

# State Bar of Texas



## Treasurer Guide

2018-2019

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## STATE BAR OF TEXAS ACCOUNTING CONTACTS

### **Rhonda Bridges, Sections Accounting Manager**

Phone: 512.427.1428 or 800.204.2222 x 1428

Fax: 512.427.4102

Email: [Rhonda.Bridges@Texasbar.com](mailto:Rhonda.Bridges@Texasbar.com)

Mailing address: P.O. Box 12487

Austin, TX 78711-2487

Physical address: 1414 Colorado

Austin, TX 78701-1627

### **Vira Lukyanova, Sections Accountant**

Phone: 512.427.6853 or 800.204.2222 x 6853

Email: [Vira.Lukyanova@Texasbar.com](mailto:Vira.Lukyanova@Texasbar.com)

## **TREASURER CHECKLIST**

### **ESSENTIAL (ONGOING) RESPONSIBILITIES:**

- Pay Section bills (as received)•
- Receive and deposit Section revenues (as received)•
- Reconcile bank and investment accounts\*
- Submit bank/investment account statements to Rhonda Bridges (monthly)•
- Submit copies of check/deposit registers to Rhonda Bridges (monthly)• – example pg. 13
- Prepare Section financial reports (monthly)• – examples pgs. 14-16
- Present Section financial reports to Section council
- Collect sales tax and remit to the State Bar• – TX Sales & Use Tax Permit pg. 19
- Collect W-9 from service vendors prior to payment• – blank form W9 pgs. 24-30
- Submit completed W-9 forms to Rhonda Bridges (as collected)•
- Other duties as described in individual Section by-laws

### **AS SOON AS POSSIBLE:**

- Submit 2018-19 budget to SBOT Executive Director by July 15th (to Rhonda Bridges, Rhonda.Bridges@Texasbar.com)
- Update signature card and address on bank and investment accounts\*

### **BY 10TH OF THE MONTH:**

- Submit sales tax collected in the prior month to Rhonda Bridges

### **BY LAST DAY OF MONTH:**

- Submit prior month bank and investment statements, along with copies of check/deposit registers, to Rhonda Bridges

*\*Service provided by State Bar free of charge to Sections utilizing  
accounting management services*

## ACCOUNTING MANAGEMENT SERVICES GUIDE

Services provided at no charge to Section:

- Monthly financial reports provided to the Section Treasurer
- Monthly cash and investment account reconciliation
- Dues checks deposited directly into the Section's account immediately upon issue
- Other deposits made to Section bank account/s
- All Section bills paid, including reimbursements and State Bar billings
- Sales tax is calculated and paid
- Vendors are tracked for IRS compliance; tax forms are collected as necessary, and tax payments are made to the IRS
- Liaison with PlainsCapital Bank, (when applicable – NOT a requirement for making use of the accounting management services offered)

Deposits are made as they arrive at the State Bar. The Treasurer receives reimbursement requests and invoices, and forwards them to the Section Accountant with approval for payment. The State Bar pays these expenses using State Bar funds. At the end of the month, the Treasurer receives an itemized report listing all the expenses paid on behalf of the Section in the prior month. At this time Section payment will be transferred to SBOT. The Section's Treasurer approves all expenditures before they are paid.

These services keep the Section in compliance with State Bar financial reporting requirements. Another benefit is the accounting and financial reporting consistency provided, since the Section does not transfer accounting records and change banks, bookkeeping methods and/or software programs each year.

## SECTION TREASURER INFORMATION

### DUES.

Section dues collected by State Bar of Texas

- Paid to the Sections quarterly: April, July, October, January

Dues collected by Sections

- Funds deposited to Section account
- Member names and bar card # sent to State Bar Membership Department

### DEPOSITORIES & INVESTMENTS.

Each Section shall deposit its funds into either:

- A branch of the State Bar banking depository

#### Plains Capital Bank

\*No monthly fee checking account

\*Certificates of deposit

\*High yield savings account for public funds

\*Free ACH Debit Block

\*Collateralization of funds

\*Rhonda Bridges is Section Liaison

\*Client Services Professional dedicated to SBOT Accounts

- Or, an alternative banking depository meeting the requirements of the State Bar investment policy (attached). Additionally, single or combined account balances in one banking institution should not exceed \$250,000 per FDIC protections.

### **ACH DEBIT BLOCK.**

The State Bar of Texas recommends that each Section bank account have ACH debit block to protect the Section from unauthorized withdrawals. SBOT absorbs the cost of this service for all Sections with Plains Capital bank accounts.

### **2018-2019 SECTION BUDGETS.**

Due to State Bar of Texas Executive Director (through Rhonda Bridges) by **July 15<sup>th</sup>** of each year

### **SECTION FINANCIAL REPORTING.**

- Section financial reporting is included in State Bar of Texas annual audit
- Sections that do not utilize State Bar Accounting Management Services submit the following information (by the last day of each month for prior month):
  - ✓ Copies of latest statements for all bank and investment accounts, including certificate of deposit notices (example: July statement copies submitted on or before August 31<sup>st</sup>)
  - ✓ Transaction history or copy of check and deposit register for each Section account  
Include the following for each check or deposit: date, number, payee or payer, amount, purpose of payment/deposit (template available in attached 'Templates' document)
- Financial reports are prepared by the Section Accountant for each Section on a monthly basis.
- See the June 2018 SBOT Board policy and procedures on Section finances

## **COLLECTING SALES TAX.**

- Sections shall display a copy of State Bar of Texas Sales and Use Tax Permit (Forms document) wherever items or services are sold
- Sections shall collect sales tax on taxable goods or services sold and remit to the State Bar of Texas
  - Example of taxable goods: books, t-shirts, extra copies of newsletters, luncheon tickets (if not connected with a CLE event), etc.
  - On or before the 10<sup>th</sup> day of each month, remit to State Bar of Texas all sales tax collected during the immediately preceding month; included with the payment should be a report showing total sales revenue collected and county in which sales occurred
- See Section Sales Tax Guidelines (pg. 17) for directions on collection, reporting and calculating sales tax
- Customers MUST provide a Texas Sales and Use Tax Exemption Certification (pg. 19) at the time of the sale to be exempt from sales tax
- Please feel free to contact me for assistance: [Rhonda.Bridges@Texasbar.com](mailto:Rhonda.Bridges@Texasbar.com) or 512.427.1428

## **SECTION PURCHASES.**

Sections are exempt from paying sales tax, but must provide a Texas Sales and Use Tax Exemption Certification at the time of the purchase (Forms document)

- The State Bar is NOT exempt from hotel occupation taxes

## **RECORD RETENTION.**

Section financial records should be retained for audit purposes as follows.

- Records of individual sales for four years after the close of the current fiscal year
  - ✓ For 2017–18 fiscal year, retain records dated on or after 6/1/13
- All other Section financial records for three years after the close of the current fiscal year
  - ✓ For 2017–18 fiscal year, retain records dated on or after 6/1/14



Records may be stored at the State Bar, or sent to off-site storage at the State Bar's expense if given to the Sections Accountant.

#### **MISCELLANEOUS INFORMATION:**

**State Bar of Texas (Section) Federal Tax ID# 74-6000148**

#### **Monthly invoicing from State Bar of Texas**

Each month Section Treasurers are sent an itemized report listing expenditures paid by the State Bar of Texas on behalf of the Section.

#### **W-9 Request for Taxpayer Identification Number and Certification**

- Treasurers must request a Form W-9 (Forms document) from new vendors and award/scholarship/intern and other gift recipients prior to payment. These forms should be submitted to Rhonda Bridges as collected. The State Bar of Texas Accounting Department will prepare and send a form 1099-MISC as required at calendar year end.
- Special rules apply for scholarship awards (see letter in Forms document)
- You may receive a request for a form W-9 on occasion, especially when receiving contributions. A signed and completed State Bar of Texas Form W-9 is included in the Forms document. You may print and submit the W-9 as requested.

#### **Section Request for Reimbursement Form**

A blank Request for Reimbursement form is included in the Forms document attached. These forms can be provided to Council and Section members for reimbursement of expenses incurred on behalf of the Section. All receipts should be attached to the reimbursement form prior to submission to the Treasurer and the form must be signed by the claimant (see bottom of form).

This form is also available as an auto-fill Excel file, updated with Section Treasurer contact information. I will update the forms for individual Sections and send them to the Treasurers for distribution. I will also send out updated forms if the mileage reimbursement rate should change. If you need a form, please contact me: [Rhonda.Bridges@Texasbar.com](mailto:Rhonda.Bridges@Texasbar.com) or 512.427.1428.

