

**Executive Branch Personnel PUBLIC FINANCIAL DISCLOSURE REPORT, SF 278**  
**U.S. Office of Government Ethics (actual OGE facsimile attached)**

[NOTE: This transcription was made necessary because Mr. Kappos *handwrote* this disclosure. Most Executive Branch disclosing attorneys handwrote their disclosures. Handwriting is much more difficult, if not impossible, for automatic scanning programs to index such documents for searching by the public. Attorneys know this. President Obama pledged greater transparency. Such conduct is inconsistent with that directive.]

**Kappos, David J.**

Position for Which Filing:  
**Undersecretary for IP, U.S. Patent Office**  
 700 Dulany St., Alexandria VA 22313, 571-272-8600

Signature: .....David J. Kappos  
 Signature Date:.....5/16/2010  
 Agency Reviewer Signature: .....7/26/2010  
 Agency Ethics Official's Signature:.....4/28/10  
 Office of Government Ethics Signature: .....1/19/11  
 Agency Date Stamp: .....May 17 2010  
 OGE Date Stamp: .....Jul 30 2010

**SCHEDULE A: Assets and Income:**

[Legend: LYK=Leslie Y. Kappos, wife  
 DJK=David J. Kappos]

**Serious Anomalies in David J. Kappos' disclosure:**

1. Not readily accessible to watchdog sites.
2. It is handwritten, avoids transparent search indexing and discovery.
3. Kappos was quickly confirmed without public notice.
4. It scrambles transaction chronology (unscrambled in this transcription). See Nos. 27-60.
5. No Pro Bono Partnership salaries are disclosed. See No. 23.
6. No disclosure of the sale amount of his property. See No. 54.
7. Kappos' disorganized presentation is evidently intended to mask his plan to sell between \$450,000 and \$1,315,000 in IBM stock, and then to purchase between \$516,000 and \$1,115,000 in Vanguard Funds **AFTER** his hasty confirmation.
8. Purchase of only Vanguard Funds telegraphs a possible insider tip.
9. Vanguard was/is allied with Facebook cronies.
10. Vanguard became heavily invested in Facebook before the IPO.
11. The timing of Facebook's filing of the 1<sup>st</sup> of now 3 patent reexaminations, telegraphs possible collusion.
12. A former attorney for Facebook lawyer, White & Case LLP -- Kathryn W. Siehndel, -- is currently obstructing FOIA requests as the USPTO FOIA Officer.

1. Meridian Growth Fund .....	[MERDX].....	\$50,001-100,000
2. Rydex NASDAQ 100 Fund .....	[RYOCX].....	\$50,001-100,000
3. Vanguard Total Stock Market LYK IRA .....	[VTSMX].....	\$100,001-250,000
4. Vanguard European Stock Index LYK IRA .....	[VEURX].....	\$15,001-50,000
5. Vanguard International Growth LYK IRA .....	[VWIGX].....	\$15,001-50,000
6. Vanguard Target Retirement LYK IRA.....	[VTINX].....	\$250,001-500,000
7. Vanguard European Stock Fund DJK IRA .....	[Vanguard FTSE Europe ETF].....	\$50,001-100,000
8. Vanguard Int'l Growth DJK IRA.....	[VWIGX].....	\$100,001-250,000
9. Vanguard Mid-Cap Fund DJK IRA .....	[VMCIX].....	\$50,001-100,000
10. Vanguard Total Stock Market DJK IRA.....	[VTSMX].....	\$250,001-500,000
11. Vanguard Prime Money Market DJK IRA .....	[VMMXX].....	\$100,001-250,000
12. Vanguard Small Cap Fund DJK IRA.....	[VISVX].....	\$100,001-250,000
13. Vanguard Prime Money Market .....	[VMMXX].....	\$500,001-1,000,000
14. Vanguard Total Stock Market.....	[VTSMX].....	\$15,001-50,000
15. Vanguard GNMA.....	[VFIIX].....	\$1,001-15,000
16. Metlife MSF FOF Conservative (S).....		\$1,001-15,000
17. Metlife MSF FOF Con to Moderate (S).....		\$1,001-15,000
18. Dodge & Cox Int'l Stock Fd.....	[DODFX].....	\$15,001-50,000
19. Vacation Rental Home, Tenants Harbor ME .....		\$1,000,001-\$5,000,000
20. Residential Rental Property, Westport CT.....		\$1,000,001-\$5,000,000
21. First Republic Bank Checking .....		\$15,001-50,000
22. Residential Rental Property, White Plans NY .....		\$1,000,001-\$5,000,000
23. Pro Bono Partnership(s)* (*per previous report) .....		Salary [no disclosure]
24. Interest on Loan to Wayne Crockett .....		\$0-1,000
25. Baron Partners Fund .....	[BPTRX].....	\$50,001-100,000
26. IBM Personal Pension Plan [unintelligible].....		\$250,001-500,000

**The Wall Street Journal, Aug. 24, 2012: The Vanguard Group, Inc.** (parent company) was the 9<sup>th</sup> largest fund purchasers of **9.6 million** shares of Facebook stock. In addition, Vanguard sub-advisor, **Baillie Gifford**, was the 2<sup>nd</sup> largest purchaser of **19.4 million** shares. The IPO underwriter, **Goldman Sachs** was 1<sup>st</sup> with **36.6 million** shares.

**SCHEDULE B, Part I: Transactions**

["IBM Common Stock..... [deleted content]"]

[This content has been reorganized according to the date of the transactions, along with context dates.]

