



**RUTGERS POLICY**

**UNIVERSITY POLICY**

**Section:** 50.1.12

**Section Title:** Administrative Governance

**Policy Name:** Conflicts of Interest Policy for Members of the Boards of Governors and Trustees, the Camden Board of Directors, and University Officers

**Formerly Book:** 6.4.15

**Approval Authority:** Board of Governors and Board of Trustees

**Responsible Executive:** Senior Vice President and General Counsel

**Responsible Office:** Office of the Secretary of the University

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**Errors or changes?** Contact: Office of the Secretary of the University at [secretary@oldqueens.rutgers.edu](mailto:secretary@oldqueens.rutgers.edu)

<b><u>Policy Name:</u></b>	<u>Conflicts of Interest Policy for Members of the Boards of Governors and Trustees, the Camden Board of Directors, and University Officers</u>				
<b><u>Section #:</u></b>	<u>50.1.12</u>	<b><u>Section Title:</u></b>	<u>Governance &amp; Legal Matters: Administrative Governance</u>	<b><u>Formerly Book:</u></b>	<u>6.4.15</u>
<b><u>Approval Authority:</u></b>	<u>Board of Governors and Board of Trustees</u>		<b><u>Adopted:</u></b>	<u>11/11/1983</u>	<b><u>Reviewed:</u></b> <u>06/16/2020</u>
<b><u>Responsible Executive:</u></b>	<u>Senior Vice President and General Counsel</u>		<b><u>Revised:</u></b>	<u>04/07/2005; 06/09/2005 (changed to a Board policy, substantive revisions require approval by both the BoG &amp; BoT); 06/12/2008; 12/2008; 06/20/2012; 07/01/2013; 06/13/2014; 06/16/2020</u>	

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<b>Responsible Office:</b>	<u>Office of the Secretary of the University</u>	<b>Contact:</b>	<u>secretary@oq.rutgers.edu</u>
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### 1. Policy Statement

- Addresses how issues of actual, potential, or perceived conflicts of interest involving members of the Board of Governors, the Board of Trustees, the Camden Board of Directors, or University officers should be identified, disclosed, and managed.
- Establishes a requirement for the filing of an annual Conflict of Interest Form by members of the Board of Governors, the Board of Trustees, the Camden Board of Directors, and University officers.
- Sets forth the applicability of the New Jersey Conflicts of Interest statute (N.J.S.A. 52:13D-12 et seq.) to members of the Board of Governors, the Board of Trustees, the Camden Board of Directors, and University Officers.

### 2. Reason for Policy

- To clarify the existing conflicts of interest law and policy applicable to members of the Board of Governors, the Board of Trustees, the Camden Board of Directors, and University officers.
- To ensure that no detriment or appearance of detriment to the University's interests results from a conflict between the best interests of the University and any personal, financial or other interest of a Board member or University officer.

### 3. Who Should Read This Policy

Members of the Board of Governors, Board of Trustees, ~~and~~ the Camden Board of Directors, and University Officers.

### 4. ~~Related Documents~~ Resources

New Jersey Conflicts of Interest statute (N.J.S.A. 52:13D-12 et seq.)

<http://www.state.nj.us/ethics/statutes/conflicts/>

### ~~5. Contacts~~

~~Senior Vice President and General Counsel  
848-932-7697~~

### 5. Definitions

N/A

### 6. The Policy

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## **~~50.1.12 CONFLICTS OF INTEREST POLICY FOR MEMBERS OF THE BOARDS OF GOVERNORS, TRUSTEES, CAMDEN BOARD OF DIRECTORS, AND UNIVERSITY OFFICERS<sup>1</sup>~~**

Rutgers, The State University is an instrumentality of the State of New Jersey and provides public higher education services. The University is “impressed with a public trust,” and members of the Boards of Governors, Trustees, Camden Board of Directors, and University officers<sup>1</sup> have a fiduciary duty to the University. A Board member’s and officer’s fiduciary duty provides that he or she shall always be guided by the best interests of the University. Thus, Board members and officers may not act on matters in which they have a financial or personal interest that might interfere with the performance of their duties. This policy addresses how issues of actual, potential or perceived conflict should be addressed. Particular care shall be exercised by the Board member or officer to assure that no detriment or appearance of detriment to the University’s interests results from a conflict between those interests and any personal, financial or other interests which a Board member or officer may have.