Bar Card	DatePaid (mm/dd/yy)	Amount	Complementary (0= No, 1=Yes)	Name
1234567	06/01/18	30.00	0	Smith, John
2345678	06/28/18	30.00	0	Jones, Mary
3456789	06/30/18	0.00	1	Smith-Jones, Susan
	total:	60.00		

Account	Description	Period 1 - 2019
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**Section Name FY19**

T0-9375-40199-	Dues Revenue	-100.00
T0-9375-40299-	Fees Revenue	-100.00
T0-9375-40499-	Sales Revenue	-100.00
T0-9375-40529-	Investment Revenue	-100.00
T0-9375-40729-	Contributions	-100.00
T0-9375-41099-	Other/Royalty Revenue	-100.00
T0-9375-50249-	Travel	100.00
T0-9375-50205-	Lodging	100.00
T0-9375-50299-	Meetings/Conferences	100.00
T0-9375-50399-	Professional Services	100.00
T0-9375-50499-	Publicity/Advertising	100.00
T0-9375-50549-	Dues/Subscriptions/Licenses	100.00
T0-9375-50599-	Education/Training	100.00
T0-9375-50699-	Supplies	100.00
T0-9375-50829-	Postage and Freight	100.00
T0-9375-50849-	Telephone and Web Service	100.00
T0-9375-50899-	Insurance	100.00
T0-9375-50999-	Administrative Expense	100.00
T0-9375-51999-	Printing/Inventory	100.00
<b>Total</b>		<b>800.00</b>

## SAMPLE CHECK/DEPOSIT REGISTER

5/31/2018	XYZ Section Register
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Check#	Payee	Date	Amount	Expense Acct	Explanation
1234	Tim Jones	5/29/2018	500.00	Travel	Reimburse Travel Expense
5678	David Smith	5/31/2018	10.00	Supplies	Stamps

Deposits	Date	Amount	Revenue Acct	Explanation	Memo
Attorneys, LLP	5/1/2018	200.00	Conference Revenue	Registration Fees	Spring Conference

**Sample Section**  
**Summary of Revenues and Expenditures**  
**For the Twelve Months Ending Thursday, May 31, 2018**

	Current Month Actual	YTD Actual	Annual Budget	YTD Budget	Variance Fav/(Unfav)	Variance %	Prior Year Current Month	Prior Year YTD Actual
Revenues:								
Dues		\$450			\$450			
Investments	8	25			25			
Other Revenue							886	13,474
Total Revenues	8	475			475		886	13,474
Expenditures:								
Travel	(1,280)	1,526			(1,526)			
Meetings & Conferences		1,550			(1,550)			
Supplies/Awards/Gifts/Spec. Items		180			(180)			
Telephone	25	25			(25)			
Administrative							110	13,474
Printing and Copying		360			(360)			
Total Expenditures	(1,255)	3,641			(3,641)		110	13,474
Total Expenditures & Transfers	(1,255)	3,641			(3,641)		110	13,474
Excess (Deficit) of Revenues Over Expenditures & Transfers	1,263	(3,166)			(3,166)		776	
Excess (Deficit) of Revenues over Expenditures, Transfers & Investment Value Changes	1,263	(3,166)			(3,166)		776	
Total YTD Increase (Reduction) in Fund Balance	1,263	(3,166)			(3,166)		776	

**Sample Section**  
**Statement of Revenues and Expenditures**  
**For the Twelve Months Ending Thursday, May 31, 2018**

	Current Month Actual	YTD Actual	Annual Budget	YTD Budget	Variance Fav/(Unfav)	Variance %	Prior Year Current Month	Prior Year YTD Actual
Revenues:								
Dues Revenue		\$450			\$450			
Total Dues Revenue		450			450			
Interest Revenue	8	25			25			
Total Investment Revenue	8	25			25			
Miscellaneous Revenue							886	13,474
Total Other Revenue							886	13,474
Total Revenues	8	475			475		886	13,474
Expenditures:								
Airfare	(867)	867			(867)			
Lodging	(373)	373			(373)			
Meals	(34)	34			(34)			
Cab Fare	(130)	130			(130)			
General Travel	123	123			(123)			
Total Travel	(1,281)	1,527			(1,527)			
Social/Reception		1,550			(1,550)			
Total Meetings/Conferences		1,550			(1,550)			
Awards/Certificates		180			(180)			
Total Supplies		180			(180)			
Web Services	25	25			(25)			
Total Telephone	25	25			(25)			
Expense Reimbursement							110	13,474
Total Administrative Expenses							110	13,474
Graphic Art		360			(360)			
Total Printing/Inventory		360			(360)			
Total Expenditures	(1,256)	3,642			(3,642)		110	13,474
Total Expenditures & Transfers	(1,256)	3,642			(3,642)		110	13,474
Excess (Deficit) of Revenues over Expenditures and Transfers	1,264	(3,167)			(3,167)		776	
Excess (Deficit) of Revenues over Expenditures, Transfers & Investment Value Changes	1,264	(3,167)			(3,167)		776	
Total YTD Increase (Reduction) in Fund Balance	1,264	(3,167)			(3,167)		776	

**State Bar of Texas  
Sample Section  
Balance Sheet  
As of Thursday, May 31, 2018**

Assets		
Cash and Cash Equivalents		\$65,659
Total Assets		<u>\$65,659</u>
Liabilities and Fund Equity		
Liabilities:		
Due To (From) General Fund		3,461
Total Liabilities		<u>3,461</u>
Fund Equity:		
Beginning Fund Equity	65,364	
Current Year Operations	<u>(3,166)</u>	
Current Fund Equity		<u>62,198</u>
Total Liabilities and Fund Equity		<u>\$65,659</u>



## SECTION SALES TAX GUIDELINES

Sections receiving money for taxable goods or services must collect and pay to the State Bar of Texas the appropriate sales tax. (Please see State Bar of Texas Board Policy, Section 5.01.06 and Procedures for Section Financial Reporting.)

- Sections Sales Tax Report and a check (made out to the State Bar of Texas) for sales tax is due to the State Bar by the 10<sup>th</sup> of each month for the prior month's sales.
- State Bar of Texas Accounting Department prepares and submits monthly sales tax deposit and report for each taxing jurisdiction.
- Sections must display a copy of the State Bar's Texas Sales and Use Tax Permit wherever taxable items and/or services are sold. This includes displaying the permit at Section seminars/courses.
- Customers MUST provide a Texas Sales and Use Tax Exemption Certificate at the time of the sale to be exempt from sales tax. There are no exceptions to this.
- Sections are required to maintain the records of individual sales for four years after the close of the current fiscal year for audit purposes.
- Some examples of taxable goods are mugs, t-shirts, sales of printed materials, meals paid for separately from CLE course fees, and extra copies of newsletters.
- See "Calculating Sales Tax Guide" for instructions on sales tax rate calculations. (page 18) Please contact Rhonda Bridges to request a Texas Sales and Use Tax Permit or with any questions on collection, reporting, and/or payment of sales tax (512.427.1428, 1.800.204.2222 x 1428, or Rhonda.Bridges@Texasbar.com).

## CALCULATING SALES TAX GUIDE

### Items sold at a seminar/meeting held in Texas.

1. Local Sales and Transit Tax for the jurisdiction where seminar is held
2. Examples:
  - Seminar held in Austin, charge and report tax rate for sales in Austin, 8.25%
  - Seminar held in San Antonio, charge and report tax rate for sales in San Antonio, 8.25%
- For automatic sales tax rate calculation- see Texas Comptroller website
  1. <https://mycpa.cpa.state.tx.us/atj/addresslookup.jsp>
  2. Enter city and county of seminar, click on Search

### Items sold at a seminar held outside of Texas.

1. Check with that state's equivalent of the Comptroller's office for applicable sales tax collection and reporting

### Items mailed/shipped to customer in Texas.

2. Local Sales and Transit Tax for the jurisdiction items mailed from (for example- Section Treasurer's office, Bookkeeper's office, or State Bar of Texas)
3. Example:
  - Section Treasurer's office in San Antonio receives mail order for books to be shipped to a customer in Corpus Christi
  - Sales tax rate is the rate for sales made in San Antonio, 8.25%

### Items mailed/shipped to customer outside of Texas.

4. No sales tax is collected

Please contact Rhonda, Sections Accountant, with any questions on collection, reporting, and/or payment of sales tax, 512.427.1428, 1.800.204.2222 x 1428, or [Rhonda.Bridges@Texasbar.com](mailto:Rhonda.Bridges@Texasbar.com).

C-300  
(Rev 12-118n 3)

# TEXAS SALES AND USE TAX PERMIT

permit is not transferable

prominently displayed in your place of business.

This

and this side must be

Merchants: DO NOT accept a copy of this, in place of a resale or exemption certificate. You will be responsible for sales tax unless you have a valid resale exemption certificate on file.