27.	[Pres. Obama announces intent to nominate Kappos] .....	06/18/2009]	
28.	[Kappos Senate Confirmation Hearing .....	07/29/2009]	(no disclosure of transactions below)
29.	[Kappos Confirmed.....	08/07/2009]	(no public notice)
30.	Exercise IBM Stock Options/Grants.....	Sale..... 08/19/2009.....	\$100,001-250,000
31.	Exercise IBM Stock Options/Grants.....	Sale..... 08/24/2009.....	\$100,001-250,000
32.	Exercise IBM Stock Options/Grants.....	Sale..... 09/11/2009.....	\$15,001-50,000
33.	Exercise IBM Stock Options/Grants.....	Sale..... 09/16/2009.....	\$15,001-50,000
34.	Exercise IBM Stock Options/Grants.....	Sale..... 10/07/2009.....	\$15,001-50,000
35.	Exercise IBM Stock Options/Grants.....	Sale..... 10/09/2009.....	\$1,001-15,000
36.	Exercise IBM Stock Options/Grants.....	Sale..... 10/09/2009.....	\$50,001-100,000
37.	Exercise IBM Stock Options/Grants.....	Sale..... 10/09/2009.....	\$100,001-250,000
38.	Exercise IBM Stock Options/Grants.....	Sale..... 10/14/2009.....	\$50,001-100,000
39.	Hogan & Hartson 401(K) Kaminsky Fund .....	Sale..... 10/15/2009.....	\$50,001-100,000
40.	IBM 401(K) Total Stock Market Index .....	Sale..... 10/20/2009.....	\$100,001-250,000
41.	IBM 401(K) Small Cap Value .....	Sale..... 10/20/2009.....	\$100,001-250,000
42.	IBM 401(K) Int'l Stock Market .....	Sale..... 10/20/2009.....	\$50,001-100,000
43.	IBM 401(K) Aggressive Life Strategy.....	Sale..... 10/20/2009.....	\$100,001-250,000
44.	IBM 401(K) Small Cap Index.....	Sale..... 10/20/2009.....	\$15,001-50,000
45.	IBM 401(K) European Stock Index .....	Sale..... 10/20/2009.....	\$15,001-50,000
46.	IBM 401(K) Stable Value Mutual Fund .....	Sale..... 10/20/2009.....	\$15,001-50,000
47.	Vanguard European Stock Index [VEURX]* .....	Purchase ... 10/27/2009.....	\$50,001-100,000
48.	Vanguard International Growth [VWIGX]* .....	Purchase ... 10/27/2009.....	\$50,001-100,000
49.	Vanguard Mid-Cap Fund [VMCIX]* .....	Purchase ... 10/27/2009.....	\$15,001-50,000
50.	Vanguard Small Cap Value Index [VISVX]* .....	Purchase ... 10/27/2009.....	\$50,001-100,000
51.	Vanguard Total Stock Market Index [VTSMX]* .....	Purchase ... 10/27/2009.....	\$100,001-250,000
52.	Vanguard Prime Money Market [VMMXX]* .....	Purchase ... 10/27/2009.....	\$1,001-15,000
53.	Vanguard Target Retirement [VTINX]*.....	Purchase ... 10/---/2009.....	\$250,001-500,000
54.	Sold House – investment property through CBH Partnership loss of \$100,000 .....	Sale .....	11/---/2009..... [No Sale Price disclosed] <sup>1</sup>
55.	<b>[Facebook files 1<sup>st</sup> Reexam against Leader Technologies..... 11/13/2009</b>		
	Facebook's attorneys, White & Case LLP, Cooley Godward LLP, Heidi Keefe, Michael Rhodes, Mark Weinstein, Jeffrey Norberg did not time this re-exam as a litigation tactic, since <i>Leader v. Facebook</i> was already a year old, and was close to the critical Markman Hearing (where Facebook's arguments failed). However, the intent appears to have been for Kappos to personally oversee the Leader patent reexamination process in order to ensure that the Patent Office would <i>kill off</i> Leader's patent by secret fiat. Judge Stephen C. Siu, who Kappos assigned, is a former employee of Microsoft, one of Facebook's largest stakeholders. USPTO FOIA Officer, currently stonewalling FOIA requests, is a former White & Case LLP attorney, Kathryn W. Siehndel.]		
56.	Cash Out IBM NonQualified Pension Plan .....	Sale..... 11/16/2009.....	\$15,001-50,000
57.	Rydex SGI [Rydex SGI] .....	Purchase ... 01/19/2010.....	\$1,001-15,000
58.	Baron Partners Fund [BPTRX] .....	Purchase ... 01/19/2010.....	\$1,001-15,000
59.	Dodge & Cox Int'l Stock Fund [DODFX].....	Purchase ... 01/19/2010.....	\$1,001-15,000
60.	Meridian Growth Fund [MERDX].....	Purchase ... 01/19/2010.....	\$1,001-15,000

\* marked as "IRA Rollover"

<sup>1</sup> Kappos' three (3) properties are valued between \$1-5 million each. See Nos. 19, 20, 22.

[The Wall Street Journal, Aug. 24, 2012](#): The Vanguard Group, Inc. (parent company) was the 9<sup>th</sup> largest fund purchasers of 9.6 million shares of Facebook stock. In addition, Vanguard sub-advisor, Baillie Gifford, was the 2<sup>nd</sup> largest purchaser of 19.4 million shares. The IPO underwriter, Goldman Sachs was 1<sup>st</sup> with 36.6 million shares.



# David J. Kappos

Public Data Records, March 2, 2014

Photo: U.S. Patent Office

Description:	Public Data:	Description:	Public Data:
Age:	<b>52 yrs.</b>	Current Address:	See Known Addresses
Birthdate:	<b>Mar. 03, 1961</b>	Property Value:	
Alias:	<b>David Kappos</b> <b>David James Kappos</b>	Wife	<b>Leslie Kimball</b>
Email Addresses:	<a href="mailto:davidkappos@aol.com">davidkappos@aol.com</a> <a href="mailto:dkappos@centurytel.net">dkappos@centurytel.net</a> <a href="mailto:david.kappos@uspto.gov">david.kappos@uspto.gov</a> <a href="mailto:dave.kappos@us.ibm.com">dave.kappos@us.ibm.com</a> <a href="mailto:dkappos@uspto.gov">dkappos@uspto.gov</a>	Wife Age:	<b>54 yrs.</b>
		Wife Birthdate:	<b>Jul. 20, 1959</b>
		Wife Aliases:	
Phone Nos.:	<b>703-528-4181</b> , Arlington Cty. <b>812-963-6604</b> , Vandrbrgh. Cty. <b>914-499-1900</b> , Westchester Cty. <b>571-272-1000</b>	Father:	<b>James Kappos</b>
		Mother:	<b>Rose Kappos</b> (91 yrs., b. Dec. 01, 1922)
<b>408-395-5178</b> , Santa Clara Cty. <b>408-528-4181</b> , Santa Clara (m.) <b>510-528-4181</b> , Alameda Cty. <b>571-272-1000</b> , Arlington Cty. <b>571-272-8600</b> , Arlington Cty.			

