

## Charleston Research Institute Policy Memorandum

**Title:** Conflict of Interest for Board Members and Employees Policy

**Reviewed by:** Board of Directors

**Implementation Date:** June 17, 2004

**Revision Date:** April 18, 2005, March 11, 2008, June 10, 2008

**Next Scheduled Review Date:** June 17, 2010

**Approval:** M. Rita I. Young, Ph.D., Chairperson

### **Policy Statement:**

This policy is intended to supplement, but not replace, federal and state laws governing conflicts of interest applicable to nonprofit corporations (NPCs). It applies to Board members and employees. Persons covered under this policy, as well as their relatives and associates, are hereinafter referred to as "interested parties". A conflict of interest exists when the Board of Directors decides there is a conflict.

### **Background:**

A conflict of interest may exist when the interests or concerns of an interested party may be seen as competing with the interests or concerns of Charleston Research Institute (CRI). There are a variety of situations that raise conflict of interest concerns including, but not limited to, the following:

*Financial Interests* - A conflict may exist where an interested party directly or indirectly benefits or profits as a result of a decision, policy or transaction made by CRI. A financial interest is not necessarily a conflict of interest. A financial conflict of interest exists only when the Board decides a person with a financial interest has a conflict of interest. Examples include situations where:

- CRI contracts to purchase or lease goods, services, or properties from an interested party.
- CRI offers employment to an interested party, other than a person who is already employed by CRI.
- An interested party is provided with a gift, gratuity, or favor of a substantial nature from a person or entity that does business or seeks to do business with CRI.
- An interested party is gratuitously provided use of the facilities, property, or services of CRI.
- CRI adopts a policy that financially benefits an interested party.

*Other Interests* - A conflict also may exist where an interested party obtains a financial benefit or advantage that he/she would not have obtained absent his/her relationship with CRI. Examples include where:

- An interested party seeks to make use of confidential information obtained from CRI for his/her own benefit (not necessarily financial) or for the benefit of another interested party.
- An interested party seeks to take advantage of an opportunity or enables

- another interested person or other organization to take advantage of an opportunity that he/she has reason to believe would be of interest to CRI.
- CRI adopts a policy that provides a significant non-financial benefit to an interested party.

**Guidelines:**

Disclosure statements will be submitted as follows. For Board members, the disclosure statements shall be provided to the Chairperson of the Board. The Chairperson's disclosure statement shall be provided to the Treasurer of the Board or its equivalent. Copies shall also be provided to the Executive Director of CRI. In the case of employees, the disclosure statements shall be provided to the Executive Director of CRI. In the case of the Executive Director, the disclosure statement shall be provided to the Chairperson of the Board. An affirmation of compliance shall be submitted and reviewed annually thereafter. An additional disclosure statement shall be filed whenever a potential conflict arises.

In all cases, the recipient is the designated reviewing official responsible for bringing potential conflicts to the attention of the appropriate authorities. The Treasurer of the Board of Directors shall file copies of all disclosure statements with the official corporate records of CRI.

Whenever there is reason to believe that a potential conflict of interest exists between CRI and a Board member or the Executive Director, the Board of Directors shall determine the appropriate response. This shall include, but not necessarily be limited to, invoking the procedures described below with respect to a specific proposed action, policy or transaction. The designated reviewing official has a responsibility to bring a potential conflict of interest to the attention of the Board promptly for action at the outset of the next regular meeting of the Board or during a special meeting called specifically to review the potential conflict of interest.

Where the potential conflict involves an employee of CRI other than the Executive Director, the Executive Director shall be responsible for reviewing the matter and may take appropriate action as necessary to protect the interests of CRI. The Executive Director shall report to the Chairperson the results of any review and the action taken. The Chairperson shall determine whether any further Board review or action is required.

Where a potential conflict exists between the interests of CRI and an interested party with respect to a specific proposed action, policy or transaction, the Board of Directors shall consider the matter during a meeting of the Board. CRI shall refrain from acting until such time as the disinterested members of the Board of Directors of CRI have approved the proposed action, policy or transaction. The following procedures shall apply:

- An interested party who has a potential conflict of interest with respect to a proposed action, policy or transaction of the corporation shall not participate in any way in, or be present during, the deliberations and

decision-making vote of CRI with respect to such action, policy or transaction. However, the interested party shall have an opportunity to provide factual information about the proposed conflict and/or action, policy or transaction. Also, the Board may request that the interested party be available to answer questions.