You must obtain a new permit if there is a change of ownership, location, or business location name.

STATE BAR OF TEXAS

STATE BAR OF TEXAS  
1414 COLORADO ST  
AUSTIN

TX 78701

Type of permit  
SALES AND USE TAX

Taxpayer number  
1-74-6000148-4

Outlet number  
00001

First business date  
09/01/1961

WEISBROD 8621

DESCRIPTION ON NEXT LINE:

Professional Membership Organizations

TRANSIT:

BUSINESS IN THE FOLLOWING LOCAL SALES TAX AUTHORITIES:

AUSTIN

EFF: 01/01/1968

AUSTIN MTA

EFF: 07/01/1985

**CAROLE KEETON RYLANDER**  
Comptroller of Public Accounts

# Texas Sales and Use Tax Exemption Certification

This certificate does not require a number to be valid.

Name of purchaser, firm or agency <b>STATE BAR OF TEXAS</b>	
Address (Street & number, P. O. Box or Route number) <b>PO BOX 12487</b>	Phone (Area code and number) <b>512-427-1481</b>
City, State, ZIP code <b>AUSTIN TX 78711</b>	

I, the purchaser named above, claim an exemption from payment of sales and use taxes (for the purchase of taxable items described below or on the attached order or invoice) from:

Seller: \_\_\_\_\_

Street address: \_\_\_\_\_ City, State, ZIP code: \_\_\_\_\_

Description of items to be purchased or on the attached order or invoice:


\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Purchaser claims this exemption for the following reason:

**Purchaser is tax exempt based upon its status as a Texas State Agency**

I understand that I will be liable for payment of all state and local sales or use taxes which may become due for failure to comply with the provisions of the Tax Code and/or all applicable law.

*I understand that it is a criminal offense to give an exemption certificate to the seller for taxable items that I know, at the time of purchase, will be used in a manner other than that expressed in this certificate, and depending on the amount of tax evaded, the offense may range from a Class C misdemeanor to a felony of the second degree.*

Purchaser <b>sign here</b> 	Title <b>Finance Division Director</b>	Date <b>07/01/2018</b>
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NOTE: This certificate cannot be issued for the purchase, lease, or rental of a motor vehicle.

**THIS CERTIFICATE DOES NOT REQUIRE A NUMBER TO BE VALID.**

Sales and Use Tax "Exemption Numbers" or "Tax Exempt" Numbers do not exist.

**This certificate should be furnished to the supplier.**  
**Do not send the completed certificate to the Comptroller of Public Accounts.**

Dear Scholarship Recipient,

Please find enclosed a check in the amount of \$\_\_\_\_\_ representing a scholarship award from the \_\_\_\_\_ Section of the State Bar of Texas. **In order to remain tax free for IRS purposes, this scholarship award must be used to pay for qualifying tuition or related expenses as defined below.**

For purposes of determining the taxability of this scholarship award, the following IRS rules apply:

Taxable income does not include any amount received as a qualified scholarship by an individual who is a candidate for a degree at an educational organization. The IRS uses the following applicable definitions:

*Qualified scholarship. Any amount received by an individual as a scholarship or fellowship grant to the extent the individual establishes that such amount was used for qualified tuition and/or related expenses.*

*Candidate for degree. (1) a primary or secondary school student; or (2) an undergraduate or graduate student at a college or university who is pursuing studies or conducting research to meet the requirement for an academic or professional degree.*

*Related expenses include: fees, books, supplies and equipment required for courses of instruction at such educational organization. In order to be treated as related expenses under this section, the fees, books, supplies and equipment must be required of all students in the particular course of instruction. Incidental expenses are not considered related expenses. Incidental expenses include expenses incurred for room and board, travel, research, clerical help and equipment and other expenses that are not required for either enrollment or attendance at an educational organization, or in a course of instruction as such educational organization.*

In the case of an IRS audit, it will be up to the individual receiving the scholarship award to furnish documentation proving that the proceeds were used to pay for qualifying tuition or related expenses as defined above.

If you have questions related to this information, please contact Tracy Jarratt, Finance Division Director, at 512.427.1481 or [TracyJarratt@Texasbar.com](mailto:TracyJarratt@Texasbar.com).

Sincerely yours,

Rhonda Bridges, Sections Accountant

State Bar of Texas

512.427.1428 \* [Rhonda.Bridges@Texasbar.com](mailto:Rhonda.Bridges@Texasbar.com)

Dear Award Recipient,

Please find enclosed a check in the amount of \$\_\_\_\_\_ representing an award from the \_\_\_\_\_ Section of the State Bar of Texas. **Please be advised that you will receive a Form 1099 in January 2019 from the State Bar as this award qualifies as taxable income. This amount will be reported to the IRS.**

IRS rules required that: *Businesses must file Form 1099 for each person to whom you have paid during the year at least \$600 in rents, services, prizes and awards.*

If you feel that you should not be issued a Form 1099 or if you have questions related to this information, please contact Rhonda Bridges, Accountant, at 512.427.1428 or [Rhonda.Bridges@Texasbar.com](mailto:Rhonda.Bridges@Texasbar.com).

Sincerely yours,

Rhonda Bridges, Sections Accountant  
State Bar of Texas  
512.427.1428 \* [Rhonda.Bridges@Texasbar.com](mailto:Rhonda.Bridges@Texasbar.com)

Dear Vendor:

Internal Revenue rules require the State Bar of Texas to file Form 1099-Misc for recipients of miscellaneous income; reporting disbursements for rents, royalties, fees, compensation, awards, gifts and other eligible payments.

Please complete the enclosed Form W-9. Read the instructions carefully when filling out the form. There are specific instructions for choosing the appropriate boxes.

Return the completed form within 30 days to the address listed below.

If you prefer, you may fax the form to 512.427.4102 or email [Rhonda.Bridges@Texasbar.com](mailto:Rhonda.Bridges@Texasbar.com).

Feel free to call with any questions or concerns, 512.427.1428.

Please note: checks cannot be mailed until the Form W9 is received.

Thank you,

Rhonda Bridges, Sections Accounting Manager

State Bar of Texas

PO Box 12487

Austin, TX 78711-2487

512.427.1428

[Rhonda.Bridges@Texasbar.com](mailto:Rhonda.Bridges@Texasbar.com)



# Request for Taxpayer Identification Number and Certification

Give Form to the  
requester. Do not  
send to the IRS.

► Go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9) for instructions and the latest information.

Print or type.  
See Specific Instructions on page 3.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.	
2 Business name/disregarded entity name, if different from above	
3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only <b>one</b> of the following seven boxes.  <input type="checkbox"/> Individual/sole proprietor or single-member LLC  <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ► _____ <b>Note:</b> Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is <b>not</b> disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.  <input type="checkbox"/> Other (see instructions) ► _____	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):  Exempt payee code (if any) _____  Exemption from FATCA reporting code (if any) _____  <small>(Applies to accounts maintained outside the U.S.)</small>
5 Address (number, street, and apt. or suite no.) See instructions.	Requester's name and address (optional)
6 City, state, and ZIP code	
7 List account number(s) here (optional)	

## Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

**Note:** If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number									
				-				-	
or									
Employer identification number									
				-					

## Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here	Signature of U.S. person ►	Date ►
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## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

**Future developments.** For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9).

## Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

*If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.*

By signing the filled-out form, you:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting*, later, for further information.

**Note:** If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

**Definition of a U.S. person.** For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien;
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States;
- An estate (other than a foreign estate); or
- A domestic trust (as defined in Regulations section 301.7701-7).

**Special rules for partnerships.** Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

In the cases below, the following person must give Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States.

- In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity;
- In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust; and
- In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

**Foreign person.** If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Pub. 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*).

**Nonresident alien who becomes a resident alien.** Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items.

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

**Example.** Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

## Backup Withholding

**What is backup withholding?** Persons making certain payments to you must under certain conditions withhold and pay to the IRS 28% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

**Payments you receive will be subject to backup withholding if:**

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the instructions for Part II for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See *Exempt payee code*, later, and the separate Instructions for the Requester of Form W-9 for more information.

Also see *Special rules for partnerships*, earlier.

## What is FATCA Reporting?

The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified United States persons. Certain payees are exempt from FATCA reporting. See *Exemption from FATCA reporting code*, later, and the Instructions for the Requester of Form W-9 for more information.

## Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account; for example, if the grantor of a grantor trust dies.

## Penalties

**Failure to furnish TIN.** If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

**Civil penalty for false information with respect to withholding.** If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

**Criminal penalty for falsifying information.** Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

**Misuse of TINs.** If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

## Specific Instructions

### Line 1

You must enter one of the following on this line; **do not** leave this line blank. The name should match the name on your tax return.

