

NYU LANGONE MEDICAL CENTER

POLICY ON TRUSTEE CONFLICTS OF INTEREST

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I. Applicability

This Policy applies to trustees of the Medical Center (“Trustees”). All capitalized terms shall have the meaning set forth in Section VI below.

II. General Policy

A. Trustees have a primary obligation to serve the purposes to which the Medical Center is dedicated. As part of this obligation, each Trustee has a duty to conduct his or her Medical Center duties and the affairs of the Medical Center in a manner that promotes the best interests of the organization.

B. A “**Conflict of Interest**” exists when a Trustee’s personal interests or activities within or outside of the Medical Center influence or appear to influence a Trustee’s ability to promote objectively the best interests of the Medical Center. Any business transaction which involves the Medical Center and the Trustee, a member of his or her Immediate Family, or an entity in which he or she has a Material Interest gives rise to a Conflict of Interest. Examples of Conflicts of Interest are set forth in Section VII below.

C. The Medical Center does not enter into any business transactions with Trustees, members of their Immediate Family, or entities in which any Trustee has a Material Interest, and does not engage in any other matter which gives rise to a potential Conflict of Interest. An exception to this policy may be made only when the Audit and Compliance Committee of the Board of Trustees determines that extraordinary circumstances merit an exception as provided in Section IV (C) below.

III. Disclosure

A. Disclosure – General on Appointment and Re-Appointment. Trustees must submit a general disclosure statement upon appointment, upon each triennial reappointment thereafter, and upon request of the Office of Compliance. In the general disclosure statement, a Trustee must certify compliance with this Policy and disclose all entities in which he or she holds a Material Interest which he or she reasonably believes does or may do business with the Medical Center or competes or may compete with the Medical

Center. All disclosures must be made in specific amounts. The Trustee must disclose any entity in which the Trustee and/or any member of his or her Immediate Family:

- (i) has a director or trustee position;
- (ii) has an officer or senior executive position;
- (iii) is a partner; or
- (iv) owns or controls more than 5% of the entity's outstanding equity.

The general disclosure statement form will be provided to each Trustee by the Office of Compliance and must be completed and returned within thirty (30) days of receipt and prior to the first meeting of the Board of Trustees (or a Committee thereof) following his or her appointment or reappointment. Trustees may also be required to disclose additional personal interests, activities and relationships as mandated by regulatory requirements (e.g., IRS Form 990).

B. Disclosure – Specific Situations. Trustees must disclose to the Office of Compliance any specific situation that gives rise to a potential Conflict of Interest involving the Trustee.

C. Confidentiality. All disclosures will be kept confidential and divulged by the Medical Center solely for review under this Policy on a need-to-know basis.

IV. Review and Evaluation

A. Office of Compliance Initial Review. The Office of Compliance is responsible for reviewing each disclosure received from any Trustee and for determining whether a potential Conflict of Interest exists under the circumstances. In cases where the Office of Compliance believes that a Conflict of Interest exists, the Office of Compliance will submit the matter to the Audit and Compliance Committee for review in accordance with this Policy.

B. Audit and Compliance Committee Review. The Audit and Compliance Committee is responsible for reviewing and evaluating each potential Conflict of Interest involving a Trustee submitted by the Office of Compliance. As a matter of policy, if the Audit and Compliance Committee finds that a Conflict of Interest exists, the Medical Center will not approve the matter, unless the Audit and Compliance Committee determines, after reviewing all material facts, that extraordinary circumstances merit an exception and the Audit and Compliance Committee adopts a plan for managing and monitoring the Conflict of Interest which is fully consistent with the best interests of the Medical Center. The Audit and Compliance Committee must report to the Board of Trustees all findings it makes arising from its review and evaluation responsibilities under this Policy.

V. Recusal

No Trustee shall participate in the discussion and vote of any matter that gives rise to a potential Conflict of Interest. In such event, the Trustee must recuse himself or herself from participation in the discussion and vote of the matter and notify the Office of Compliance as provided under Section III(B) above.

VI. Definitions

A. **“Conflict of Interest”** shall have the meaning ascribed to it in Section II(B) above.

B. **“Immediate Family”** means the person's spouse, domestic partner, children, parents, siblings, equivalents by marriage, or other individuals residing in the person's household.

C. A “**Material Interest**” in an entity is held when a Trustee and/or a member of his or her Immediate Family (a) is a director, trustee, partner, officer or senior executive in the entity or (b) has a financial interest of any kind in the entity which, in view of all the circumstances, is substantial enough that it might affect, or reasonably be perceived to affect, the Trustee’s judgment with respect to transactions between the Medical Center and the entity. A “financial interest” includes all forms of direct and indirect compensation, remuneration, ownership or control of the entity.

VII. Examples of Conflicts of Interest

The following are situations that give rise to a Conflict of Interest and require disclosure to the Office of Compliance in accordance with this Policy. This list is by no means all-inclusive. In case of uncertainty as to whether or not a Conflict of Interest exists, a Trustee should disclose the matter to the Office of Compliance. Some potential Conflicts of Interest occur when:

A. A Trustee or a member of his or her Immediate Family has a Material Interest in an entity or vendor that the Medical Center is contemplating doing business with (e.g., the Medical Center is contemplating purchasing or selling of goods, services, or real estate, or making or receiving a loan to or from such individual or entity, or is contemplating accepting a grant from such individual or entity for sponsored research).

B. A Trustee or a member of his or her Immediate Family proposes that the Medical Center use or purchase goods in which the Trustee has a proprietary interest (e.g., a Trustee advocates the use of a device designed by a member of the Trustee’s Immediate Family).

C. A Trustee, a member of his or her Immediate Family, or any entity in which he or she has a Material Interest either engages in competition with a service the Medical Center offers (e.g., by working for an organization which competes directly with the Medical Center).

D. A Trustee, a member of his or her Immediate Family, or any entity in which he or she has a Material Interest recruits any Medical Center faculty member or employee or solicits business which knowingly disturbs, or could be expected to disturb, the existing professional or business relationships of the Medical Center with any faculty member, employee, health care provider or referral source.

E. A Trustee proposes that the Medical Center hire or contract with a member of his or her Immediate Family for a position or activity that is within the Board of Trustees’ direct supervision or control. The employment of a Trustee’s Immediate Family with the Medical Center must be in accordance with NYU’s *Policy on the Employment of Members of the Same Family*.

F. A Trustee solicits or accepts a gift, favor or anything of monetary value from a contractor, vendor, patient, co-worker, volunteer or other person with whom the Medical Center has a business relationship, except as specifically provided in the Medical Center’s *Policy on Acceptance and/or Solicitation of Gifts or Benefits From Vendors, Patients and Others*.

G. A Trustee uses any assets, property or labor of the Medical Center to his or her personal advantage.

H. A Trustee discloses or uses any non-public information obtained in the course of discharging his or her duties and responsibilities at the Medical Center to his or her personal advantage.

VIII. **Enforcement**

Violations of this Policy are subject to corrective action up to and including termination of association with the Medical Center in accordance with the policies and procedures applicable to Trustees.

IX. **Questions**

Any questions relating to this Policy should be directed to the Office of Legal Counsel or the Office of Compliance.

X. **Restatement**

This Policy and the Medical Center's *Policy on Conflicts of Interest in Business Affairs* replace the Medical Center's *Conflict of Interest Policy* dated March 18, 2004.