## Known Addresses:

101 W 24th St., Apt. 36C New York, NY 10011	1 Renaissance Sq., Apt. 29A White Plains, NY 10601	30 Charcoal Hill Rd. Westport, CT 06880	1 New Orchard Rd. Armonk, NY 10504
30 Charcoal Hill Rd. Grand Island, NE 6880	160 W 24th St., Apt. 9J New York, NY 10011	2181 Jamieson Ave, Apt. 1207 Alexandria, VA 22314	2111 O St. NW, Apt. A Washington, DC 20037
2020 12th St. NW Apt. 102 Washington, D.C. 20009	170 E. 87th St., Apt. 19D New York, NY 10128	108 Olive St. Los Gatos, CA 95030	2745 Bancroft Ex, Apt. 6 Berkeley, CA 94720
35 Maple Rd. Brewster, NY 10509	7034 Ellingham Cir. Alexandria, VA 22315	1414 N. Jackson St. Arlington, VA 22201	6225 Mahan Dr. San Jose, CA 95123
501 Lagrange St. Vestal, NY 13850	1255 Twenty Third St. NW, Apt. 200, Washington, DC 20037	3340 W. Cody Dr. Teton Village, WY 83025	2111-A O St. NW Washington, D.C. 20037
241 18th St. S., Apt. 700 Arlington, VA 22202	Worldwide Plaza 825 Eighth Ave. New York, NY 10019		

David J. Kappos, Personal Background Data

**Education & Professional History:**

<i>Year:</i>	<i>Date Detail:</i>	<i>Title, degree:</i>	<i>Organization:</i>	<i>Location:</i>	<i>Info Source:</i>
1961	Mar. 3, 1961	Birthdate			
1983		BS	U.C. - Davis	Davis, CA	
1983-2009			IBM Development Engineer IP Litigation IP General Counsel	Armonk, NY	<a href="#">USPTO</a>
1990		JD	U.C. - Berkeley	Berkeley, CA	<a href="#">USPTO</a>
c.a. 1991-		Director	American Intellectual Property Law Association (AIPLA)	Arlington, VA	<a href="#">USPTO</a>
c.a. 1991-		Director	Intellectual Property Owners Association (IPOA)	Washington, D.C.	<a href="#">USPTO</a>
c.a. 1991-		Director	International Intellectual Property Society (IIPS)	New York, NY	<a href="#">USPTO</a> , <a href="#">IIPS</a>
2009-2013	Aug. 7, 2009 – Feb. 1, 2013	Director	U.S. Patent Office	Washington, D.C.	<a href="#">Wikipedia</a> , <a href="#">USPTO</a>
2013-		Partner	Cravath Swaine LLP	New York, NY	<a href="#">New York Times</a>

# Executive Branch Personnel PUBLIC FINANCIAL DISCLOSURE REPORT

Date of Appointment, Candidacy, Election, or Nomination (Month, Day, Year)		Reporting Status (Check Appropriate Boxes)	Incumbent <input checked="" type="checkbox"/>	Calendar Year Covered by Report 2009	New Entrant, Nominee, or Candidate <input type="checkbox"/>	Termination Filer <input type="checkbox"/>	Termination Date (If Applicable) (Month, Day, Year)	<b>Fee for Late Filing</b> Any individual who is required to file this report and does so more than 30 days after the date the report is required to be filed, or, if an extension is granted, more than 30 days after the last day of the filing extension period, shall be subject to a \$200 fee.
Reporting Individual's Name		Last Name Kappos		First Name and Middle Initial David				
Position for Which Filing		Title of Position Undersecretary for IP		Department or Agency (If Applicable) USPTO				<b>Reporting Periods</b> Incumbents: The reporting period is the preceding calendar year except Part II of Schedule C and Part I of Schedule D where you must also include the filing year up to the date you file. Part II of Schedule D is not applicable.  Termination Filers: The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination. Part II of Schedule D is not applicable.
Location of Present Office (or forwarding address)		Address (Number, Street, City, State, and ZIP Code) 700 Dulany St, Alexandria VA 22313		Telephone No. (Include Area Code) 571-272-9600				
Position(s) Held with the Federal Government During the Preceding 22 Months (If Not Same as Above)		Title of Position(s) and Date(s) Held						<b>Nominees, New Entrants and Candidates for President and Vice President:</b>  Schedule A--The reporting period for income (BLOCK C) is the preceding calendar year and the current calendar year up to the date of filing. Value assets as of any date you choose that is within 31 days of the date of filing.  Schedule B--Not applicable.  Schedule C, Part I (Liabilities)--The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.  Schedule C, Part II (Agreements or Arrangements)--Show any agreements or arrangements as of the date of filing.  Schedule D--The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.
Presidential Nominees Subject to Senate Confirmation		Name of Congressional Committee Considering Nomination		Do You Intend to Create a Qualified Diversified Trust? <input type="checkbox"/> Yes <input type="checkbox"/> No				
Certification		Signature of Reporting Individual David Kappos			Date (Month, Day, Year) 5/16/2010			
Other Review (If desired by agency)		Signature of Other Reviewer J. R. [Signature]			Date (Month, Day, Year) 7/24/2010			
Agency Ethics Official's Opinion		Signature of Designated Agency Ethics Official/Reviewing Official [Signature]			Date (Month, Day, Year) 4/28/10			
Office of Government Ethics Use Only		Signature [Signature]			Date (Month, Day, Year) 1/19/11			
Comments of Reviewing Officials (If additional space is required, use the reverse side of this sheet)		(Check box if filing extension granted & indicate number of days _____) <input type="checkbox"/>  (Check box if comments are continued on the reverse side) <input type="checkbox"/>						<b>Agency Use Only</b> VWS/MAY 17 2010 DGE Use Only JUL 30 2010



Reporting Individual's Name  
**David J. Kappas**

**SCHEDULE A continued**  
 (Use only if needed)

Page Number  
**3**

BLOCK A	BLOCK B										BLOCK C																																						
	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.																																						
	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	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type	Amount										Date (Mo., Day, Yr.) Only if Honoraria																						
																Dividends	Reit and Royalties	Interest	Capital Gains	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)																	
1				X									<input checked="" type="checkbox"/>							<input checked="" type="checkbox"/>																													
	Vanguard European Stock Fund DJK IRA																																																
2					X								<input checked="" type="checkbox"/>							<input checked="" type="checkbox"/>																													
	Vanguard Intl Growth DJK IRA																																																
3				X									<input checked="" type="checkbox"/>							<input checked="" type="checkbox"/>																													
	Vanguard Mid-Cap Fund DJK IRA																																																
4						X							<input checked="" type="checkbox"/>							<input checked="" type="checkbox"/>																													
	Vanguard Total Stock Market DJK IRA																																																
5					X								<input checked="" type="checkbox"/>							<input checked="" type="checkbox"/>																													
	Vanguard Prime Money Master DJK IRA																																																
6					X								<input checked="" type="checkbox"/>							<input checked="" type="checkbox"/>																													
	Vanguard Small Cap Fund DJK IRA																																																
7		X											<input checked="" type="checkbox"/>							<input checked="" type="checkbox"/>																													
	MetLife MSF FOF (Conservative CS)																																																
8		X											<input checked="" type="checkbox"/>							<input checked="" type="checkbox"/>																													
	MetLife MSF FOF (Conservative CS) to Moderate CS																																																

\* 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.