If this Form W-9 is for a joint account (other than an account maintained by a foreign financial institution (FFI)), list first, and then circle, the name of the person or entity whose number you entered in Part I of Form W-9. If you are providing Form W-9 to an FFI to document a joint account, each holder of the account that is a U.S. person must provide a Form W-9.

a. **Individual.** Generally, enter the name shown on your tax return. If you have changed your last name without informing the Social Security Administration (SSA) of the name change, enter your first name, the last name as shown on your social security card, and your new last name.

**Note: ITIN applicant:** Enter your individual name as it was entered on your Form W-7 application, line 1a. This should also be the same as the name you entered on the Form 1040/1040A/1040EZ you filed with your application.

b. **Sole proprietor or single-member LLC.** Enter your individual name as shown on your 1040/1040A/1040EZ on line 1. You may enter your business, trade, or "doing business as" (DBA) name on line 2.

c. **Partnership, LLC that is not a single-member LLC, C corporation, or S corporation.** Enter the entity's name as shown on the entity's tax return on line 1 and any business, trade, or DBA name on line 2.

d. **Other entities.** Enter your name as shown on required U.S. federal tax documents on line 1. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on line 2.

e. **Disregarded entity.** For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a "disregarded entity." See Regulations section 301.7701-2(c)(2)(iii). Enter the owner's name on line 1. The name of the entity entered on line 1 should never be a disregarded entity. The name on line 1 should be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner's name is required to be provided on line 1. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on line 2, "Business name/disregarded entity name." If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

### Line 2

If you have a business name, trade name, DBA name, or disregarded entity name, you may enter it on line 2.

### Line 3

Check the appropriate box on line 3 for the U.S. federal tax classification of the person whose name is entered on line 1. Check only one box on line 3.

IF the entity/person on line 1 is a(n) . . .	THEN check the box for . . .
• Corporation	Corporation
• Individual • Sole proprietorship, or • Single-member limited liability company (LLC) owned by an individual and disregarded for U.S. federal tax purposes.	Individual/sole proprietor or single-member LLC
• LLC treated as a partnership for U.S. federal tax purposes, • LLC that has filed Form 8832 or 2553 to be taxed as a corporation, or • LLC that is disregarded as an entity separate from its owner but the owner is another LLC that is not disregarded for U.S. federal tax purposes.	Limited liability company and enter the appropriate tax classification. (P= Partnership; C= C corporation; or S= S corporation)
• Partnership	Partnership
• Trust/estate	Trust/estate

### Line 4, Exemptions

If you are exempt from backup withholding and/or FATCA reporting, enter in the appropriate space on line 4 any code(s) that may apply to you.

#### Exempt payee code.

- Generally, individuals (including sole proprietors) are not exempt from backup withholding.
- Except as provided below, corporations are exempt from backup withholding for certain payments, including interest and dividends.
- Corporations are not exempt from backup withholding for payments made in settlement of payment card or third party network transactions.
- Corporations are not exempt from backup withholding with respect to attorneys' fees or gross proceeds paid to attorneys, and corporations that provide medical or health care services are not exempt with respect to payments reportable on Form 1099-MISC.

The following codes identify payees that are exempt from backup withholding. Enter the appropriate code in the space in line 4.

- 1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2)
- 2—The United States or any of its agencies or instrumentalities
- 3—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities
- 4—A foreign government or any of its political subdivisions, agencies, or instrumentalities
- 5—A corporation
- 6—A dealer in securities or commodities required to register in the United States, the District of Columbia, or a U.S. commonwealth or possession
- 7—A futures commission merchant registered with the Commodity Futures Trading Commission
- 8—A real estate investment trust
- 9—An entity registered at all times during the tax year under the Investment Company Act of 1940
- 10—A common trust fund operated by a bank under section 584(a)
- 11—A financial institution
- 12—A middleman known in the investment community as a nominee or custodian
- 13—A trust exempt from tax under section 664 or described in section 4947

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 7
Broker transactions	Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 4
Payments over \$600 required to be reported and direct sales over \$5,000 <sup>1</sup>	Generally, exempt payees 1 through 5 <sup>2</sup>
Payments made in settlement of payment card or third party network transactions	Exempt payees 1 through 4

<sup>1</sup> See Form 1099-MISC, Miscellaneous Income, and its instructions.

<sup>2</sup> However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney reportable under section 6045(f), and payments for services paid by a federal executive agency.

**Exemption from FATCA reporting code.** The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements. A requester may indicate that a code is not required by providing you with a Form W-9 with "Not Applicable" (or any similar indication) written or printed on the line for a FATCA exemption code.

A—An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37)

B—The United States or any of its agencies or instrumentalities

C—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities

D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Regulations section 1.1472-1(c)(1)(i)

E—A corporation that is a member of the same expanded affiliated group as a corporation described in Regulations section 1.1472-1(c)(1)(i)

F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state

G—A real estate investment trust

H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940

I—A common trust fund as defined in section 584(a)

J—A bank as defined in section 581

K—A broker

L—A trust exempt from tax under section 664 or described in section 4947(a)(1)

M—A tax exempt trust under a section 403(b) plan or section 457(g) plan

**Note:** You may wish to consult with the financial institution requesting this form to determine whether the FATCA code and/or exempt payee code should be completed.

## Line 5

Enter your address (number, street, and apartment or suite number). This is where the requester of this Form W-9 will mail your information returns. If this address differs from the one the requester already has on file, write NEW at the top. If a new address is provided, there is still a chance the old address will be used until the payor changes your address in their records.

## Line 6

Enter your city, state, and ZIP code.

## Part I. Taxpayer Identification Number (TIN)

**Enter your TIN in the appropriate box.** If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN.

If you are a single-member LLC that is disregarded as an entity separate from its owner, enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

**Note:** See *What Name and Number To Give the Requester*, later, for further clarification of name and TIN combinations.

**How to get a TIN.** If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local SSA office or get this form online at [www.SSA.gov](http://www.SSA.gov). You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at [www.irs.gov/Businesses](http://www.irs.gov/Businesses) and clicking on Employer Identification Number (EIN) under Starting a Business. Go to [www.irs.gov/Forms](http://www.irs.gov/Forms) to view, download, or print Form W-7 and/or Form SS-4. Or, you can go to [www.irs.gov/OrderForms](http://www.irs.gov/OrderForms) to place an order and have Form W-7 and/or SS-4 mailed to you within 10 business days.

If you are asked to complete Form W-9 but do not have a TIN, apply for a TIN and write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

**Note:** Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

**Caution:** A disregarded U.S. entity that has a foreign owner must use the appropriate Form W-8.

## Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if item 1, 4, or 5 below indicates otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on line 1 must sign. Exempt payees, see *Exempt payee code*, earlier.

**Signature requirements.** Complete the certification as indicated in items 1 through 5 below.



**1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983.**

You must give your correct TIN, but you do not have to sign the certification.

**2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983.** You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

**3. Real estate transactions.** You must sign the certification. You may cross out item 2 of the certification.

**4. Other payments.** You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments made in settlement of payment card and third party network transactions, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

**5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), ABLE accounts (under section 529A), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions.** You must give your correct TIN, but you do not have to sign the certification.

**What Name and Number To Give the Requester**

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account) other than an account maintained by an FFI	The actual owner of the account or, if combined funds, the first individual on the account <sup>1</sup>
3. Two or more U.S. persons (joint account maintained by an FFI)	Each holder of the account
4. Custodial account of a minor (Uniform Gift to Minors Act)	The minor <sup>2</sup>
5. a. The usual revocable savings trust (grantor is also trustee) b. So-called trust account that is not a legal or valid trust under state law	The grantor-trustee <sup>1</sup> The actual owner <sup>1</sup>
6. Sole proprietorship or disregarded entity owned by an individual	The owner <sup>3</sup>
7. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulations section 1.671-4(b)(2)(i)(A))	The grantor*
For this type of account:	Give name and EIN of:
8. Disregarded entity not owned by an individual	The owner
9. A valid trust, estate, or pension trust	Legal entity <sup>4</sup>
10. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
11. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
12. Partnership or multi-member LLC	The partnership
13. A broker or registered nominee	The broker or nominee

For this type of account:	Give name and EIN of:
14. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
15. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulations section 1.671-4(b)(2)(i)(B))	The trust

<sup>1</sup> List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

<sup>2</sup> Circle the minor's name and furnish the minor's SSN.

<sup>3</sup> You must show your individual name and you may also enter your business or DBA name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

<sup>4</sup> List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships*, earlier.

