STATE OF LOUISIANA
DEPARTMENT OF STATE CIVIL SERVICE
LOUISIANA BOARD OF ETHICS
P. O. BOX 4368
BATON ROUGE, LA 70821
(225) 219-5600
FAX: (225) 381-7271
1-800-842-6630
www.ethics.la.gov

February 8, 2021

Matthew F. Block
Executive Counsel
Office of the Governor
P. O. Box 94004
Baton Rouge, LA 70804-9004

Re: Board Docket No. 2021-058

Dear Mr. Block:

The Louisiana Board of Ethics, at its February 5, 2021 meeting, considered your request for an advisory opinion as to whether the Code of Governmental Ethics would present any issues for a potential gubernatorial appointee to the position of the Commissioner for the Office of Financial Institutions.

FACTS PROVIDED

The Governor is considering appointing Stanley M. Dameron to the position of Commissioner of the Office of Financial Institutions (OFI). The Commissioner has exclusive supervisory and regulatory jurisdiction and authority over Louisiana state-chartered financial institutions and other financial entities regulated by OFI. OFI is responsible for the chartering/licensing; examining and investigating complaints; and, other matters related to regulated entities, with the primary focus of its examination and regulation being the lending practices of banks and other financial institutions, which can result in management criticism.

Mr. Dameron does not currently work for or provide services to any kind of state-chartered or licensed financial institution. However, Mr. Dameron has had prior affiliations with the following regulated entities:
1. First Guaranty Bank – Mr. Dameron served as the bank's President/CEO. He owned less than a 1% interest in the bank, which he recently sold to non-family members.
2. American Bank & Trust – Mr. Dameron served as the bank's former CEO. He owned less than a 2% interest, which he recently sold to non-family members. Also, as part of his compensation package when he was CEO, the bank purchased a bank-owned life insurance policy, which will provide Mr. Dameron with an annual annuity for the next 10 years.

Finally, Mr. Dameron's son works for Gulf Coast Bank & Trust, which is a state-chartered bank subject to OFI's regulatory authority. His son is the Assistant Vice-President/Commercial Lender for the bank. His son does not have the authority to approve loans, does not serve on the bank's board of directors, does not make policy decisions for the bank, and does not have an

ownership interest in the bank. His son does not have a record ownership in bank stock other than his participation in the bank's Employee Stock Ownership Plan.

ISSUES

The following questions were asked:

1. Does Mr. Dameron's prior employment with and ownership interest in First Guaranty Bank and American Bank & Trust present an issue if he is appointed to the position of OFI Commissioner?

2. Does Mr. Dameron's entitlement to the annual annuities from the bank-owned life insurance policy paid for by American Bank & Trust present an issue if he is appointed to the position of OFI Commissioner?

3. Does Mr. Dameron's son's employment with Gulf Coast Bank & Trust present an issue if he is appointed to the position of OFI Commissioner?

4. If Mr. Dameron's son's employment with the bank presents an issue,
   a. Can Mr. Dameron not participate in matters involving OFI's regulatory activities of Gulf Coast Bank & Trust to avoid any issues?
   b. Can Mr. Dameron not participate in matters using the provisions of R.S. 6:102C which allow him to delegate to an OFI employee such powers or perform such duties?
   c. Can the disclosure in R.S. 42:1114 be used to avoid an Ethics Code violation?

LAWS

La. R.S. 42:1111C(2) provides that no public servant and no legal entity in which the public servant exercises control or owns an interest in excess of twenty-five percent, shall receive any thing of economic value for or in consideration of services rendered, or to be rendered, to or for any person from whom such public servant would be prohibited by R.S. 42:1115(A)(1) or (B) from receiving a gift.

La. R.S. R.S. 42:1115 provides that no public employee "shall solicit or accept, directly or indirectly, any thing of economic value as a gift or gratuity from any person or from any officer, director, agent, or employee of such person, if such public servant knows or reasonably should know that such person: [A](1) Has or is seeking to obtain contractual or other business or financial relationships with the public servant's agency, or . . . B. . . (1) Conducts operations or activities which are regulated by the public employee's agency. (2) Has substantial economic interests which may be substantially affected by the performance or nonperformance of the public employee's official duty."

La. R.S. 42:1111E(1) provides that "No public servant, and no legal entity of which such public servant is an officer, director, trustee, partner, or employee, or in which such public servant has a substantial economic interest, shall receive or agree to receive any thing of economic value for assisting a person in a transaction, or in an appearance in connection with a transaction, with the agency of such public servant."