Prior Editions Cannot Be Used. \* Asset was inadvertently left off last year's report (per email on 7/5/10)



Reporting Individual's Name: **David J. Kappas** SCHEDULE A Page Number: **4**

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.														
BLOCK A		BLOCK B										BLOCK C														
Type		Amount										Date (Mo., Day, Yr.)														
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)	Date (Mo., Day, Yr.)	
Examples	Central Airlines Common			X									X													
	Doe Jones & Smith, Hometown, State		X																						Law Partnership Income \$130,000	
	Kempstone Equity Fund			X																						
	IRA: Heartland 500 Index Fund				X																					
1	Dodge & Cox INT'L STOCK FUND	X																								
2	Vanguard Prime Money Market				X																					
3	Vanguard Total Stock Market		X																							
4	Vanguard GNMA	X																								
5	Vacation Rental Home - Tenants Harbor ME								X								X									
6	Residential Rental Property Westport CT								X										X							

\* 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.

Prior Editions Cannot Be Used.

paid on 7/5/2010  
 21 PGE SCH. A LAST YRS RPT



**SCHEDULE A continued**  
 (Use only if needed)

Reporting Individual's Name		SCHEDULE A continued											Page Number																								
David J. Kappos		(Use only if needed)											5																								
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.																								
BLOCK A		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	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type				Amount						Date (Mo., Day, Yr.) Only if Honoraria										
																	Dividends	Rent and Royalties	Interest	Capital Gains	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)				
1	First Republic Bank checking		X																																		
2	Residential Rental Property White Plains NY									X								X																			
3	Ro Baro Partnership (S)*																																			Salary	
4	Interest on loan to Wayne Crockett	X																																			
5	Baron Partners Fund			X										X																							
6	IBM Personal Pension Plan (annuity)						X																														
7																																					
8																																					
9																																					

\* 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.

Prior Editions Cannot Be Used.

\* per previous reports. 8/11/10

Do not complete Schedule B if you are a new entrant, nominee, or Vice Presidential or Presidential Candidate

Reporting Individual's Name <b>David J. Kappos</b>	<b>SCHEDULE B</b>	Page Number <b>6</b>
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**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.

None

Identification of Assets	Transaction Type (x)			Date (Mo., Day, Yr.)	Amount of Transaction (x)										Certificate of divestiture	
	Purchase	Sale	Exchange		\$1,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$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		
Example: Central Airlines Common	x			2/1/99				x								
1 IBM Common Stock		x			x											
2 Hogan Hartson 401(k) Keminsky Fund		x		10/5/09				x								
3 IBM 401k Total Stock Market Index		x		10/20/09					x							
4 IBM 401k Small Cap Value		x		10/20/09					x							
5 IBM 401k Intl Stock Market		x		10/20/09				x								

pp 614 on 12/20/09

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

**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 more than \$260, and (2) travel-related cash reimbursements received from one source totaling more than \$260. 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 \$104 or less. See instructions for other exclusions.

None

Source (Name and Address)	Brief Description	Value
Examples: Nat'l Assn. of Rock Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 6/15/99 (personal activity unrelated to duty)	\$500
Frank Jones, San Francisco, CA	Leather briefcase (personal friend)	\$300
1		
2		
3		
4		
5		

Do not complete Schedule B if you are a new entrant, nominee, or Vice Presidential or Presidential Candidate

Reporting Individual's Name: David J. Kappos SCHEDULE B continued Page Number 7  
 (Use only if needed)

Part I: Transactions

1	Identification of Assets	Transaction Type (x)			Date (Mo., Day, Yr.)	Amount of Transaction (x)											Certificate of divestiture	
		Purchase	Sale	Exchange		\$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		
1	IBM 401K Aggressive Life Strategy		X		10/20/09				X									
2	IBM 401K Small Mid Cap Index		X		10/20/09	X												
3	IBM 401K European Stock Index		X		10/20/09	X												
4	IBM 401K Stable Value Mutual Fund		X		10/20/09	X												
5	Rydex SGI	X			4/19/2010	X												
6	Bacon Partners Fund	X			1/19/2010	X												
7	Dodge & Cox Intl Stock Fund	X			1/19/2010	X												
8	Meridian Growth Fund	X			4/19/2010	X												
9	Vanguard European Stock Index - IRA Rollover	X			10/27/09			X										
10	Vanguard International Growth - IRA Rollover	X			10/27/09			X										
11	Vanguard Mid-Cap Growth - IRA Rollover	X			10/27/09	X												
12	Vanguard Small-Cap Value Index - IRA Rollover	X			10/27/09			X										
13	Vanguard Total Stock Market Index - IRA Rollover	X			10/27/09				X									
14	Vanguard Prime Money Market IRA Rollover	X			10/28/09	X												
15	Vanguard Target Retirement - IRA Rollover	X			10/09				X									
16	Cash Out IBM Non Qualified Pension Plan		X		11/16/09	X												

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

Part 16

Do not complete Schedule B if you are a new entrant, nominee, or Vice Presidential or Presidential Candidate

Reporting Individual's Name <b>David S. Kappos</b>	<b>SCHEDULE B continued</b> (Use only if needed)	Page Number <b>8</b>
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**Part I: Transactions**

#	Identification of Assets	Transaction Type (%)			Date (Mo., Day, Yr.)	Amount of Transaction (x)										Certificate of divestiture	
		Purchase	Sale	Exchange		\$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
1	Exercise IBM stock options / grants		X		8/19/09			X									
2	Exercise IBM stock options / grants		X		8/24/09			X									
3	Exercise IBM stock options / grants		X		9/11/09		X										
4	Exercise IBM stock options / grants		X		9/16/09		X										
5	Exercise IBM stock options / grants		X		10/07/09		X										
6	Exercise IBM stock options / grants		X		10/09/09		X										
7	Exercise IBM stock options / grants		X		10/09/09			X									
8	Exercise IBM stock options / grants		X		10/09/09			X									
9	Exercise IBM stock options / grants		X		10/14/09			X									
10	Sold house - investment property through CBH Partnership		X		11/09												
11	loss of \$100,000																
12																	
13																	
14																	
15																	
16																	

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

David J. Kappos

SCHEDULE C

**Part I: Liabilities**

Report liabilities over \$10,000 owed to any one creditor at any time during the reporting period by you, your spouse, or dependent children. Check the highest amount owed during the reporting period. Exclude

a mortgage on your personal residence unless it is rented out; loans secured by automobiles, household furniture or appliances; and liabilities owed to certain relatives listed in instructions. See instructions for revolving charge accounts.