**\*Note:** The grantor also must provide a Form W-9 to trustee of trust.

**Note:** If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

**Secure Your Tax Records From Identity Theft**

Identity theft occurs when someone uses your personal information such as your name, SSN, or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Pub. 5027, Identity Theft Information for Taxpayers.

Victims of identity theft who are experiencing economic harm or a systemic problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

**Protect yourself from suspicious emails or phishing schemes.**

Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to [phishing@irs.gov](mailto:phishing@irs.gov). You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration (TIGTA) at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at [spam@uce.gov](mailto:spam@uce.gov) or report them at [www.ftc.gov/complaint](http://www.ftc.gov/complaint). You can contact the FTC at [www.ftc.gov/idtheft](http://www.ftc.gov/idtheft) or 877-IDTHEFT (877-438-4338). If you have been the victim of identity theft, see [www.IdentityTheft.gov](http://www.IdentityTheft.gov) and Pub. 5027.

Visit [www.irs.gov/IdentityTheft](http://www.irs.gov/IdentityTheft) to learn more about identity theft and how to reduce your risk.

## Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.

# Request for Taxpayer Identification Number and Certification

Give Form to the  
requester. Do not  
send to the IRS.

► Go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9) for instructions and the latest information.

**1** Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.  
**State Bar of Texas**

**2** Business name/disregarded entity name, if different from above

**3** Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes.

☐ Individual/sole proprietor or single-member LLC

☐ C Corporation

☐ S Corporation

☐ Partnership

☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ► \_\_\_\_\_

**Note:** Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.

☒ Other (see instructions) ► \_\_\_\_\_ **State Agency**

**4** Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):

Exempt payee code (if any) \_\_\_\_\_

Exemption from FATCA reporting code (if any) \_\_\_\_\_

(Applies to accounts maintained outside the U.S.)

**5** Address (number, street, and apt. or suite no.) See instructions.  
**P.O.Box 12487**

**6** City, state, and ZIP code  
**Austin, TX 78711**

**7** List account number(s) here (optional)

## Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

**Note:** If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

**Social security number**

			-					
--	--	--	---	--	--	--	--	--

or

**Employer identification number**

7	4	-	6	0	0	0	1	4	8
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## Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

**Certification Instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

**Sign Here** Signature of U.S. person ► *[Signature]* Date ► *7/3/18*

## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

**Future developments.** For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9).

## Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See *What is backup withholding*, later.

<b>PURPOSE OF TRAVEL:</b> <div style="border: 1px solid black; height: 20px; margin-top: 5px;"></div> <table style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 40%;"></th> <th style="width: 10%; text-align: center;">From</th> <th style="width: 10%; text-align: center;">-</th> <th style="width: 10%; text-align: center;">To</th> </tr> <tr> <td>Date(s) of meeting</td> <td><div style="border: 1px solid black; height: 20px;"></div></td> <td></td> <td><div style="border: 1px solid black; height: 20px;"></div></td> </tr> <tr> <td>Date(s) of travel</td> <td><div style="border: 1px solid black; height: 20px;"></div></td> <td></td> <td><div style="border: 1px solid black; height: 20px;"></div></td> </tr> <tr> <td>Location of meeting</td> <td colspan="3"><div style="border: 1px solid black; height: 20px;"></div></td> </tr> </table>			From	-	To	Date(s) of meeting	<div style="border: 1px solid black; height: 20px;"></div>		<div style="border: 1px solid black; height: 20px;"></div>	Date(s) of travel	<div style="border: 1px solid black; height: 20px;"></div>		<div style="border: 1px solid black; height: 20px;"></div>	Location of meeting	<div style="border: 1px solid black; height: 20px;"></div>			<div style="text-align: right; border: 1px solid black; padding: 2px; margin-bottom: 5px;">Date of Request</div> <p><i>Reimbursement Requests must be forwarded to the appropriate authorizing department for processing.</i></p> <p><b>PLEASE SEE BELOW FOR A LIST OF APPLICABLE DEPARTMENTS</b></p> <p>Please complete areas highlighted in GREEN</p>
	From	-	To															
Date(s) of meeting	<div style="border: 1px solid black; height: 20px;"></div>		<div style="border: 1px solid black; height: 20px;"></div>															
Date(s) of travel	<div style="border: 1px solid black; height: 20px;"></div>		<div style="border: 1px solid black; height: 20px;"></div>															
Location of meeting	<div style="border: 1px solid black; height: 20px;"></div>																	
<b>MAKE CHECK PAYABLE TO:</b> (Name of Individual, Firm , or Company) Barcard # (if applicable) Name Street Address  City, State and Zip Telephone Number	<div style="text-align: center; border: 1px solid black; padding: 2px; margin-bottom: 5px;"><b>STATE BAR APPROVAL</b></div> Date Approved for Payment: _____, 20____  _____ (Officer, Committee Chair, Executive, Dept. Head, Other)  _____ Finance Department																	

MEETINGS AND TRAVEL EXPENSE					
Transportation Items and Descriptions					AMOUNT
Airfare	\$	-			\$ -
Speaker Airfare (TxBarCLE use only)	\$	-			\$ -
Car Rental & Fuel	\$	-			\$ -
Taxi / Transportation Service	\$	-			\$ -
Parking & Tolls	\$	-	(\$0.535 Before January 1, 2018)		\$ -
Auto Mileage	@	\$ 0.545	=====>		\$ -
Other	\$	-	(Enter Description Here)		\$ -
<b>Travel Subtotal</b>					<b>\$ -</b>
Lodging and Meals Items and Descriptions					Daily Total
Date	Hotel	Meals	Non-Dues		
	\$ -	\$ -	\$ -		
	\$ -	\$ -	\$ -		
	\$ -	\$ -	\$ -		
	\$ -	\$ -	\$ -		
	\$ -	\$ -	\$ -		
	\$ -	\$ -	\$ -		
<b>Lodging &amp; Meals Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
Expenses Not Related Travel, Lodging, or Meals					
Description		\$ -			\$ -
**** For State Bar Use Only ****					\$ -
					\$ -
FUND-DEPT-ACCT	LOCATION	AA	TOTAL		
--50200-		-	\$ -		
--50205-		-	\$ -		
--50210-		-	\$ -		
--50215-		-	\$ -		
--50220-		-	\$ -		
--50225-		-	\$ -		
--50230-		-	\$ -		
--50252-		-	\$ -		
--50285-		-	\$ -		
		-	\$ -		
		-	\$ -		
		-	\$ -		
					\$ -
					\$ -
					\$ -
Enter Fund Code					
Enter Dept Code					
Enter Location					
Enter AA					

Total Reimbursement Requested

**CERTIFICATION OF CLAIMANT**

*The above described expenses were incurred by me for the purpose stated. I have attached receipts for applicable expenditures (airlines, hotels, etc.), except in cases where receipt is unavailable. I certify that this request is true, correct, and unpaid.*

Signature of Claimant \_\_\_\_\_ Date \_\_\_\_\_



(E) The Section Representatives to the Board Committee shall then report to the Executive Committee the section's proposal and its recommendation supporting or opposing the name change. In its report, the Section Representatives to the Board Committee must inform the Executive Committee of the recommendation of the Council of Chairs concerning the proposed name change. The chair of the Executive Committee may allow any interested persons to appear before the Executive Committee in support of or opposition to the proposal.

(F) The Executive Committee shall then report to the Board concerning the proposal and its recommendation supporting or opposing the name change. The Chair may allow any interested persons to appear before the Board in support of or in opposition to the proposal.

#### **5.01.04 Bylaws**

(A) Section bylaws must remain in compliance with the State Bar Act, the State Bar Rules, this Policy Manual, and any other applicable action of the Board. The Section Representatives to the Board Committee may periodically review the bylaws of each section and make recommendations to the section, the Executive Committee, and the Board concerning any amendments to the bylaws necessary to ensure such compliance.

(B) Any amendments to a section's bylaws must be approved by the Board. To submit proposed amendments to the board, a section must deliver the proposal to the Executive Director no later than 30 days prior to the next regularly scheduled Board meeting. The Executive Director may require that the proposed amendments be reviewed by legal counsel and by the Section Representatives to the Board Committee prior to submission to the Board for approval.

**5.01.05 Confidentiality of Member Information.** All information concerning any section member that is deemed confidential by state or federal law, including Tex. Govt. Code Ch. 552 and Tex. Occ. Code Ch. 59, including email addresses, may be used only for official section business and may not be disclosed to the public. Sections must take reasonable, necessary precautions to protect the confidentiality of such information.

#### **5.01.06 Finances**

(A) *Section Dues and Other Fees.* Each section is authorized to collect membership dues and other funds from its activities and, subject to the other provisions of this Policy Manual, applicable law, rules and regulations, to determine how its funds are invested and expended. The Board must approve the establishment or revision of any section dues.

