

Significance of Mr. Mineta's Financial Disclosures in 1999-2002

Jerry Werner

May 3, 2007

I believe that Mr. Norman Mineta deliberately failed to disclose the details of his transaction in stock options of Trimble Navigation that occurred in July or August of 2000, either just before or just after he assumed the role of Commerce Secretary in the Clinton Administration. The reason for his failure to disclose this information, I believe, is that he likely received many more stock options than he should have received by the company's stated policy for compensating Directors, having served on the Board of Directors of Trimble Navigation for just 13 months. To disclose the details of those transactions (which was required by law) would have raised a major "red flag" and invited questions as to why he received such extraordinary compensation from the company.

Further, I believe that once Mr. Mineta became Transportation Secretary he paid back this financial windfall by aggressively pushing several new technology initiatives that heavily involved location technology, Trimble Navigation's primary market. In other words, I believe that Trimble in effect gave Mr. Mineta many more stock options than he should have received, in exchange for his later support to promote new initiatives in an area where they were a market leader. This kind of "paying for high-level influence" is certainly unethical and must be illegal (although I am not a lawyer).

Mr. Mineta's Calendar Year 2000 Public Financial Disclosure Report, filed with the U.S. Office of Government Ethics on July 19, 2002, is the key to understanding his failure to disclose the required financial information. See the attached timeline diagram – this disclosure is item **D**. The two earlier OGE financial disclosures (**B** and **C**) that Mr. Mineta filed just prior to his confirmation hearings as Secretary of Commerce in the Clinton Administration and Secretary of Transportation in the Bush Administration, were "New Entrant" disclosures. New Entrant disclosures differ from calendar-year disclosures in one key aspect: "Schedule B," where the applicant discloses details of transactions (real property, stocks, bonds, other securities) is not required, as it is in a calendar year disclosure.

Mr. Mineta's Calendar Year 2000 disclosure clearly shows his attempt to hide the details of his income from the sale of Trimble Navigation stock options. On page 5 of that report (Schedule A: Assets and Income") he reported an income from capital gains (which means he sold stock) of between \$100,001 and \$1,000,000 in "Trimble Navigation Ltd. Stock Options." However, on page 7 of that same report ("Schedule B: Transactions") he checked the box "none." Clearly, if he made an income from capital gains of up to \$1 million in stock options, he had transactions in stock options and the underlying stock that should have by law been reported on Schedule B. Attached to this analysis are selected pages from that disclosure (cover page, page 5, and page 7).

The only possible legitimate reason for not disclosing the transaction details on the OGE financial disclosure would be that he exercised his Trimble stock options before becoming Commerce Secretary in the Clinton Administration. However, according to information provided by both Trimble Navigation and the U.S. Commerce Dept. that is readily available on the web, Mr. Mineta was a member of Trimble's Board until July 24, 2000, and began as Commerce Secretary on July 21, 2000, so there was a 3-day overlap. (See the Timeline diagram.) The fact that he was either on the Board of Trimble or Commerce Secretary throughout calendar year 2000 is important, because both responsibilities would have required that he disclose the details of his Trimble stock transaction. If he exercised those options and made the capital gain while on Trimble's Board, he was required by law to provide the details on an SEC Form 4 covering insider transactions. (Board members, of course, are

considered "insiders.") However, the SEC earlier informed me (and FAXed me information to show) that the only SEC forms he filed related to insider trading in Trimble were related to his original stock option award in 1999 (item **A** in the Timeline diagram), and that there's no record on file with the SEC of his sale of Trimble options or stock in 2000. Therefore, he apparently exercised his Trimble options during the 30 day period after he left the Board (which is a requirement, according to Trimble's proxy statement). Of course, if that was the case then Mr. Mineta exercised those options while Commerce Secretary, and that information should have been provided -- and it was not, I believe fraudulently not -- on Schedule B of his CY2000 Public Financial Disclosure Report.