- The disinterested members of the Board of Directors may approve the proposed action, policy or transaction upon finding that it is in the best interests of CRI. The Board shall consider whether the terms of the proposed action, transaction or policy are fair and reasonable to CRI and whether it would be possible, with reasonable effort, to find a more advantageous arrangement with a party or entity that is not an interested party.
- Approval by the disinterested members of the Board of Directors shall be by vote of a majority of directors in attendance at a meeting at which a quorum is present. An interested party shall not be counted for purposes of determining whether a quorum is present, or for purposes of determining what constitutes a majority vote of directors in attendance.
- The minutes of the meeting shall reflect that the conflict disclosure was made to the Board, the vote taken and, where applicable, the abstention from voting and participation by the interested party. Whenever possible, the minutes should frame the decision of the Board in such a way that it provides guidance for consideration of future conflict of interest situations.

If the Board of Directors has reason to believe that an interested party has failed to disclose a potential conflict of interest, it shall inform the person of the basis for such belief and allow the person an opportunity to explain the alleged failure to disclose. If the Board decides that the interested party has in fact failed to disclose a possible conflict of interest, the Board shall take such disciplinary and corrective action, as the Board shall determine. Ralph H. Johnson VAMC Conflict of Interest Committee will review and oversee any potential conflicts of interest.

I certify that I have reviewed Charleston Research Institute's Conflict of Interest policy and have disclosed any potential Conflict of Interest with CRI. Any information set forth in disclosure statements and attachments, if any, is true and correct to the best of my knowledge.

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Signature \_\_\_\_\_

Date \_\_\_\_\_

Name \_\_\_\_\_  
(Please Print)

**Annual Review and Reaffirmation**

Signature \_\_\_\_\_

Date \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_



This completed form may only be reviewed by personnel on an "as needed" basis when required by the responsibilities of their position.

This form must be completed and submitted by each principal investigator, co-principal investigator, investigator and collaborator. The information will be used to determine if there is a perceived or real financial conflict of interest or if there is the potential for such financial conflicts of interest. The form will only be reviewed by persons on a need-to-know basis. The completed and signed document must be submitted to the financial conflict of interest (FCOI) committee.

Note: if any questions below are answered in the affirmative, the conflicts must be managed with the assistance of the VA Regional Counsel or, in Central Office, the Office of the General Counsel. Further, even if no question is answered in the affirmative, your financial holdings or arrangements may still pose a conflict of interest within the meaning of Chapter 11 of Title 18, United States Code, and the Executive Branch Standards of Conduct at 5 C.F.R. Part 2635. Compliance with the provisions in this handbook will not necessarily satisfy the requirements of these criminal and regulatory conflict of interest provisions. If you have questions regarding these requirements, you can contact your local Regional Counsel for assistance. If you are located in Central Office, you can contact the Assistant General Counsel for Professional Staff Group III (023).

LAST NAME- FIRST NAME- MIDDLE INTIAL

SECTION I

INSTRUCTIONS: If any of the following questions are answered in the affirmative you will be expected to provide such information as required to determine whether the financial holdings or business interests in question are sufficiently small that the potential conflict of interest should not preclude funding of or conducting VA research.

1. INCOME AND COMPENSATION. Do you or your spouse or dependent child receive income or other compensation for services (to include consulting fees, honoraria, gifts, and/or in kind compensation) from a single entity (or a group of affiliated entities) that when aggregated for you, your spouse and dependent child has in the prior year exceeded \$10,000 and/or is expected to exceed \$10,000 in the next 12 months? NOTE: An entity is any for profit organization, institution, corporation, partnership, or other entity (other than a Federal agency or university affiliate) that does or seeks to do business in an area related to your present research or research you are currently planning.

YES

NO

2. PATENTS. Do you or your spouse, or dependent child, or an organization (other than a Federal agency ) in which you are an officer, director, trustee, general partner or employee own any patents or provisional patents that are related to your present research or research you are currently planning or to any of your other research duties?

YES

NO

3. COPYRIGHTS. Do you or your spouse, or dependent child, or an organization (other than a Federal agency ) in which you are an officer, director, trustee, general partner or employee hold any copyrights that are related to your current research or research you are currently planning?

YES

NO

4. ROYALTIES. Do you or your spouse, or dependent child, or any organization in which you are an officer, director, trustee, general partner or employee receive any royalty payments or non-monetary considerations from a business or organization that does business in an area related to your current research or research you are currently planning?