### **I. Applicability of the New Jersey Conflicts of Interest Statute (N.J.S.A. 52:13D-12 et seq.)**

Members of the Boards of Governors, and Trustees, and the Camden Board of Directors are “Special State Officers” and University officers are “State officers” under the terms of the New Jersey Conflicts of Interest Law (N.J.S.A. 52:13D-12 et seq.). The general standards of conduct in the New Jersey Conflicts of Interest Statute specifically applicable to members of the Board of Governors, Board of Trustees, Camden Board of Directors, and University officers are set forth in the Code of Ethics approved by the State Ethics Commission (formerly known as the Executive Commission on Ethical Standards) (the language reflects the wording found in the New Jersey Conflicts of Interest Law):

1. Members of the Boards of Governors or Trustees, the Camden Board of Directors, or University officers shall not have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity, which is in substantial conflict with the proper discharge of his or her duties in the public interest.
2. Members of the Boards of Governors or Trustees, the Camden Board of Directors, or University officers who engage in any particular business, profession, trade or occupation which is subject to licensing or regulation by a specific agency of State Government shall promptly file notice of such activity with the University’s ~~Executive~~ Senior Vice President for Academic Affairs.
3. Members of the Boards of Governors or Trustees, the Camden Board of Directors, or University officers shall not use or attempt to use their official positions at the University to secure unwarranted privileges or advantages for themselves or others.
4. Members of the Boards of Governors or Trustees, the Camden Board of Directors, or University officers shall not act in their official capacities in any matter wherein they have

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<sup>1</sup> Pursuant to the Board of Governor’s Bylaw III.A., the officers of the University are defined to be “a President, an ~~Executive~~ Senior Vice President for Academic Affairs, an ~~Senior~~ Executive Vice President for Finance and Administration and University Treasurer (who serves as the University’s Chief Financial Officer), a ~~Senior Vice President for Administration~~ Executive Vice President for Strategic Planning and Operations and Chief Operating Officer, a Chancellor Rutgers University–New Brunswick, a Chancellor, Rutgers Biomedical and Health Sciences and Executive Vice President for Health Affairs, a Chancellor Rutgers University–Newark, a Chancellor Rutgers University–Camden, a Chancellor New Brunswick, an ~~Executive Vice President for Health Affairs and Chancellor–Rutgers Biomedical and Health Sciences~~, a Secretary of the University, a Senior Vice President for External Affairs, a President, Rutgers University Foundation and Executive Vice President for Development and Alumni Relations, a Senior Vice President for Research and Economic Development, ~~Vice President for University Communications and Marketing~~, and a Senior Vice President and General Counsel, and such other officers as the President, in consultation with the Board, may determine.”

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a direct or indirect personal financial interest that might reasonably be expected to impair their objectivity or independence of judgment.

5. Members of the Boards of Governors or Trustees, the Camden Board of Directors, or University officers shall not accept any gifts, favors, services or other things of value under circumstances from which it might be reasonably inferred that such gifts, services, or other things of value were given or offered for the purpose of influencing them in the discharge of their official duties.
6. Members of the Boards of Governors or Trustees, the Camden Board of Directors, or University officers shall not undertake any employment or service, whether compensated or not, which might reasonably be expected to impair their objectivity and independence of judgment in the exercise of official duties.
7. Members of the Boards of Governors or Trustees, the Camden Board of Directors, or University officers shall not knowingly act in any way that might reasonably be expected to create an impression or suspicion among the public having knowledge of their acts that they may be engaged in conduct violative of their trust as a special State officer or State officers.
8. University officers shall file secondary or outside employment forms with the ~~Executive~~ Senior Vice President for Academic Affairs concerning negotiation, appearance or representation on behalf of any party other than the State in connection with any cause, proceeding, application, or other matter pending before any State agency.