I believe that the reason Mr. Mineta did not disclose the details of his sale of Trimble Navigation stock options in Schedule B is the increased "granularity" that is required of the reported information. Schedule A, as mentioned above, has a very wide range: "\$100,000 - \$1,000,000". According to an earlier analysis (see APPENDIX A), he should have made a profit from his vested stock options of at most \$112,344, based on the number of vested options in Trimble navigation and depending on exactly what day he exercised his options and sold the underlying stock. That is a maximum figure: for most of the 30 day period after he left Trimble's board, his profit would not have even reached \$100,000.

Schedule B has three financial disclosure ranges (\$100,001 - \$250,000, \$250,001 - \$500,000, and \$500,001 - \$1,000,000) where Schedule A only has one. In other words, more precise information is required there than in Schedule A. If Mr. Mineta's actual income from capital gains from the sale of his Trimble Navigation Stock options was in the range of \$112,000, clearly that figure would have fit easily within the lowest range of the three (\$100,001 - \$250,000) on Schedule B and he would likely have disclosed it there without a second thought. However, the fact that he clearly and erroneously marked "none" on Schedule B regarding any stock or stock options transactions in 2000 leads to a possible conclusion that his actual profit from Trimble stock options exceeded at least that lower range on Schedule B (\$250,000), which would clearly have raised red flags. His income may have significantly exceeded even that amount as well, but we don't know that because he (deliberately, I believe) failed to disclose the details on Schedule B.

Three key pages from Mr. Mineta's CY2000 disclosure are attached to this analysis, including the cover page, page 5 (Schedule A: Assets and Income) and page 7 (Schedule B: Transactions).

All of the disclosures mentioned here are available on the web:

A – Mr. Mineta's SEC filings in 1999, are located at:

http://www.itsonline.com/mineta/sec_mineta_filings.pdf

B – Mr. Mineta's Commerce "New Entrant" disclosure is located at:

http://www.opensecrets.org/pfds/pfd2000/N00001701_2000_1.pdf

C – Mr. Mineta's Transportation "New Entrant" disclosure is located at:

http://www.opensecrets.org/pfds/pfd2000/N00001701_2000_2.pdf

or

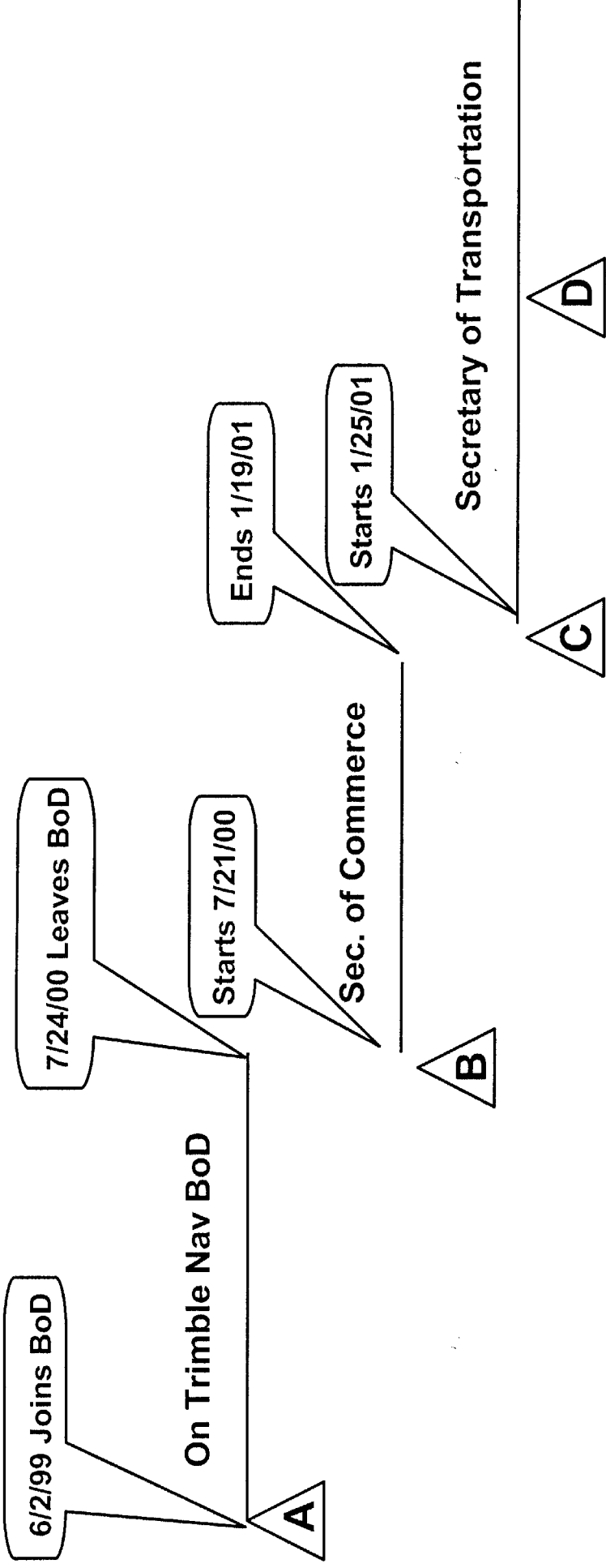
http://www.itsonline.com/mineta/mineta_newentrant2000_disclosure.pdf