La. R.S. 42:1112 prohibits a public servant's participation in a transaction in which he or the following have a substantial economic interest:
(1) Any member of his immediate family.
(2) Any person in which he has a substantial economic interest of which he may reasonably be expected to know.
(3) Any person of which he is an officer, director, trustee, partner, or employee. (4) Any person with whom he is negotiating or has an arrangement concerning prospective employment.
(5) Any person who is a party to an existing contract with such public servant, or with any legal entity in which the public servant exercises control or owns an interest in excess of twenty-five percent, or who owes any thing of economic value to such public servant, or to any legal entity in which the public servant exercises control or owns an interest in excess of twenty-five percent, and who by reason thereof is in a position to affect directly the economic interests of such public servant.

La. R.S. 42:1112C provides that a public employee shall disqualify himself from participating in a transaction involving the governmental entity when a violation of this Part would result. The procedures for such disqualification shall be established by regulations issued pursuant to R.S. 42:1134(A)(1).

R.S. 42:1113A.(1)(a) provides that "No public servant, . . ., or member of such a public servant's immediate family, or legal entity in which he has a controlling interest [defined as ownership interest over 25% individually or collectively between public servant and immediate family members] shall bid on or enter into any contract, subcontract, or other transaction that is under the supervision or jurisdiction of the agency of such public servant."

42:1114A requires disclosure by a public servant and each member of his immediate family who derives any thing of economic value, directly, through any transaction involving the agency of such public servant or who derives any thing of economic value of which he may be reasonably expected to know through a person which (1) is regulated by the agency of such public servant, or (2) has bid on or entered into or is in any way financially interested in any contract, subcontract, or any transaction under the supervision or jurisdiction of the agency of such public servant.

R.S. 42:1122 provides that "a public servant may continue in a bona fide pension, insurance, or other benefit plan maintained by a former employer, provided that such former employer makes no contributions in his behalf with respect to the period of his public service."

R.S. 6:102C provides that the OFI Commissioner may employ a principal assistant, a private secretary, and such other examiners and employees as may be necessary for the efficient operation of the office. The OFI Commissioner may delegate to any officer or employee of the office such powers as he may deem appropriate and may designate any officer or employee of the office to perform any of his duties.

La. R.S. 42:1102(13) defines "immediate family" as including the public servant's children, the spouses of his children, his brothers and their spouses, his sisters and their spouses, his parents, his spouse, and the parents of his spouse.

La R.S. 42:1102(21) defines "substantial economic interest" as an economic interest which is of greater benefit to the public servant or other person than to a general class or group of persons.

CONCLUSION

The Board concluded, and instructed me to inform you of, the following based on the facts provided and the above-applicable provisions of law.

1. Since Mr. Dameron does not provide compensated services to or for regulated entities and he no longer has an ownership interest in regulated entities, his prior affiliation with the regulated entities does not raise any Ethics Code issues if he is appointed as OFI Commissioner.

2. Since the annual annuities are not being paid to Mr. Dameron for services he is or will provide, the receipt of such payments would not present an Ethics Code issue if Mr. Dameron is appointed OFI Commissioner.

3. & 4. As long as his son does not represent the bank in matters before OFI, his son's employment with a regulated entity does not present an Ethics Code issue if Mr. Dameron is appointed OFI Commissioner. However, the son would be required to file annual disclosures pursuant to R.S. 42:1114A by May 15th of each calendar disclosing income received from the bank in the prior calendar year. (Form 405 may be found at the following link: https://ethics.la.gov/PersonalFinancial.aspx) Also, if Mr. Dameron, as OFI Commissioner, or an OFI employee were to participate in a transaction in which his son has a substantial economic interest, Mr. Dameron should submit a disqualification plan for the Board of Ethics' approval that removes him from any involvement in those transactions. That plan can rely on the

provisions of R.S. 6:102C; however, it should also comply with Chapter 14 of the Rules for the Board of Ethics.

This advisory opinion is based solely on the facts as set forth herein. Changes to the facts presented may result in a different application of the provisions of the Code of Ethics. The Board issues no opinion as to past conduct or laws other than Code of Governmental Ethics. If you have any questions, please contact me at (225) 219-5600 or (800) 842-6630.

Sincerely,

LOUISIANA BOARD OF ETHICS

Kathleen M. Allen
For the Board