None

Examples	Creditors (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value (x)												
						\$10,001 - \$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		
	First District Bank, Washington, DC John Jones, 123 JSt., Washington, DC	Mortgage on rental property, Delaware Promissory note	1991 1999	8% 10%	25 yrs. on demand			x										
1	GMAC	Mortgage on rental property, Connecticut	2004 1999	4.25%	30							X						
2	First Republic	Mortgage on Rental property, White Plains NY	2007	5.3	30							X						
3	First Republic	Mortgage on Paddock home, Tenants Harbor ME	2009	4.5	30					X								
4																		
5																		

\*This category applies only if the liability is solely that of the filer's spouse or dependent children. If the liability is that of the filer or a joint liability of the filer with the spouse or dependent children, mark the other higher categories, as appropriate.

**Part II: Agreements or Arrangements**

Report your agreements or arrangements for: (1) continuing participation in an employee benefit plan (e.g. pension, 401k, deferred compensation); (2) continuation of payment by a former employer (including severance payments); (3) leaves

of absence; and (4) future employment. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

None

	Status and Terms of any Agreement or Arrangement	Parties	Date
Example	Pursuant to partnership agreement, will receive lump sum payment of capital account & partnership share calculated on service performed through 1/00.	Doe Jones & Smith, Hometown, State	7/85
1	IBM Personal Pension plan	IBM	6/99
2			
3			
4			
5			
6			

Reporting Individual's Name <i>David J. Kappas</i>	<b>SCHEDULE D</b>	Page Number <i>10</i>
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**Part I: Positions Held Outside U.S. Government**

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

None

	Organization (Name and Address)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples	Nat'l Assn. of Rock Collectors, NY, NY	Non-profit education	President	6/92	Present
	Doe Jones & Smith, Hometown, State	Law firm	Partner	7/85	1/00
1					
2					
3					
4					
5					
6					

**Part II: Compensation in Excess of \$5,000 Paid by One Source**

Report sources of more than \$5,000 compensation received by you or your business affiliation for services provided directly by you during any one year of the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any other non-profit organization when you directly provided the services generating a fee or payment of more than \$5,000. You need not report the U.S. Government as a source.

Do not complete this part if you are an Incumbent, Termination Filer, or Vice Presidential or Presidential Candidate.

None

	Source (Name and Address)	Brief Description of Duties
Examples	Doe Jones & Smith, Hometown, State	Legalservices
	Metro University (client of Doe Jones & Smith), Moneytown, State	Legal services in connection with university construction
1		
2		
3		
4		
5		
6		

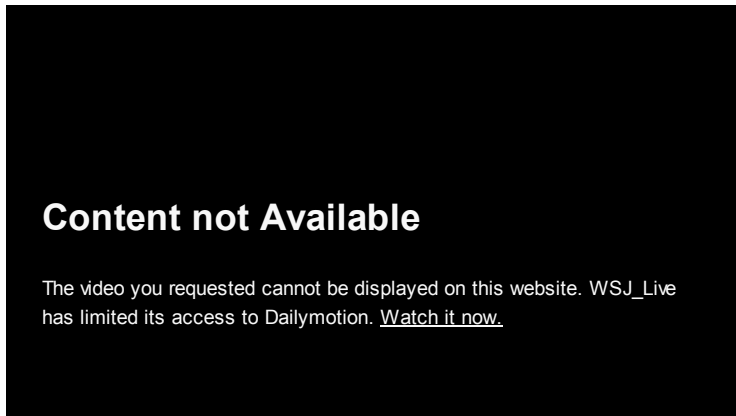
Source: [The Wall Street Journal Online](#)

MARKETS

# Morgan Stanley Funds in Big Facebook Bet

By Aaron Lucchetti and Telis Demos  
Updated Aug. 24, 2012 11:57 a.m. ET

U.S. mutual funds run by [Morgan Stanley](#), [MS -0.12%](#) the lead underwriter in Facebook Inc. FB \$16 billion initial public offering, have disproportionately high investments in the social-media company, leaving fund shareholders exposed to the stock's big drop since its May 18 IPO.



## Content not Available

The video you requested cannot be displayed on this website. WSJ\_Live has limited its access to Dailymotion. [Watch it now.](#)

[Morgan Stanley Bets Big on Facebook](#) by [WSJ Live](#)

New data show that eight of the top nine U.S. mutual funds with Facebook shares as a percentage of total assets are run by Morgan Stanley's asset-management arm, according to fund tracker Morningstar Inc.

Morgan Stanley had a crucial role in lining up orders for Facebook as the social-media company prepared to go public. It helped advise Facebook executives to increase the size and price of the IPO, despite warnings the company was making about its profit outlook. The New York securities firm, which declined to comment, took in \$200 million in underwriting fees and trading profits,

according to regulatory filings and people involved in the deal.

The Morgan Stanley funds that have Facebook shares got many of them before the IPO at prices well below the \$38 offering price.

That means that fund shareholders may still have paper gains on their Facebook purchases, depending on when the fund bought their original stake. It also means the funds have been unable to sell any of their pre-IPO holdings.

The company's mutual funds have made large bets on other big-name technology companies in recent years, including bets on [Apple Inc.](#), AAPL +1.48% [Amazon.com Inc.](#)AMZN -1.06% and [LinkedIn Corp.](#) LNKD +0.14% whose values have all surged this year.

## The Funds That Own Facebook

Hundreds of mutual funds have stakes in the social media company. See a list and sort by percentage of fund assets devoted to Facebook, and by absolute and relative performance.

Click here for an Excel file containing all four sections of the table below: [GoogleDocs](#) | [XLS file](#)

Q

August 24, 2012

## The Funds That Own Facebook

Hundreds of mutual funds have stakes in the social media company. Click column headers to sort by percentage of fund assets devoted to Facebook and by absolute relative performance.