D – Mr. Mineta's Calendar Year 2000 disclosure is located here:

http://www.itsonline.com/mineta/mineta_disclosures.htm

(Note: the CY2000 is identical to the Transportation New Entrant Disclosure, except with a different signature page and page 7 (Schedule B: Transactions))

Timeline Related to Mr. Mineta's Financial Disclosures



A – SEC Forms 3 and 4 disclosures (insider trading) – 6/3/99 and 7/7/99

B – OGE “New Entrant” Disclosure for Commerce Secretary Confirmation -- 7/18/00

C – OGE “New Entrant” Disclosure for Transportation Secretary Confirmation – 1/23/01

D – OGE Calendar Year 2000 Disclosure -- 4/19/02

APPENDIX A: An Analysis of Former Secretary of Transportation Norman Mineta's Stock Options in Trimble Navigation

(Reported in his New Entrant and CY 2000 Public Financial Disclosure Reports)

JW

November 8, 2006 (Slightly updated May 3, 2007)

On Schedule A of his financial disclosures as a nominee as Secretary of Transportation and for calendar year 2000, Mr. Mineta reported an income of "\$100,000 to \$1,000.000" for "Trimble Navigation Ltd. Stock Options."

Mr. Mineta was elected to the Board of Directors of Trimble Navigation at Trimble's Annual Meeting on June 2, 1999. According to a Trimble press release, he resigned from the Company's Board of Directors on July 24, 2000 just after being appointed by President Clinton to serve as the U.S. Secretary of Commerce.

According to an SEC proxy filing on April 4, 2000 (<http://www.sec.gov/Archives/edgar/data/864749/0000864749-00-000005.txt>), Board Members are offered a 15,000 share option when they initially join the Board, which vests over a three year period. Each following year they are then offered an additional 5,000 share option, which likewise invests over 3 years.

That same proxy filing says that Mr. Mineta at the time of this filing owned "4,583 shares subject to stock options exercisable within 60 days of the Record Date." Assuming that the "record date" is the date of this filing, that would mean shares from options exercisable by June 3, which would presumably refer to one-third of options awarded on June 2 of the previous year.

However, it's likely that Mr. Mineta owned more than 4,583 fully vested options at the time that he resigned from the Board on July 24 to become Commerce Secretary under President Clinton. The proxy report says that the option vests at a rate of 1/36 per month at the end of the month following the start date. So the 15,000 share option would have been 13/36 vested at the time of his resignation to become Commerce Secretary.

$15,000 \text{ shares} \times 13/36 = 5417 \text{ vested shares.}$

Trimble Directors also get an automatic 5,000 share option each year, so Mr. Mineta would have been granted an additional 5,000 share option on May 11, 2000, when he was voted in as a Director for the second time. That second option would have matured for two months, resulting in:

$5,000 \text{ shares} \times 2/36 = 278 \text{ shares.}$

So Mr. Mineta's total number of vested shares as of the day of his resignation in 2000 would have been 5,695 shares.

The option price of his initial 15,000 grant, according to the SEC filing, was \$12.4375 per share. On May 11, 2000, the closing price of the stock was \$22.75 (which we will assume, for this analysis, was the strike price on his second option grant).

