. These USC funds were placed in managed accounts as well. Second, in 2021, seeking to be more fully present in the Atlanta community, I decided to transfer the management of my financial assets to a team based in Atlanta. Though I changed asset managers, I retained the approach of using managed accounts as part of this transfer.

II. Challenges with the Approach Taken

Only in recent months did I learn that the approach I was taking for managing my assets generated several issues. First, and most significantly, it resulted in trades occurring on my behalf during blackout periods. This occurred for two reasons:

- The managers for the unified managed and advisory accounts in which my funds were located did not make and execute decisions with a sensitivity for blackout periods. In my recollection, I discussed restrictions with the relationship managers for the three organizations operating the managed accounts (different from the manager of the unified or advisory account). The firms' memorialization of these conversations is varied. In one case, there is documentation that we discussed asset purchases and timing restrictions, in another, there is documentation that we discussed asset purchase restrictions, and in the third, there is no documentation of any discussion of restrictions. However, even though some trades were consummated during blackout periods, it's important to note that in no case were impermissible assets purchased on my behalf.

- My understanding of the ethics guidelines in place at the time was that they permitted transactions to occur during blackout periods so long as they were authorized before the blackout period began or so long as an individual did not knowingly execute the transaction during the blackout period. I made this inference from Attachment 4 of the Federal Reserve Program for Security of FOMC Information, which states:

  > This purchase or sale restriction does not apply if the transaction is authorized before the period described in section (a) above begins (for example, through directions given to a broker).

  In almost every instance where trades were finalized during blackout periods, the trades were authorized well outside of blackout periods, consistent with the guidelines. Further, I did not have knowledge that the trades were being executed during the blackout periods. While I was sensitive to this principle, I did not give adequate weight to a provision in a different part of the guidance regarding avoiding the appearance of benefiting from nonpublic information.

As it pertains to the calculation of annual income from assets, I did not rely on tax filings—the most direct way to establish annual income for specific assets—but rather used ending balances from successive years to determine income. Moreover, in some cases, I inadvertently miscalculated income for assets in retirement accounts for which the returns had not been realized. This resulted in the forms not including complete or accurate information with respect to this issue, which is detailed below. As already made clear, none of these inadvertent mistakes were motivated by a desire to actively conceal investments or profit inappropriately from trading activities.

Finally, regarding reporting in Form A, because of my active strategy to distance myself from trading decisions, I focused my efforts regarding financial assets exclusively on completing Schedule A. This resulted in my not reporting activities in the four transactions classes described above.

III. My Response

Once I became aware of the deficiencies, I investigated what had happened and quickly moved to remedy the situation. Since then, I have worked to be as transparent as possible about past events and the nature of my relationships with the investment companies. I changed my account relationships such that my assets are no longer in unified managed or advisory accounts and no "automatic" investments can occur. Further, I divested assets that are prohibited under the new trading rules.

IV. Specific Comments for Calendar Year Forms

Form A for Calendar Year 2017

The revised form differs from the original submission in several ways.

Schedule A
The new Schedule A includes AYBPX Allianzgi High Yield bond fund, which was inadvertently omitted from the original. HAINX Harbor International Inst should replace SNIEX Dreyfus Newton, which was erroneously listed in the original submission as an asset. FDSTX Sunamerica was a typographical error, and should be FDSAX, which appears in the revision as item C1 under the Roth IRA. Item C2, the private bank cash account, was inadvertently omitted from the original form. Item E10, a bank cash account associated with the Utah property, and items E10–12, inherited vacant residential lots, were inadvertently omitted from the original form.

Schedule B
Schedule B now includes a complete record of transactions associated with my accounts and assets.

Form A for Calendar Year 2018

The revised form differs from the original submission in several ways.