(B) *Depositories and Investments.* Section funds must be invested consistent with State Bar investment policy as set forth in Section 3.05 of this Policy Manual. Each section shall deposit its funds into either a branch of the State Bar banking depository, or an alternative banking depository meeting the requirements of the investment policy as set forth in Section 3.05 of this Policy Manual.

(C) *Books, Records and Reports.* Each section shall maintain accurate financial books and records and have appropriate controls on the maintenance and disbursement of sections' funds, all in a fashion that permits the inclusion of the sections' financial information in the State Bar's financial statements and audit. Each section also shall provide to the State Bar such financial information as may be required for compliance with the requirements for the independent financial and/or internal audits of the State Bar as required by applicable law, rules and regulations. To this end, the Audit and Finance Committee of the Board, in consultation with the State Bar's external auditors and the Council of Chairs, shall adopt, subject to approval by the Board, procedures for sections to report financial information for inclusion in the State Bar's financial statements and audit. These procedures may include requirements for delivery to the State Bar accounting department, on a basis as often as monthly, of copies of depository and investment statements and transaction histories for disbursements and deposits. Each section also shall submit to the Executive Director by July 15 of each year a section budget for the current Fiscal Year.

(D) *Sales Tax.* To the extent required by law, each section shall collect sales tax on goods or services that it sells, and timely each month, remit to the State Bar all sales tax collected during the immediately preceding month, along with a report listing the price, quantity and description of the goods or services so sold in such detail as the State Bar accounting department reasonably may require to ensure compliance with applicable

law, rules and regulations. The Audit and Finance Committee of the Board shall adopt, in consultation with the Council of Chairs and subject to the approval of the Board, procedures for the sections to report sales tax information to the State Bar for inclusion in the State Bar's monthly sales tax report filed with the State Comptroller's Office.

**(E) State Bar Assistance to Sections.** For each section supplying the required monthly financial information of the section, the accounting department of the State Bar shall prepare and provide to the treasurer of the section, a monthly and year-to-date section financial report and a monthly cash and investment account reconciliation. Upon request, the accounting department of the State Bar shall be available to work with the bank and the treasurer of the section to facilitate the submission of the financial information to the State Bar. Additionally, any section may elect to have the State Bar manage section funds, including depositing dues, managing operating expenses, issuing checks, and preparing financial reports and budgets. The State Bar will provide assistance to sections under this Subsection 5.01.06 at no charge to sections, except that expenses incurred in providing financial information in a format other than an electronic format prescribed by the accounting department of the State Bar shall be borne by the section.

**(F) Inclusion in Bylaws.** Each section shall include the provisions of this Section 5.01.06 as part of its bylaws.

#### **5.01.07 Public Statements and Advocacy Activities**

**(A) Representation of State Bar.** No section, section member, or section council shall purport to represent the State Bar before any legislative body, any administrative agency, in any court, or before any other tribunal unless expressly authorized to do so by the Board in accordance with Board policies and procedures.

**(B) Speaking or Writing.** No section, section member, or section council shall at any time, expressly or impliedly, purport to act, speak, or write on any subject on behalf of the State Bar unless expressly authorized to do so by the Board in accordance with Board policies and procedures.

**(C) State Bar Seal and Letterhead.** No section, section member, or section council shall at any time use the State Bar seal or letterhead for any purpose other than for the section's official properly authorized business.

**(D) State Bar Legislative Policy.** Sections may compile and submit suggestions to the Board's Legislative Policy Subcommittee regarding legislation prior to the beginning of each regular session of the Legislature, and, if warranted, during a session. Except as may be provided elsewhere in this Policy Manual, no positions may be taken by the section, section members, or section council in the name of the section that advocates or advances a political or social policy position.

**(E) Compliance.** No section, section member, or section council shall intentionally act in violation of state or federal law, including *Keller v. State Bar of California*, 496 U.S. (1990) and its progeny.

**5.01.08 Contracts.** All contracts for goods or services for a section must be reviewed by State Bar Legal Counsel and executed by a duly authorized signatory of the State Bar.

**5.01.09 Meetings.** Each section shall hold at least one annual membership meeting at a time and place within Texas to be determined by its council. Notices of all council and membership meetings shall be provided to the President, President-elect, Executive Director and the section's Board advisors.

#### **5.01.10 Publications.**

**(A) Newsletters.** Each section shall publish at least one newsletter each Fiscal Year. A copy of the newsletter(s) shall be provided to the President, President-elect, Executive Director, the coordinator of committees and the coordinator of sections.

**(B) Texas Bar Journal.** Sections are allowed to have, at no cost, a one-fourth page advertising space in the *Texas Bar Journal* each year to solicit new members.

**5.01.11 Section Annual Reports.** By April 1 of each year, the chair of each section will submit to the Executive Director an annual report for publication in the *Texas Bar Journal*. A section's annual report should contain a brief

to require funding within twelve to twenty-four months from the date of budgeting and planning. The amount the Board will consider will depend on the assessments that are made by State Bar legal counsel regarding the likelihood and the amount of any potential liability for that twelve to twenty-four month period.

**(3) Capital Assets Replacement / Construction.** A designation for large capital asset replacement or construction projects planned for the next one to three years will be reviewed and will be considered by the Board during the budget and financial planning process each year. Capital reserve items are capital assets that cost more than \$5,000, whose implementation or purchase extends for more than one fiscal year and the purchase of which is planned for a future year. When designating funds for this purpose, a review of existing funds in the Texas Law Center Fund, the Technology Fund or any other special revenue fund shall be considered, along with the amount that will be required to complete the capital asset project(s).

**(4) New Programs and/or Research and Development.** A designation for anticipated new programs or for research and development for programs that are being considered will be reviewed, analyzed and measured during the annual budget and planning process.

### 3.03 Audits

**3.03.01 Auditor.** The State Bar's books and records shall be audited annually by outside auditors chosen by the Board. The selection of the auditor shall be the subject of a request for proposal procedure every five years. At any time, the Board may request that a request for proposal be issued for auditing services.

**3.03.02 Costs and Expenses of Audit.** The cost and expenses of the annual audit of the books and records of the State Bar shall be appropriated by the Board as a specific item in the annual budget.

### 3.04 Depositories, Withdrawals and Transfers

**3.04.01 Depositories of State Bar Funds.** The State Bar shall maintain its funds in a depository or depositories located in Austin, Texas. Every 3 years, the State Bar's bank depository will be reviewed by the Audit and Finance Committee for reasonableness of fees and level of service. Following the 3-year review, the Audit and Finance Committee will make a recommendation to the Board that the then current bank depository be allowed to continue for another 3 years, or that another bank depository be selected through an RFP process. In developing the criteria for selection of any bank depository, the Audit and Finance Committee shall give strong consideration to a potential bank depository's participation in the Texas IOLTA Prime Partners Program sponsored by the Texas Access to Justice Foundation. At any time, the Board may request a review by the Audit and Finance Committee of the then current bank depository.

**3.04.02 Management of State Bar Funds.** The State Bar, with the approval of the Board, may enter into agreements and contracts deemed appropriate to facilitate the management of its funds so that income will be earned or appreciation realized on those funds pending expenditure.

**3.04.03 Withdrawal and Disbursement of State Bar Funds.** The Board shall designate the employees of the State Bar who are authorized to sign checks for the withdrawal and disbursement of funds. These signatories shall include the Executive Director and Chief Financial Officer. The Executive Director's signature can be a facsimile on all checks. The Chief Financial Officer, or his or her designated representative, however, shall review each check before its distribution even though it bears the Executive Director's signature.

**3.04.04 Securities.** The Executive Director or the Chief Financial Officer of the State Bar are authorized to transfer, endorse, sell, assign, set over, and deliver any and all shares of stock, bonds, debentures, notes of indebtedness, or other securities now or hereafter standing in the name of or owned by the State Bar.

### 3.05 Investments

**3.05.01 Investment Standard.** The State Bar shall invest its funds in a manner in which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but to, in order of priority, preserve and safeguard the principal amount invested, provide liquidity to meet operating cash flow needs, and earn the highest yield possible considering the required safeguards.

**3.05.02 Investment Manager.** The Board, through its Audit and Finance Committee, may contract with an investment manager for professional investment services. Pursuant to the Public Funds Investment Act, §2256.003, a contract for professional investment services may not be for a term in excess of 2 years. A renewal or extension of the contract for professional investment services must be made by order, ordinance or resolution of the Board. The selection of the investment manager shall be the subject of a request for proposal procedure every five years. At any time the Board may request that a request for proposal be issued for investment management services.

**3.05.03 Application.** This investment policy applies to the financial assets of all State Bar funds and funds of Bar-related groups, to include those of the General Fund, Client Security Fund, all special revenue funds, enterprise funds, sections and divisions.