<< first < prev 1 2 (#) 3 (#) 4 (#) next > (#) last >> (#)



Fund Name (yui-dt0-href-col 0)	Ticker (yui-dt0-href-col 1)	Total Facebook Weight (yui-dt0-href-col 2)	Total Investment as of portfolio date (yui-dt0-href-col 3)	July 2012 Return (yui-dt0-href-col 4)	July % rank against similar funds (yui-dt0-href-col 5)	Year-to-date Return (yui-dt0-href-col 6)	Year-to-date % rank against like funds (yui-dt0-href-col 7)	One-year return (yui-dt0-href-col 8)	One-year % rank against like funds (yui-dt0-href-col 9)
Morgan Stanley Inst Focus Grow th I	MSAGX	7.77%	\$28,777,414	-2.98%	98%	9.64%	90%	8.33%	99%
Morgan Stanley Focus Grow th B	AMOBX	7.72%	\$1,586,239,713	-3.08%	98%	8.63%	94%	7.06%	99%
Morgan Stanley Inst Opportunity H	MEGHX	7.39%	\$244,919,024	-3.91%	99%	6.71%	98%	10.10%	98%
Morgan Stanley Inst Advantage H	MAPHX	6.71%	\$12,159,351	-1.57%	96%	11.96%	71%	21.88%	77%
Morgan Stanley Institutional Grow th I	MSEQX	6.63%	\$847,917,689	-2.33%	97%	11.34%	78%	12.88%	97%
Transamerica Capital Grow th A	IALAX	6.58%	\$746,167,025	-2.39%	98%	10.35%	85%	11.62%	97%
Morgan Stanley Multi Cap Grow th B	CPOBX	6.42%	\$313,515,817	-2.33%	97%	7.93%	96%	8.32%	99%
Morgan Stanley Inst Global Opportunity I	MGGIX	6.42%	\$15,221,935	-3.96%	98%	4.98%	93%	3.77%	93%
Morgan Stanley Inst Gbl Advantage I	MIGIX	5.19%	\$2,513,921	-0.36%	86%	13.94%	10%	19.13%	9%
Turner Concentrated Gr Investor	TTOPX	5.00%	\$35,255,772	-4.20%	99%	9.28%	92%	14.60%	96%
Morgan Stanley Inst Gbl Discovery I	MLDIX	4.79%	\$5,032,255	-1.53%	93%	11.60%	29%	15.92%	31%
Goldman Sachs Technology Tollkeeper A	GITAX	2.85%	\$358,167,660	-2.66%	92%	17.63%	26%	28.63%	29%
Turner Global Opportunities Instl	TGLBX	2.32%	\$1,420,185	-1.11%	91%	9.89%	52%	16.77%	23%
Chesapeake Core Grow th	CHCGX	2.23%	\$31,550,392	0.20%	66%	16.83%	12%	28.85%	19%
Chesapeake Grow th Instl	CHESX	2.15%	\$10,660,814	-1.39%	70%	15.84%	2%	23.82%	46%
Saratoga Large Capitalization Grow th I	SLCGX	1.73%	\$20,539,302	0.63%	46%	12.43%	65%	26.38%	40%
Lord Abbett Grow th Leaders A	LGLAX	1.67%	\$23,284,142	-0.78%	90%	10.58%	84%	22.02%	76%
Tocqueville Opportunity	TOPPX	1.61%	\$68,606,152	-2.15%	77%	12.18%	25%	25.75%	45%
Goldman Sachs Concentrated Grow th A	GCGAX	1.60%	\$176,037,973	1.77%	7%	17.33%	9%	28.74%	20%
American Independence Large Cap Grow th I	A FLX	1.59%	\$5,723,812	-3.24%	99%	1.67%	99%	10.15%	98%
Eagle Capital Appreciation A	HRCPX	1.58%	\$312,936,069	1.75%	8%	17.64%	7%	27.76%	26%
Loomis Sayles Grow th Y	LSGRX	1.58%	\$137,102,956	1.09%	27%	13.02%	59%	26.08%	42%
Sands Capital Global Grow th Inst	SCMGX	1.55%	\$26,411,222	-0.16%	84%	12.51%	18%	18.99%	10%
Firsthand Technology Opportunities	TEFQX	1.52%	\$83,809,180	2.91%	1%	17.78%	24%	15.43%	93%
Touchstone Sands Capital Select Grow th Z	PTSGX	1.51%	\$2,650,677,414	0.34%	61%	20.80%	3%	34.98%	2%
Touchstone Sands Capital Inst Gr	CISGX	1.50%	\$1,879,329,652	0.36%	60%	21.45%	2%	35.72%	2%
Turner Large Grow th Institutional	TTMEX	1.36%	\$254,252,990	-0.57%	86%	11.79%	73%	21.25%	80%
Columbia Global Extended Alpha A	RTAAX	1.36%	\$18,990,332	1.43%	34%	8.50%	73%	13.66%	59%
Invesco Leisure Investor	FLISX	1.25%	\$362,284,050	-2.50%	83%	18.34%	12%	29.20%	79%
Invesco Technology Sector B	FOBX	1.19%	\$103,441,217	-1.45%	81%	12.59%	67%	28.04%	34%
AllianceBern Global Thematic Gr A	ALTFX	1.17%	\$830,246,855	-3.98%	99%	5.56%	91%	-0.55%	95%
Invesco Technologov	FTCHX	1.17%	\$709,896,602	-1.29%	71%	12.27%	69%	25.97%	44%

Investor	Ticker	Assets	Facebook	Facebook %	Facebook %	Facebook %	Facebook %	Facebook %	Facebook %
Artisan Global Opportunities Inv	ARTRX	1.15%	\$238,682,629	2.30%	12%	22.11%	1%	26.59%	1%
Baron Global Advantage Institutional	BGAIX	1.11%	\$2,313,424	-1.64%	94%	N/A	N/A	N/A	N/A
FL Large-Cap Growth P	N/A	1.08%	\$125,638,896	-0.21%	80%	16.11%	19%	27.24%	31%
Invesco Van Kampen American Franchise A	VAFAX	1.04%	\$5,607,536,462	-0.25%	81%	12.63%	62%	19.20%	89%
Invesco Constellation A	CSTGX	1.04%	\$2,462,252,859	-0.22%	80%	11.61%	75%	17.55%	93%
Invesco Van Kampen Mid Cap Gr A	VGRAX	1.04%	\$1,891,989,133	-1.72%	78%	8.66%	75%	19.77%	74%
Invesco Dynamics Inv	FIDYX	1.02%	\$821,481,822	-1.76%	80%	9.18%	70%	21.21%	68%
T. Rowe Price Global Stock	PRGSX	1.00%	\$513,696,057	0.12%	78%	9.77%	54%	11.82%	68%
JHancock US Global Leaders Gr A	USGLX	0.99%	\$570,665,220	0.38%	59%	16.58%	14%	33.99%	3%
T. Rowe Price Media & Telecommunications	PRMTX	0.97%	\$2,176,042,473	1.34%	75%	20.59%	12%	28.47%	12%
Hodges Pure Contrarian Retl	HDPCX	0.95%	\$6,538,442	-0.27%	28%	19.01%	2%	20.88%	77%
T. Rowe Price Science & Tech	PRSCX	0.93%	\$2,691,539,999	-3.08%	96%	7.42%	93%	15.44%	92%
VALIC Company I Science & Technology	VCSTX	0.93%	\$239,494,861	-0.85%	51%	13.67%	58%	21.83%	64%
Hartford Growth Opportunities B	HGOBX	0.91%	\$1,878,737,839	0.00%	74%	20.86%	3%	25.27%	48%
Oppenheimer Main Street A	MSIGX	0.90%	\$5,199,383,488	2.20%	7%	14.49%	16%	30.19%	6%
Hartford Growth Opportunities HLS IA	HAGOX	0.89%	\$1,068,479,670	0.14%	69%	21.83%	2%	26.91%	35%
MassMutual Premier	MSSAX	0.87%	\$159,288,656	2.21%	7%	14.29%	18%	29.78%	7%

Still, the Morgan Stanley funds' large stakes raise questions about whether the firm's role as lead underwriter influenced decisions.