According to the rules of the Director stock option program, Director must exercise their vested options within 30 days of their departure from the Board of Directors. I will assume, therefore, that Mr. Mineta exercised his available options for his total of 5,695 shares between July 24, 2000 and August 24, 2000. I will also assume that he sold the stock immediately after exercising his option. (Interestingly, none of the details of this sale are shown on his 2000 Public Financial Disclosure Statement, even though I believe that information should have been included.)

So the following formula (with the assumptions described above) represents his profit from the exercise of the Trimble options and subsequent sale of Trimble stock.

$$\text{Profit} = (5417 \text{ shares}) \times (\text{sales price} - \$12.44) + 278 \text{ shares} \times (\text{sales price} - \$22.75)$$

According to the Trimble website, within the 30 days after Mr. Mineta left the Board of Trimble the price range of Trimble stock reached a high of \$32.67 on July 24, and generally declined over the following month, closing at \$28.67 on August 24 (the last day he could have exercised his options).

If we assume that he sold his stock at the high starting on the date of his resignation from the Trimble Board, his profit (not including sales charges) would have been:

$$5417 \times (32.67 - \$12.44) + 278 \times (32.67 - 22.75) =$$

$$5417 \times 20.23 + 278 \times 9.92 =$$

$$\$109,586 + \$2,758 = \$112,344 \text{ net profit}$$

... which is just over the range that he specified on his Public Financial Disclosure Report (\$100,000 to \$1,000,000).

Observations and Issues

1. The above analysis assumes that Mr. Mineta sold the stock at the very peak price in the 30 days following his resignation from the Board. Mr. Mineta would have need to time his sales of stock very carefully to make a profit of over \$100,000, as the stock price mostly sagged in the month following his departure from the Board to the mid to low 20s.
2. If Mr. Mineta only had 4,583 shares available to exercise (as was listed in the April 2000 proxy statement), he would not have reached the \$100,000 limit as shown on his Public Financial Disclosure Report even at the top stock price during that period.
3. If Mr. Mineta's actual number of options was greater than 5,695, it's not clear from any of the SEC filings how he would have realized this higher number of shares. In other words, if he sold more than 5,695 shares he would have acquired those additional shares through some mechanism other than the official one described in the company's prospectus.

Clearly, any thorough investigation would need to look into exactly how many shares of Trimble Navigation stock Mr. Mineta acquired through options and sold in 2000, what the dates of those transactions were, and what net profit he was able to realize.

Executive Branch Personnel Public Financial Disclosure Report

Date of Appointment, Candidacy, Election, or Nomination (Month, Day, Year)		Reporting Status (Check Appropriate Boxes)	Incumbent	Calendar Year Covered by Report	New Entrant, Nominee, or Candidate	Termination Filer	Termination Date (If Applicable) (Month, Day, Year)
Reporting Individual's Name		Last Name		First Name and Middle Initial			
Position for Which Filing		Mineta		Norman			
Location of Present Office (or forwarding address)		Title of Position		Department or Agency (If Applicable)			
Position(s) Held with the Federal Government During the Preceding 12 Months (If Not Same as Above)		Secretary		Department of Transportation			
Presidential Nominees Subject to Senate Confirmation		Address (Number, Street, City, State, and ZIP Code)		Telephone No. (Include Area Code)			
Name of Congressional Committee Considering Nomination		Title of Position(s) and Date(s) Held		Do You Intend to Create a Qualified Diversified Trust?			
Commerce, Science and Transportation Comm.		Secretary of Commerce 7/00 - 1/20/01		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Certification		Signature of Reporting Individual		Date (Month, Day, Year)			
I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge.		<i>[Signature]</i>		JAN. 23, 2001			
Other Review (If desired by agency)		Signature of Other Reviewer		Date (Month, Day, Year)			
Agency Ethics Official's Opinion		<i>William R. Register / Brent J. Sabel</i>		1-23-01			
On the basis of information contained in this report, I conclude that the filer is in compliance with applicable laws and regulations (subject to any comments in the box below).		Signature of Designated Agency Ethics Official/ Reviewing Official		Date (Month, Day, Year)			
Office of Government Ethics Use Only		<i>[Signature]</i>		1/23/01			
Comments of Reviewing Officials (If additional space is required, use the reverse side of this sheet)		BY <i>[Signature]</i>		APR 19 2002			
		BY <i>TFZ</i>					

(Check box if filing extension granted & indicate number of days _____)

(Check box if comments are continued on the reverse side)

Agency Use Only

OGE Use Only

APR 18 2002

Reporting Individual's Name

Mineta, Norman Y.