Schedule A
For congruence with the previous year, the new Schedule A includes AYBPX Allianzgi High Yield bond fund, HAINX Harbor International Inst, and OAKMX Oakmark I, all of which were sold in 2018. This year-to-year congruence was not sought in the original submission. The Prudential Medley Stock Index Fund and the Bank of China CD were inadvertent oversights. FDSTX Sunamerica was a typographical error, and should be FDSAX, which appears in the revision as item C1 under the Roth IRA. Item C2, the private bank cash account, was inadvertently omitted from the original form. The two LVIP annuities are now listed with more complete names. The SGOIX First Eagle Sogen Overseas and OAYBX Oakmark Equity and Income Fund asset values in the original submission were incorrect. Item E9, a bank cash account associated with the Utah property, and items E10–12, inherited vacant residential lots, were inadvertently omitted from the original form.

For entries E4–E6, the rental income for properties on the revised form reports gross income whereas the original report showed net income. Also, as discussed above, the method of determining income from investments has been revised. The income amounts in the revised report are correct.

Spousal assets are now included because of my late December marriage.

Schedule B
Schedule B now includes a complete record of transactions associated with my accounts and assets.

Transactions A15–A23 and C3–C5 occurred during restricted blackout periods without my knowledge through decisions of the managers of unified and advisory managed accounts in which my funds were invested.

Form A for Calendar Year 2019

The revised form differs from the original submission in several ways.

Schedule A

The original form combined amounts for certain assets when they were held in different vehicles (traditional versus inherited IRA, for example), whereas the revised form lists assets in the vehicles in which they are held. [The new approach facilitates easier tracking of assets over time, as it avoids the need for additional accounting.] In the case of BFMSX Blackrock Low Duration Bond Inv, there are amounts in A4 and B7. Taken together, the total amount exceeds $50K, and so the amount in the original form is correct as well.

JYASX JP Morgan Value Advantage is a typographical error; it should be JVASX. The value in the original submission is not correct. The two LVIP annuities are now listed with more complete names.

For congruence with the previous year, the new Schedule A includes CREF Social Choice R3, Vanguard Inst Tg RTM 30 Inst, Medley Prudential Stock Index, Dogs of Wall Street Polaris, and Vanguard Mid Cap Index, all of which were sold in 2019. [These were sold to consolidate all my retirement assets under a single asset manager.] For congruence with the previous year, the revised report also includes POSIX Principal Funds Global Real Estate, TRREX T Rowe Price real Estate, and Bank of China CD, all of which were sold in 2019. This year-to-year congruence was not reflected in the original submission.

The following assets in the original submission should have been listed as belonging to my spouse: QCGRRX CREF Growth R1, QCEQRX CREF Equity Index R1, and QCGLRX CREF Global Equities R1. Further, the following spousal assets were inadvertently omitted from the original submission: QCSTRX CREF Stock R1, AAETX Am Funds Target Date A, AIMMA Ameriprise Insured Money Mkt, Transamerica Life Ins Landmark 2008, TA Vanguard Inst Trg Re 2030, SRJZX JP Morgan Smart Retirement 2035 R, CVGRX Calamos Growth Fund, COAVX Columbia Overseas Value Fund, LAVLX Lord Abbott Mid Cap, LAFFX Lord Abbott Affiliated, and QVGIX Invesco Global Allocation.

The Pasadena, California, and Ogden, Utah, properties, both of which were listed in the calendar year 2018 submission, were inadvertently omitted from the original calendar year 2019 submission. Item E9, a bank cash account associated with the Utah property, and items E10–12, inherited vacant residential lots, were inadvertently omitted from the original form.

The income amounts in the revised report are correct.

Schedule B

Schedule B now includes a complete record of transactions associated with my accounts and assets.

Transactions A1, A2, and A4 occurred during restricted blackout periods. These reflected sales of USC retirement accounts to effect their transfer so that all my retirement accounts were held by a single investment manager. This process began outside the blackout periods and several weeks before the transaction actually occurred, as it took some time to identify the appropriate forms, complete them, and send them to the appropriate agent for execution.

Transactions D1–D5 occurred during restricted blackout periods without my knowledge, through decisions of the managers of the unified and advisory managed accounts in which my funds were invested.

Form A for Calendar Year 2020

The revised form differs from the original submission in several ways.