A large investment bank that simultaneously buys and sells shares in any company "is in this conflicted position," said Frank Partnoy, a law professor at the University of San Diego who worked for Morgan Stanley in the 1990s. "This time it didn't work out."

The funds span the \$1.6 billion Focus Growth fund to the \$2.5 million Institutional Global Advantage fund.

Morgan Stanley's funds don't appear to have violated Securities and Exchange Commission rules limiting investments in offerings underwritten by an affiliate. SEC rules allow bank-affiliated mutual funds to participate in offerings in which the bank's investment bankers are advising the company, as long as the fund managers don't buy more than 25% of the deal and they buy the shares from a different bank.

The concentration of Morgan Stanley's funds stands out when compared with funds operated by other large institutional holders of Facebook stock.

Morgan Stanley Focus Growth Portfolio had 5.7% of its assets in Facebook shares as of July 31, according to Morgan Stanley's website, while Morgan Stanley Institutional Opportunity Portfolio had 5.5% and Morgan Stanley Institutional Growth Portfolio had 4.8%. Others among the eight Morgan Stanley mutual funds range between 3.6% and 4.6%. Those proportions ranged between 5% and 7.8% on June 30, according to the most recent Morningstar data that included other fund families.

"It's surprising that so many Morgan Stanley affiliated funds out of the thousands of mutual funds show up as having

extremely big weights," said Jay Ritter, a professor of finance at the University Florida.

Morgan Stanley isn't the largest institutional holder of Facebook.

Larger holders by dollar value include Fidelity Investments, [T. Rowe Price Group](#) Inc. TROW -0.79% and Goldman Sachs Asset Management, a unit of underwriter [Goldman Sachs Group](#) Inc. GS -0.24% Goldman also owned Facebook shares before its IPO

Goldman's most concentrated mutual fund position in Facebook was the Technology Tollkeeper fund, with Facebook making up 2.85% of its portfolio as of the end of June.

No mutual funds operated by Fidelity or T. Rowe Price, two other large institutional holders, publicly reported holding more than 1% of their portfolios in Facebook through June.

Many of the Morgan Stanley funds are sold to institutions only, and require a \$5 million minimum investment.

Morgan Stanley Multicap Growth Fund—one fund open to retail investors, including Morgan Stanley Smith Barney brokers—had a stake in Facebook as early as November 2010, when Facebook shares were valued at about \$13. They closed Thursday at \$19.44, down 49% since the IPO.

In June, a commentary on Morgan Stanley's fund website noted that Facebook and other technology stocks were "the leading detractor in the portfolio this quarter," attributing the decline in Facebook shares "to post-IPO volatility."

Under SEC rules, mutual fund managers also are bound by fiduciary duties to look out for their investors' interests over their own.

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#### Read More

- [Deal Journal: Who Else Has a Big Bet on Facebook?](#)
- [Nasdaq's Facebook Plan Under Fire](#)

There's no sign that fund managers at Morgan Stanley bought Facebook shares because of the firm's underwriting relationship with Facebook, or to help curry favor with Facebook executives who chose Morgan Stanley for a key underwriting assignment in the spring IPO.

Mr. Ritter cited "psychological factors" as a possible explanation for the large investments, driven by the fact that many of the funds owned a big chunk of Facebook shares before the company sold shares to the public.

"There's a tendency to fall in love with what you've got rather than stepping back," said Mr. Ritter. Many Morgan Stanley funds added to their pre-public stakes during the month of the IPO—a sign, he said, that "they were drinking the Kool-Aid and became true believers."

Morgan Stanley has streamlined its mutual fund business under Gregory Fleming, who runs both the firm's asset management and wealth management units. Morgan Stanley's asset management at the end of June managed \$311 billion and produced \$456 million in revenues.

Morgan Stanley funds with the strongest liking for Facebook are overseen by Dennis Lynch, the firm's head of growth investing. A Morgan Stanley spokesman declined to comment on behalf of Mr. Lynch.

**Write to** Aaron Lucchetti at [aaron.lucchetti@wsj.com](mailto:aaron.lucchetti@wsj.com) and Telis Demos at [Telis.Demos@wsj.com](mailto:Telis.Demos@wsj.com)

Source: [The Wall Street Journal Online](#)



**THE WALL STREET JOURNAL**

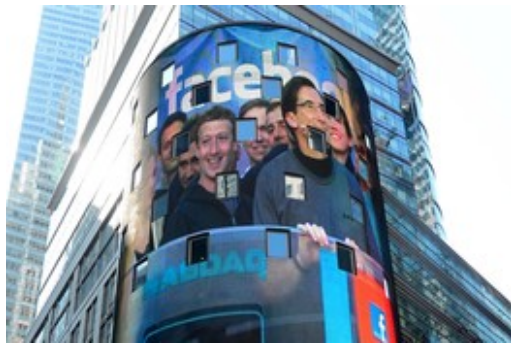
WSJ.com

August 24, 2012, 2:18 PM ET

# Who Else Has a Big Bet on Facebook

By Telis Demos

We [reported this morning about the concentration](#) of Facebook stock in the portfolio of one group of investors, several mutual funds operated by Morgan Stanley Asset Management. But that is not where the concentration of Facebook stock ends.



AFP/Getty Images

According to fresh data from Ipreo, which has tallied up the public filings by all investors, a relatively large chunk of Facebook stock just three months after its \$16 billion IPO in May is held by the company's 10 largest institutional investors (that excludes insiders, like CEO Mark Zuckerberg, and the early VC investors, like Accel Partners).

The top 10 "accounts," in banker-speak, represent about 50% of Facebook's institutional ownership, according to Ipreo, the capital markets data firm. That tops the 42% concentration for the top 10 institutions for all second quarter tech IPOs three months after they went public. Across more comparable \$1 billion-plus IPOs since 2010, the concentration is even lighter: The top 10 institutional accounts held 32% of those companies' shares.

This data, keep in mind, does not tell us who bought the IPO. That's a closely guarded secret held by the lead underwriters. These figures are based on public disclosures as of June 30. They are at best a proxy for how the IPO was actually distributed.