**3.05.04 Committee Review.** The Board's Audit and Finance Committee shall review the investment policy annually. Recommendations for modifications to the policy may be made by the Executive Director, the Board's Audit and Finance Committee, an Officer, or Board Member. This policy and any amendments to it must be authorized by Board action.

**3.05.05 Approved Investments.** The Board authorizes the Executive Director and/or investment manager (as contracted by the Audit and Finance Committee of the Board) to invest funds of the State Bar that are available for investment in any account, time or demand, and the following "fixed income" securities:

**(A) U. S. Treasury Securities.** U.S. Treasury securities are direct obligations of the United States Government. U.S. Government obligations are the highest quality and are the most liquid and marketable of investment securities. Investments in this category will include Treasury bills, Treasury notes, and Treasury bonds. U.S. Treasury bills are sold on a discount basis and have initial maturities of three months, six months, and one year. U.S. Treasury notes and Treasury bonds are coupon-bearing instruments with initial maturities from two to ten years for notes and ten to thirty years for bonds.

The maximum average maturity of the U. S. Treasury securities portfolio will not exceed five years.

**(B) Federal Agencies.** After U. S. Treasury securities, Federal agency securities (government sponsored enterprises) are generally regarded as the next highest quality investment suitable for the portfolio. Agencies generally offer a rate of return higher than direct U.S. Treasury securities. The spread difference in yield will be affected by the general level of interest rates, markets, and economic conditions at any given time. Consideration should be given to the spread relationship existing when portfolio investment decisions are made.

Securities included in this category are debt issuance by the Federal Farm Credit System (Farm Credits), Federal Home Loan Bank (FHLB), the Federal National Mortgage Association (FNMA), the Student Loan Marketing Association (SLMA), the Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac"), the Government National Mortgage Association (GNMA or "Ginnie Mae"), and Small Business Administration (SBA).

The maximum average maturity of the U.S. agency section of the portfolio will not exceed five years.

**(C) Collateralized Deposits:** The State Bar will monitor all deposits that are held with the State Bar's custodian bank(s) to ensure that all deposits are fully insured or collateralized, as required by the Public Funds Collateral Act, §2257, of the Texas Government Code ("PFCA"). Pursuant to §2257, the State Bar will require the custodian bank(s) to pledge securities that are authorized under §2256.009 of the Public Funds Investment Act ("PFIA"). In accord with the PFCA, deposits that exceed the FDIC insurance limit will be collateralized by the deposit institution holding such deposits. Since, generally, all deposits are fully invested in securities, the collateralization of such invested deposits will not be necessary when such deposits are fully and continuously invested in securities. If there are any funds awaiting investment, such funds should be fully collateralized at all times pursuant to the PFCA. The custodian bank(s) will be notified regarding the collateralization and investment policy requirements. The State Bar's expectation of total and full compliance with the PFIA and the PFCA is of paramount importance and such expectation will be clearly communicated to custodian bank(s). Financial institutions serving as depositories will be required to sign an Agreement with the State Bar and its safekeeping agent for the collateral, perfecting the State Bar's rights to the collateral in case of default, bankruptcy or closure.

**(D) Money Market Investments.** Money market investments are short-term investments that normally have a

maturity of one year or less and are used for liquidity and income maximization purposes. Acceptable investments that may appear in this category are:

**(1) Domestic CDs (time deposits).** Certificates of deposit issued by depository institutions, wherever located that are:

**(a)** guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor, or the National Credit Union Share Insurance Fund, or its successor; or

**(b)** secured by obligations that are described in Subsections 3.05.05(A) and (B) above, with a market value of not less than the principal amount of the certificates plus accrued interest. Pledged collateral securities must be held in a third-party custody account authorized by the State Bar.

**(2) Banker's Acceptances.** Bankers acceptances must have a stated maturity of 270 days or less from the date of its issuance that will be liquidated in full at its maturity, is eligible for collateral for borrowing from a Federal Reserve Bank and is accepted by a bank organized and existing under the laws of the United States and if the short-term obligations of the bank, or of the bank holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or an equivalent rating by at least one nationally recognized credit rating agency.

**(3) Repurchase Agreements (Repos)** Repurchase Agreements must be fully collateralized and have a defined termination date. They must be placed with a primary government securities dealer, as defined by the Federal Reserve, or a bank doing business in Texas. Repurchase agreements must be collateralized by U.S. Treasury or Agency securities and collateral must be held in a third-party custody account authorized by the State Bar.

**(4) Money Market Investments.** A no load money market mutual fund is an approved investment under this policy if the investment meets one of the following two criteria:

**(a)** It is registered with and regulated by the Securities and Exchange Commission; it provides the State Bar with a prospectus and other information required by the Securities Exchange Act of 1934 (15 U.S.C. Section 78a, et seq.) or the Investment Company Act of 1940 (15 U.S.C. Section 80a-1, et seq.); and it complies with federal Securities and Exchange Commission Rules 2a-7 (17 C.F.R. Section 270.2a-7) promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1, et seq.); or

**(b)** It is registered with the Securities and Exchange Commission; it has an average weighted maturity of less than two years; and it either:

**(i)** has a duration of one year or more and is invested exclusively in obligations approved by this policy; or

**(ii)** has a duration of less than one year and the investment portfolio is limited to investment grade securities excluding asset-backed securities.

**(5) Commercial Paper** Commercial Paper must have a stated maturity of 270 days or less from the date of issuance and must have a credit rating of not less than A-1, P-1 or the equivalent by at least two nationally recognized credit rating agencies.

**(E) Investment Concentrations.** The State Bar intends to follow the guidelines described below on investment concentrations within the investment portfolio (IP):

**(1) U.S. Treasury and Federal Agency Securities.** Up to 100% of the IP.

**(2) Mortgage-Backed Securities.** Guaranteed by U.S. Government Sponsored Agencies up to 30% of the IP.

**(3) Certificates of Deposit.** Up to 30% of the IP, but no more than 5% with any single bank.

**(4) Banker's Acceptance.** Up to 15% of the IP, but no more than 5% with any single issuer.

**(5) Repurchase Agreements.** Up to 30% of the IP, but no more than 10% with any single issuer.

**(6) Money Market Mutual Funds.** Up to 100% of the IP.

**(7) Commercial Paper.** Up to 30% of the IP, but no more than 5% with any single issuer.

Investments in collateralized mortgage obligations are strictly prohibited. These securities are also disallowed for collateral positions. The State Bar will not be required to liquidate investments that were authorized investments at the time of purchase.

The investment manager will monitor the various investment alternatives and select the securities that best meet the State Bar's overall, long-term goals. Concentrations of each type of security will not exceed the maximum limits outlined above, but specific concentrations of investment types will be dictated by the following considerations: quality, liquidity, relative sector yield spreads vs. historical spreads, maturity concentrations, time horizon.

Investments will only be made with those firms and institutions which have been approved by the Board of Directors. The investment manager will be responsible for analyzing and evaluating the broker/dealer firms and for reporting their list of qualified firms to the Committee for approval.

It is the policy of the State Bar to require competitive bidding for all individual security purchases except for those transactions with money market mutual funds which are deemed to be made at prevailing market rates and for government securities purchased at issued through a primary dealer at auction price. At least three bidders must be contacted in all transactions involving individual securities. Competitive bidding for security swaps is also required. Bids may be solicited in any manner provided by law and shall be documented.

**(F) Collateralization.** In addition to the collateral requirements for State Bar deposits, as discussed in Subsection 3.05.05(C), Certificates of Deposit (CD) and Repurchase Agreements (Repo) must also be collateralized in accordance with State Law. Eligible securities for collateralization of CDs and Repo shall be U.S. Treasury and Agency securities. For CDs, the market value of the pledged collateral securities must at all times be equal to or greater than the par value of the CD plus accrued interest, less the amount insured by the FDIC. For Repos, the market value of the pledged collateral securities shall be a percentage of the par value of the agreement plus accrued interest and shall be maintained at the following levels:

Collateral Maturity	U.S. Treasury Securities	U.S Government Securities
1 year or less	101%	101%
1 to 5 years	102%	102%
Over 5 years	103%	104%

**(G) Reporting.** The Investment Manager for the State Bar of Texas will provide a detailed accounting and appraisal report detailing, among other things, investments' descriptions, coupons, maturities, CUSIP identification numbers, purchase cost, amortized cost and market values on a monthly basis. Market valuations are based on current information and appraisals taken from third party market makers, whom the Manager believes provides reliable information and valuations.