Schedule A
The two LVIP annuities are now listed with more complete names.

The original form combined amounts for certain assets when they were held in different vehicles (traditional versus inherited IRA, for example), whereas the revised form lists assets in the vehicles in which they are held. [The new approach facilitates easier tracking of assets over time, as it avoids the need for additional accounting.]

- For BFMSX Blackrock Low Duration Bond Inv, there are amounts in A4 and B6. Taken together, the total amount exceeds $50,000, and so the amount in the original form is correct as well.
- For MWTIX Metropolitan West Total Return, there are amounts in A10 and B16, but the sum remains below $50,000.
- For PTSPX Pimco Short Term, there are amounts in A12 and B22, but the sum remains below $50,000.
- For PTTPX Pimco Short Term, there are amounts in A13 and D13, but the sum remains below $50,000.
- For BPRIX Blackrock Inflation Protected Bond, there are amounts in A17 and B28, and the sum is still less than $201.
- For MJFOX Matthews Asian Japan Inv, there are amounts in A18 and B34, and the sum is still less than $201.
- For PLCPX Pimco Long Term, there are amounts in A19 and B35, and the sum is is still less than $201.
- For DDVIX Delaware Group Equity Value Fund, there are amounts in B30 and D4, and the sum differs from the amount listed in the original form.
- For HFMIX Hartford Mid Cap, there are amounts in B32 and D9, and the sum differs from the amount listed in the original form.

For entries E6–E9, the rental income for properties on the revised form reports gross income whereas the original report showed net income. The income amounts in the revised report are correct.

Six entries appear on the revised form but not the original submission. BHYIX Blackrock Hi Yield, item E10, a bank cash account associated with the Utah property, and items E11–13, inherited vacant residential lots, were inadvertently omitted. Centerstate CD was sold by year's end but generated income and so should have been included on the report.

For Metabank CD, DISRX BNY Mellon Intl equity, GQGIX GQG Partners Emerg Mkts Eq, NINLX Neuberger Intrinsic Value, and PRDSX T Rowe Price QM US Sm Cap, the revised form corrects errors in identified values.

Schedule B
Schedule B now includes a complete record of transactions associated with my accounts and assets.

Transactions A1–A27 and B1–B14 occurred during restricted blackout periods without my knowledge, through decisions of the managers of unified and advisory managed accounts in which my funds were invested.

Transactions A58–A60 and B26–B27 occurred during restricted blackout periods without my knowledge, through automatic reinvestments of dividends and gains.

Transactions F1–F2 occurred sometime in January; I have been unable to identify the exact date. These transactions reflect my spouse's company changing the firm that manages their employer-provided retirement program, which resulted in exiting from SRJZX JP Morgan Smart Retirement 2035 R and transferring funds into TA Vanguard Inst Trg Re 2030.

Form A for Calendar Year 2021

Schedule B

Transactions B17–B19, B32–B72, B75–B94, and C3–C35, which occurred during restricted blackout periods, were authorized on May 27, which is outside the blackout period. The trades were extended over several weeks by the investment manager, as some time was required to convert in-kind deposits into model portfolio strategies and cash deposits thereafter in an attempt to dollar-cost average into the market over a span of a couple of weeks.

Transactions D11–D21 occurred during a restricted blackout period without my knowledge, through decisions of the managers of a unified managed account in which my funds were invested.

Transactions E8–E10 occurred during a restricted blackout period without my knowledge through automatic reinvestments of dividends and gains.

The risk-based portfolio of the new firm includes positions in the ISHARES BARCLAYS 7-10 YEAR TREASURY fund. Though the fund balance in each of my subaccounts falls below the $50,000 threshold established in the FRAM, their sum across the subaccounts slightly exceeded this cap.
I failed to notice this during and after the transfer. Once alerted of this through the disclosure preparation process, I took action to rectify this and divested all Treasury funds.

The most recent sales were executed to bring the holdings into conformity with the new guidelines and to do so before the 45-day notice period protocol went into effect on July 1, 2022.