So who are the biggest betters — by total number of shares, not necessarily by weighting within the fund — on Facebook? Morgan Stanley Asset Management is only the fifth largest holder by that measure, according to Ipreo. Above them are Goldman Sachs Asset Management, Baillie Gifford & Company, Fidelity Investments, and T. Rowe Price Group Inc. Rounding out the top 10 are BlackRock Inc., Sands Capital Management LLC, Jennison Associates LLC, The Vanguard Group Inc. and Capital Research Global Advisors Inc.

Some of those investors were big pre-IPO holders. Goldman Sachs famously marketed a fund with pre-IPO Facebook stock to international investors, which accounts for a big chunk of its holdings. T. Rowe Price and Fidelity also bought in before the IPO. The point here is that they all may still be sitting on Facebook stock gains, depending on when exactly they got into the stock.

Others, however, appear to have gotten in primarily via the IPO, or after it began trading. That includes Baillie Gifford, an Edinburgh-based fund management giant that manages assets of £76.0 billion (\$120 billion). They are a sub-advisor to some large fund management families, like Vanguard, but also manage money on behalf of giant pension funds such as the California Public Employees' Retirement System (CALPERS), the New York City Police Pension Fund and the Korea National Pension Service, according to their website. The firm did not return requests for an interview.

Some of the big investors are also there just because they have to be. BlackRock and Vanguard operate many index funds that may have bought Facebook stock solely because it likely will be a member someday of indexes such as the S&P 500 and Nasdaq 100, and is already in indexes such as the Russell 1000.

What speaks loudly are the absences of firms that are typically very big holders of recently IPO'd companies. Citadel Advisors, which bought 17 other second-quarter IPOs according to Ipreo, owned just 167,164 Facebook shares at the end of June. Wellington Management Company LLP and Lord Abbett & Company LLC, which bought 11 second quarter IPOs, both held fewer than 1m shares. For context, Baillie Gifford reported holding 19 million shares.

RANK	NAME	TOTAL AUM	FB SHARES AS OF JUNE 30
1	Goldman Sachs Asset Management, L.P. (U.S.)	82,329.1	36,634,486.0
2	Baillie Gifford & Company	60,809.1	19,380,440.0
3	Fidelity Management & Research Company	544,656.5	18,774,915.0
4	T. Rowe Price Associates, Inc.	338,744.6	18,663,997.0
5	Morgan Stanley Investment Management, Inc. (U.S.)	54,113.2	16,362,788.0
6	BlackRock Fund Advisors	768,143.8	11,690,656.0
7	Sands Capital Management, LLC	22,157.4	11,649,292.0
8	Jennison Associates, LLC	80,316.4	9,691,825.0
9	The Vanguard Group, Inc.	908,526.5	9,582,480.0
10	Capital Research Global Investors (U.S.)	366,059.2	8,273,200.0

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JUN 02 2000

Ms. Barbara S. Fredericks  
Assistant General Counsel for Administration  
U.S. Department of Commerce  
1401 Constitution Avenue, N.W.  
Washington, D.C. 20230

Dear Ms. Fredericks:

The purpose of this letter is to describe the steps that I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed for and appointed to the position of Under Secretary and Director of the United States Patent and Trademark Office, U.S. Department of Commerce.

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my financial interests or those of any person whose interests are imputed to me, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). I understand that the interests of the following persons are imputed to me: any spouse or minor child of mine; any general partner of a partnership in which I am a limited or general partner; any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

Within 90 days of my confirmation, I will divest my interests in the IBM 401(k) plan funds, consisting of the Aggressive Life Strategy Mutual Fund, European Stock Index Mutual Fund, International Stock Market Index Mutual Fund, Small Cap Value Index Mutual Fund, Small Mid Cap Index Mutual Fund, Total Stock Market Index Mutual Fund, and the Stable Value Mutual Fund. I will also divest the N.B. Kaminsky 3 Fund. I will roll over all of these funds into non-conflicting assets. Until I have completed these divestitures, I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of any holding in these funds, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

Furthermore, within 90 days of my confirmation, I will also divest all of my IBM stock, including stock options, restricted stock units, and performance stock units. Until I have completed these divestitures, I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of IBM, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

I have an interest in the IBM Personal Pension Plan, a defined benefit plan managed by Fidelity

Investments and administered by IBM. No further contributions will be made by IBM during my Government service. For as long as I maintain an interest in the plan, I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the ability or willingness of IBM to provide the distributions to which I am entitled, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1).

With respect to my other assets in which I have a financial interest, including stock holdings and mutual fund holdings, disqualification is not presently required because of the applicability of a regulatory exemption under 18 U.S.C. § 208(b)(2). I will monitor the value of those interests and if the aggregate value of interests affected by a particular matter increases and exceeds the *de minimis* threshold, I will not participate in the particular matter, unless I first obtain a written waiver under 18 U.S.C. § 208(b)(1).

Upon confirmation, I will resign from the following positions:

Alexander Tognino Foundation, Member, Board of Directors  
 American Intellectual Property Law Association, Member, Board of Directors  
 IBM Corporation, Vice President and Assistant General Counsel, Intellectual Property Law and Strategy  
 Intellectual Property Owners Association, Vice President  
 Intellectual Property Owners Education Foundation, Member, Board of Directors  
 International Intellectual Property Society, Member, Board of Directors.

For a period of one year after my resignation, I will not participate personally and substantially in any particular matter involving specific parties in which any of the following organizations is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d):

Alexander Tognino Foundation  
 American Intellectual Property Law Association  
 IBM Corporation  
 Intellectual Property Owners Association  
 Intellectual Property Owners Education Foundation  
 International Intellectual Property Society.

My spouse is currently an attorney with ProBono Partnership. I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my spouse's compensation or employment with ProBono Partnership, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). In addition, for as long as my spouse continues to be employed with ProBono Partnership, I will not participate personally and substantially in any particular matter involving specific parties in which the ProBono Partnership is a party or represents a party, unless I am first authorized to participate under 5 C.F.R. § 2635.502(d). I also will not participate personally and



substantially in any particular matter involving specific parties in which I know that a client of my spouse is a party or represents a party, unless I have been authorized pursuant to 5 C.F.R. § 2635.502(d). In addition, for the duration of my appointment to the position of Under Secretary, my spouse has agreed not to communicate with the United States Patent and Trademark Office on behalf of the organization or any of her clients.

Finally, I understand that as an appointee, I am required to sign the Ethics Pledge (Exec. Order No. 13490) and that I will be bound by the requirements and restrictions therein in addition to the commitments I have made in this and any other ethics agreement.

Sincerely,

A handwritten signature in black ink, appearing to read "David J. Kappos", written in a cursive style.

David J. Kappos