SCHEDULE A continued

(Use only if needed)

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Assets and Income

BLOCK A

Valuation of Assets
at close of reporting period.

BLOCK B

Income: type and amount. If "None (or less than \$201)" is checked, no other entry is needed in Block C for that item.

BLOCK C

Assets and Income	Valuation of Assets at close of reporting period.										Income: type and amount. If "None (or less than \$201)" is checked, no other entry is needed in Block C for that item.										Date (Mo., Day, Yr.) Only if Honoraria					
	BLOCK B										BLOCK C															
	None (or less than \$1,001)	\$1,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$250,000	\$250,001 - \$500,000	\$500,001 - \$1,000,000	Over \$1,000,000 *	\$1,000,001 - \$5,000,000	\$5,000,001 - \$25,000,000	\$25,000,001 - \$50,000,000	Over \$50,000,000	None (or less than \$201)	\$201 - \$1,000	\$1,001 - \$2,500	\$2,501 - \$5,000	\$5,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$1,000,000	Over \$1,000,000 *	\$1,000,001 - \$5,000,000	Over \$5,000,000	Other Income (Specify Type & Actual Amount)		
25 Lockheed Martin Salaried Retirement Plan (value not readily ascertainable)	<input checked="" type="checkbox"/>												<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Other Income	
26 545 N. 5th St., San Jose, CA (partial ownership)	<input type="checkbox"/>	<input checked="" type="checkbox"/>											<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
27 (no entry on this line)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
28 Wright Patman Congressional Federal Credit Union	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>										<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
29 Chevy Chase Bank	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>									<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
30 Trimble Navigation Ltd. Stock Options	<input checked="" type="checkbox"/>												<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
31 Lockheed Martin Stock Options for :	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
32 - 4000 shares at 37.0625 (strike price), expires 1/25/06	<input checked="" type="checkbox"/>												<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
33 - 6000 shares at 45.5625 (strike price), expires 1/23/07	<input checked="" type="checkbox"/>												<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

Part I: Transactions

Report any purchase, sale, or exchange by you, your spouse, or dependent children during the reporting period of any real property, stocks, bonds, commodity futures, and other securities when the amount of the transaction exceeded \$1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence, or a transaction solely between you, your spouse, or dependent child. Check the "Certificate of divestiture" block to indicate sales made pursuant to a certificate of divestiture from OGE.

Transaction Type (A)	Date (Mo., Day, Yr.)	Amount of Transaction (B)						
		\$1,001 - \$5,000	\$5,001 - \$10,000	\$10,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$500,000	\$500,001 - \$1,000,000	\$1,000,001 or more
None								

Part II: Gifts, Reimbursements, and Travel Expenses

For you, your spouse and dependent children, report the source, a brief description, and the value of: (1) gifts (such as tangible items, transportation, lodging, food, or entertainment) received from one source totaling \$250 or more; and (2) travel-related cash reimbursements received from one source totaling \$250 or more. For conflicts analysis, it is helpful to indicate a basis for receipt, such as personal friend, agency approval under 5 U.S.C. § 4111 or other statutory authority, etc. For travel-related gifts and reimbursements, include travel itinerary, dates, and the nature of expenses provided. Exclude anything given to you by the U.S. Government; given to your agency in connection with official travel; received from relatives; received by your spouse or dependent child totally independent of their relationship to you; or provided as personal hospitality at the donor's residence. Also, for purposes of aggregating gifts to determine the total value from one source, exclude items worth \$100 or less. See instructions for other exclusions.

Source (Name and Address)	Brief Description	Value
National Assn of Book Collectors, NY, NY Frank Jones, San Francisco, CA	Airline ticket, hotel room & meals incidental to national conference 6/15/90 (personal activity unrelated to duty) Leather briefcase (personal friend)	\$600 \$300