In addition to the general code of conduct, which sets forth guiding principles, there are also numerous specific prohibitions. Of course, these specific provisions would raise issues under the code of conduct provisions, but the legislature determined that conduct crossing certain lines should be beyond debate.

For example, no public employee or official may represent or negotiate with any company in which he or she has a 10% interest in any matter pending before any state agency (not just the agency with which the individual is involved) (N.J.S.A. 52:13D-16). Uncompensated "Special State Officers" may represent or negotiate on behalf of third parties on matters that do not concern the agency involved; so members of the Boards may not represent or negotiate on behalf of third parties on Rutgers matters. The statute also prohibits disclosure, whether or not for pecuniary gain, of information a Board member or officer acquires in the course of University service which is not generally available to the public (N.J.S.A. 52:13D-25).

The conflicts of interest law generally does not address how potential conflicts of interest issues are monitored. As a practical matter, most situations in which an employee could potentially have a conflict require approval of a supervisor for the employee to proceed. As a control group, members of the Boards, Trustees, and Officers need to be personally sensitive to potential conflicts issues so that possible conflicts are disclosed and discussed.

## **II. Identification of Potential Conflict of Interest Situations**

Pursuant to the New Jersey Conflict of Interest Statute, a member of the Board of Governors, the Board of Trustees, the Camden Board of Directors, or a University officer must recuse himself or herself from a matter involving an outside entity in which he or she has an interest if he or she or an immediate family<sup>2</sup> member has:

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<sup>2</sup> Immediate family (as used in this policy) includes one's spouse, civil union partner, domestic partner, child, parent or sibling residing in the same household (pursuant to the definition given in N.J.S.A. 52:13D-13.i.).

1. Any financial interest, direct or indirect, exceeding 10% of the profit, assets or stock of that outside entity or any financial interest, of whatever magnitude, that is incompatible with the discharge of his or her public duties; or
2. Any personal interest, direct or indirect, that is incompatible with the discharge of his or her public duties with respect to that matter.

An incompatible financial or personal interest includes, but is not limited to, outside employment; a debtor/creditor relationship; a fiduciary relationship; a source of income; any matter pertaining to a relative or cohabitant; a relationship with a person providing funds, goods or services without compensation; any matter pertaining to a business associate or business investment; and a leadership role in a professional or trade organization, where such relationship or interest might reasonably be expected to impair a Board member's or an officer's objectivity and independence of judgment in the exercise of his or her official duties, or might reasonably be expected to create an impression or suspicion among the public having knowledge of his or her acts that he or she may be engaged in conduct violative of his or her trust as a Board member or University officer.

### III. **Annual Conflict of Interest Form**

Each member of the Board of Governors, the Board of Trustees, the Camden Board of Directors, and each University officer shall be required to file with the Secretary of the University an annual Conflict of Interest Form, certifying: (1) that he or she has read the Conflicts of Interest Policy for Members of the Boards of Governors and Trustees, the Camden Board of Directors, and University Officers; and (2) agrees to be governed by it; and (3) agrees not to disclose any confidential information acquired in the course of University service which is not generally available to the public. The form will include the following questions:

1. Please list any occupation, trade, business, profession or employment presently engaged in by you and each member of your immediate family:

2. Do you hold a license issued by a state agency that entitles you to engage in a particular occupation, trade, business, profession or employment?

\_\_\_\_\_ Yes                      \_\_\_\_\_ No

If yes, please list the license held, the issuing state, and whether the license is active:

3. Are you or a member of your immediate family employed by the University or have you or a member of your immediate family received or expect to receive payment, compensation, or remuneration from the University?