The investment manager will prepare a report for the State Bar quarterly. The report will include a listing of securities, a current appraisal reflecting gains or losses, a list of securities purchased or sold during the period, and an analysis of the IP's performance for the period and since inception.

Representatives of the investment manager will meet with the State Bar semi-annually or as needed to discuss investment strategy, actions taken, and the general economic environment within which the State Bar's investments will be managed.

Not less than quarterly the Investment Officers will submit to the Audit and Finance Committee and the Board a written report of the status of the current investment portfolio. The report must meet the requirements of Chapter 2256 of the Government Code (Public Funds Investment Act) and:

**(1)** describe in detail the investment position of the State Bar on the date of the report;

(2) be prepared jointly by all investment officers of the State Bar;

(3) contain a summary statement, prepared in compliance with generally accepted accounting principles of each pooled fund group that states the beginning market value for the reporting period, additions and changes to the market value during the period, ending market value for the period and fully accrued interest for the reporting period.

(4) state the book value and market value of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested;

(5) state the maturity date of each separately invested asset that has a maturity date;

(6) state the account or fund or pooled fund group from which each individual investment was acquired; and

(7) state the compliance of the investment portfolio as it relates to the investment strategy and relevant provisions of this Policy and the Public Funds Investment Act.

An independent auditor shall formally review the quarterly reports prepared under this Subsection at least annually, and that auditor shall report the results of the review to the Board.

(H) *Exceptions to Policy.* Exceptions to the investment policy must have prior approval by a majority of the Board at a called, regularly scheduled, or telephone call meeting. Changes to the investment policy will be made, as needed, after action by the Board.

(I) *Methods to Monitor Market Price.* The investment manager shall provide market valuations of all State Bar investments using Bloomberg, or another third-party market valuation service.

The Executive Director or investment manager shall report to the Audit and Finance Committee at least quarterly on the market prices and the performance of the investments made by, or on behalf of, the State Bar.

(J) *Monitoring Rating Changes.* Pursuant to the PFIA, Section 2256.021, an investment that requires a minimum rating under State law does not qualify as an authorized investment during the period the investment does not have the minimum rating. The State Bar's Investment Manager will be responsible for monitoring ratings of all State Bar investments placed with the Investment Manager. The Investment Manager will maintain a process whereby the State Bar's Investment Officer will be promptly notified in the event of a downgrade of an investment below State law or State Bar's Investment Policy limits. The Investment Manager will provide a recommendation on how best to resolve the issue with the intent to take all prudent measures that are consistent with State Bar's Investment Policy to liquidate an investment that does not have the minimum rating.

### **3.05.06 Delegation of Authority**

(A) *Investment Officer.* The State Bar shall designate the Finance Division Director as investment officer responsible for the investment of its funds, under the direction and authority of the Executive Director. This includes investments for the State Bar General Fund, Client Security Fund and the special revenue funds.

(B) *Procedures.* The State Bar's investment officer shall establish written procedures for the operation of the investment program consistent with this Investment Policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this Policy and the written procedures. Authority granted to a person to invest the State Bar's funds is effective until rescinded or until termination of the person's employment by the State Bar. The investment officers shall be responsible for all transactions undertaken and shall establish a system of controls, to be reviewed by the State Bar's independent auditor, to regulate the activities of subordinate officials. The investment officers shall possess sufficient working knowledge of economics and securities markets, as well as the supervisory experience and judgment necessary to carry out the responsibilities outlined in this Policy.

(C) *Ethics and Conflicts of Interest.*

(1) Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

(2) Officers and employees involved in the investment process shall sign annual statements agreeing to abide by this section of the Investment Policy and affirming no known conflicts of interest.

(3) Officers and employees involved in the investment process must file a disclosure with the State Bar of Texas if:

(a) the Officer or employee has a personal business relationship with a business organization offering to engage in an investment transaction with the State Bar of Texas; or

(b) the Officer or employee is related within the second degree by affinity or consanguinity, as determined under Chapter 573 of the Texas Government Code, to an individual seeking to transact investment business with the State Bar of Texas

(4) An officer or employee involved in the investment process has a personal business relationship with a business organization if:

(a) the Officer or employee owns 10 percent or more of the voting stock of shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;

(b) funds received by the officer or employee from the business organization exceed 10 percent of his/her gross income for the previous year; or

(c) the Officer or employee has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for his/her personal account.

(D) *Training.* The Investment Officers and the persons authorized to execute investment transactions shall attend at least one investment training session within 12 months after taking office or assuming duties and receive not less than 10 hours of instruction relating to investment responsibilities every two years. The training provider must be an independent source approved the Board of Directors.

**3.05.07 Investment Objectives.** All funds shall be managed and invested with three primary objectives, listed in order of their priority – safety and liquidity, diversification and yield:

(A) *Safety of Principal.* Safety of principal is the foremost objective of the State Bar. Investments of the State Bar shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio. To obtain this goal, diversification is required in the portfolio's composition. The suitability of each investment decision will be made on the basis of these objectives.

(B) *Diversification.* Diversification of the portfolio will include diversification by maturity and market sector when appropriate and will include the use of a number of broker/dealers for diversification and market coverage. Competitive bidding will be used on each sale and purchase.

(C) *Yield.* The State Bar's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the State Bar's risk constraints and the cash flow requirements of the portfolio. "Market rate of return" may be defined as the average yield of the current three-month U.S. Treasury Bill or such other index that most closely matches the average maturity of the portfolio.

The individual strategy of each of the State Bar's three types of funds are as follows. To the extent possible, the State Bar will match its investments with anticipated cash flow requirements while minimizing market risk. The State Bar will not directly invest funds needed for current operations in securities maturing more than twenty-four months or posing potential credit risk, such as corporate bonds. Reserve funds may be invested in securities authorized by this policy with maturities of such investments to coincide as nearly as practical with the expected use of the funds.



The State Bar's General Fund's and Client Security Fund's assets are not necessary for day-to-day operations. The General Fund and Client Security Fund portfolios may be invested in longer-term securities, but each portfolio will not exceed a five-year average maturity. While investments may be repositioned when prudent, the primary objective of both funds is capital preservation and stable, real (after inflation) increased income. The operation's funds are invested in very short-term investments while the General Fund and Client Security Fund are invested in medium term maturities providing good diversification and income stability over longer time periods for the State Bar's total investments.

The State Bar also directs the investment manager to not record any material book value losses on any security transaction without prior consent of the Executive Director and the Audit and Finance Committee.

**3.05.08 Accounting Department.** Interest income received by the State Bar from investments will be received by the Accounting Department for deposit to the State Bar's General Fund, Client Security Fund or special revenue funds accounts. The Accounting Department will be responsible for maintaining all investment and interest payment records for the purpose of reconciliation and preparation of financial statements.

**3.05.09 Settlement Method.** Settlement of all transactions made by or on behalf of the State Bar, except for investment in pool funds and mutual funds, shall be on a delivery versus pay method rather than delivery versus confirmation. The State Bar will contract with a bank or banks for the safekeeping of securities either owned by the State Bar as a part of its investment portfolio or held as collateral to secure certificates of deposits or repurchase agreements. These accounts shall be in the name of the State Bar.

**3.05.10 Public Funds Investment Act.** All actions taken in all of the State Bar's investment portfolios will be in compliance with the Public Funds Investment Act.

**3.05.11 Annual Compliance Audit.** In conjunction with the annual financial audit, a compliance audit shall be performed which includes an audit of management controls on investments and adherence to the State Bar's established policy.

**3.05.12 Certification.** A copy of this Investment Policy shall be provided to the investment manager under contract and the firm shall agree under the terms of the contract to transact all investment business according to the requirements and limitations of the Investment Policy.

## **3.06 Acquisition of Goods and/or Services**

**3.06.01 General.** The Board shall adopt guidelines and procedures for purchasing that are consistent with the guidelines and procedures promulgated for other Texas state agencies. Purchases are subject to the ultimate review of the Supreme Court. The State Bar shall maintain records on purchases and shall make those reports available for review by the state auditor.

### **3.06.02 Capital Items.**

- (A)** A capital expenditure budget shall be presented to the Board along with the annual budget.
- (B)** The approval of the capital expenditure budget will not constitute authority to purchase. All purchases must be approved by the Executive Director or authorized designee.
- (C)** A capital item is an item of furniture, fixtures or equipment with a cost of \$5000 or more.
- (D)** Purchases of capital items costing \$5000 or more not included in the capital expenditure budget, must be approved by the Executive Committee. Items under \$5000 may be approved by the Executive Director or authorized designee.
- (E)** The inventory of all capital items as defined in 3.06.02(C) shall be maintained by the State Bar accounting department. The inventory of furniture, fixtures, and equipment with a cost of less than \$5000 shall be maintained by the department responsible for the items.