YES

NO

<b>5. BUSINESS CONCERNS.</b> Do you or your spouse, or dependent child, or an organization in which you are an officer, director, trustee, general partner or employee have any business or financial relationship with any person or organization for which the results of your current research or research you are currently planning may be reasonably expected to affect the development or marketing of that person's or organization's product or service?	<input type="checkbox"/> YES
	<input type="checkbox"/> NO
<b>6. NON-PUBLICLY TRADED COMPANIES.</b> Do you or your spouse, dependent child, or any organization in which you are an officer, director, trustee or general partner own or have any equity interests by way of stock ownership or stock options in a non-publicly traded company that does business in an area that is related to your present research or research you are currently planning?	<input type="checkbox"/> YES
	<input type="checkbox"/> NO
<b>7. PUBLICLY TRADED COMPANIES.</b> Do you or your spouse, dependent child, or any organization in which you are an officer, director, trustee or general partner own or have an equity interest valued at more than \$15,000 (stock ownership or stock options, etc.) in a publicly traded company that does business in an area that is related to your present research or research you are currently planning? <i>NOTE: This does not include stock that is controlled through a widely diversified mutual fund or a blind trust.</i>	<input type="checkbox"/> YES
	<input type="checkbox"/> NO

**IF YOU HAVE CHECKED NO TO ALL QUESTIONS CHECK THIS BOX**

I certify that, to the best of my knowledge and belief, all of the information on this disclosure is true, correct, complete, and made in good faith. I understand that false or fraudulent information on this disclosure may be grounds for not accepting the research proposal and may be punishable by fine or imprisonment (U.S. Code, Title 18, section 1001).

Signature of Investigator	Date
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**SECTION II: SUPPLEMENTAL INFORMATION**

**1. INCOME & COMPENSATION.** If you answered yes in Section I, explain source, and reason for compensation: (NOTE: the FCOI committee may request information on the values or amounts.)

**2. PATENTS.** If you answered yes in Section 1 provide additional information below. For additional patents provide same information on a separate sheet and attach.

<b>2A. PATENT NUMBER:</b>		
<b>2B. IS THIS A PROVISIONAL PATENT?</b>	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>2C. DATE OF PATENT:</b>	<b>2D. PERIOD COVERED:</b>	
<b>2E. TITLE OF PATENT:</b>		
<b>2F. PROJECTED ROYALTIES BY YEAR:</b>		
<b>2G.HAVE ANY ACTIVE OR PENDING LICENSE AGREEMENTS BEEN ISSUED? (If yes, attach a copy of each license.)</b>	YES <input type="checkbox"/>	NO <input type="checkbox"/>

**SECTION II: SUPPLEMENTAL INFORMATION Continued**

**3. COPYRIGHTS.** If you answered yes in Section 1, provide additional information below.

**4. ROYALTIES.** If you answered yes in Section 1, provide additional information below.

**4A. SOURCE:**

**4B. AMOUNT:**

**5. BUSINESS CONCERNS.** If you answered yes in Section I, provide additional information below including specific information on the business and on the development or marketing of the product or service.

**6. NON-PUBLICLY TRADED COMPANIES.** If you answered yes in Section I, provide additional information below.

YES

**VALUE OF STOCK/STOCK OPTIONS:** Does this value represent more than a 5% ownership of the company?

NO

**7. PUBLICLY TRADED COMPANIES.** If you answered yes in Section I, provide additional information below.

YES

**VALUE OF STOCK/STOCK OPTIONS:** Does This Value Represent More Than A 5% Ownership Of The Company?

NO

## PRIVACY ACT STATEMENT

Title I of the Ethics in Government Act of 1978 (5 U.S.C. App.), Executive Order 12674, and 5 CFR 2634, Subpart I, of the Office of Government Ethics regulations require the reporting of this information. The primary use of the information on this form is for review by the VHA Conflict of Interest Committee to determine compliance with applicable Federal conflict of interest laws and regulations and the impact of any real or perceived financial conflicts of interest on VA research. Additional disclosures of the information in this report may be made:

- (1) to other VA research review committees and VA officials responsible for the approval or funding of research protocols;
- (2) if there is an indication of a violation or potential violation of law, whether civil, criminal or regulatory in nature and whether arising by general statute or particular program statute, or by regulation, rule or order issued pursuant thereto, to the appropriate Federal, State or local agency charged with the responsibility of investigating or prosecuting such violation or charged with enforcing or implementing the statute or rule, regulation or order issued pursuant thereto;
- (3) to qualified reviewers for their opinion and evaluation of a proposal as part of the application review process when a proposal is submitted for funding;
- (4) to the National Archives and Records Administration of the General Services Administration in records management inspections; and
- (5) to the Department of Justice (DOJ) upon official request in order for VA to respond to pleadings, interrogatories, orders or inquires from DOJ and to supply to DOJ the information to enable DOJ to represent the U.S. Government in any phase of litigation or in any case or controversy involving VA.

Failure to file or report information or the falsification of required information may subject you to disciplinary action by the VA or other appropriate authority. This may include limitation on or revocation of the privilege to conduct VA-approved research. It may also be subject to criminal prosecution.