\_\_\_\_\_ Yes                      \_\_\_\_\_ No

If yes, please list the name of the individual, their relationship to you, and the position for which payment or compensation is received or expected to be received below:

4. Are you or a member of your immediate family an officer, director, trustee, partner (general or limited), employee or regularly retained consultant (compensated or uncompensated) of any company, firm or organization (profit or non-profit) that presently has business dealings with

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the University or which might reasonably be expected to have business dealings with the University in the coming year?

\_\_\_\_\_Yes                      \_\_\_\_\_No

If yes, please list the name of the individual and their relationship to you, the name of the company, firm or organization, the position held, and the nature of the business which is currently being conducted with the University or which may reasonably be expected to be conducted with the University in the coming year:

5. Do you or does any member of your immediate family have a financial interest of 10% or greater in a company, firm or organization which currently has business dealings with the University or which may reasonably be expected to have such business dealings with the University in the coming year?

\_\_\_\_\_Yes    \_\_\_\_\_No

If yes, please list the name of the individual holding the interest and their relationship to you, the name of the company, firm or organization, the nature of the interest and the nature of the business which is currently being conducted with the University or which may reasonably be expected to be conducted with the University in the coming year:

6. Have you or a member of your immediate family accepted gifts, gratuities, lodging, dining, or entertainment that might reasonably appear to influence your judgment or actions concerning the business of the University?

\_\_\_\_\_Yes    \_\_\_\_\_No

If yes, please provide details below:

If any material change to the responses provided on the annual Conflict of Interest Form occurs before the next form is due, the Board member or officer is required to update the information on the form in writing, and submit the update to the Secretary of the University.

#### **IV. Procedures for Disclosure and Management of Conflicts of Interest**

In the event the University is considering any transaction which may constitute a conflict of interest for a Board member or University officer, the Board member or officer at the first knowledge of such a transaction must disclose the precise nature of the interest (unless previously disclosed) to the Secretary of the University who shall assist the Board member or officer in determining whether recusal is appropriate. The Secretary of the University may also, from time to time, bring a potential conflict of interest to the attention of a Board member or University officer. The Secretary of the University shall seek counsel from the Senior Vice President and General Counsel where necessary. The Senior Vice President and General Counsel (in consultation with the chair of the Committee on Audit) shall promptly make a determination as to whether such interest constitutes a conflict of interest requiring recusal and shall notify the Board member or officer, the chair of the Committee on Audit and the Chair of the Board on which the member sits, and the Secretary of the University. In the case of University officers the Senior Vice President and General Counsel shall also notify the University President.

Recusal constitutes a bar to any participation by the Board member or officer on the matter which relates to the Board member's or officer's financial or personal interest and includes a prohibition

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on all communication by the Board member or officer on the matter to any Board member, University officer or employee. Recusal specifically requires that the Board member or officer not receive subsequent communications, documents or records regarding the proposed matter and absent himself or herself from the room during consideration or discussion of the proposed matter during a Board committee or Board meeting. Recusal also requires that the Board member may not cast a vote on such an issue.

This policy statement shall be interpreted and applied in a manner that will best serve the interests of the University. Should a Board member or officer disagree that a matter requires his or her recusal, the Senior Vice President and General Counsel, in consultation with the chair of the Committee on Audit, shall make the final, written determination. In the case of recusal of the Senior Vice President and General Counsel, the chair of the Committee on Audit shall make the final written determination. The written determination shall be transmitted to the Board member or officer, the chair of the Committee on Audit and the Chair of the Board on which the member sits, and the Secretary of the University. In the case of University officers, the Senior Vice President and General Counsel shall also notify the University President.

On an annual basis, the Secretary of the University shall provide a summary report to the Committee on Audit summarizing the results of these disclosures and the ways in which they were addressed. The chair of the Committee on Audit shall subsequently give a brief summary report to the full Board of Governors.