

# **THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART**

## **Conflict of Interest Policy Statement and Disclosure Questionnaire for Trustees, Officers and Key Staff Members**

### Introduction:

The Conflict of Interest Policy Statement of Cooper Union (the "Policy Statement") is designed to assure appropriate disclosure and approval for potential transactions in which a Trustee, officer or key staff member may have an apparent or potential conflict of interest. The policy is not intended to discourage Trustees, officers or academic or administrative staff members from engaging in outside activities. Rather, it is intended to provide a procedure for the disclosure of any potential conflicts of interest that may arise as a result of such activities and to provide an appropriate means of addressing them.

As a Trustee, officer or key staff member, the Policy Statement requires that you read the attached Policy Statement and, on an annual basis, complete and sign the approved questionnaire.

### Summary of Policy:

In general, the Policy Statement provides that if Cooper Union is contemplating a transaction that might possibly benefit (or appear to benefit) a Trustee, officer or key staff member, or any member of his or her family, the potential benefit or conflict must be disclosed and must be approved by disinterested Trustees or officers. The Policy Statement outlines the procedure for such disclosure and approval. This procedure is intended to protect the interests of Cooper Union as well as to protect any conflicted Trustee, officer or key staff member from an allegation of impropriety.

### Annual Questionnaire:

After reading the Policy Statement, which is attached to the questionnaire as Exhibit A, please complete the questionnaire by answering "yes" or "no" to the questions and provide details, if required. Please sign and return the questionnaire within three weeks to the Secretary to the Board.

**THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART**

**CONFLICT OF INTEREST QUESTIONNAIRE**

This questionnaire has been sent to you pursuant to the Conflict of Interest Policy Statement (the "Policy Statement") adopted by the Board of Trustees of the Cooper Union for the Advancement of Science and Art ("Cooper Union"). A copy of the Policy Statement is attached as Exhibit A. Please respond to the questionnaire fully and to the best of your knowledge, and return the completed questionnaire within three weeks of its receipt, in the enclosed envelope, to Lawrence Cacciatore, Secretary to the Board, The Cooper Union for the Advancement of Science and Art, 7 East 7<sup>th</sup> St., New York, New York 10003.

This questionnaire is intended to elicit all information available to you regarding any conflict of interest that you, as a trustee, officer or staff member of Cooper Union may have with Cooper Union.

The following definitions apply to certain terms used in the Policy Statement:

- i. "business concern" means any corporation, firm, association, partnership, joint venture, joint stock company, business trust or other entity;
- ii. "immediate family" of a person means such person's spouse, parents, children, siblings, mother-in-law, father-in-law, daughters-in-law, sons-in-law and any other descendants of such person's parents and any other descendants of such person's mother-in-law and father-in-law; and
- iii. "substantial financial interest" in any business concern means the person, together with all members of his or her immediate family, owns directly or indirectly an aggregate beneficial interest of 10 percent or more in such concern.
- iv. "family relationship" includes an individual's spouse, ancestors, children, grandchildren, great-grandchildren, siblings (whether by whole or half blood), and the spouses of children, grandchildren, great-grandchildren and siblings.
- v. "business relationship" includes employment and contractual relationships and common ownership of a business where any officers or directors, individually or together, possess more than a 35% common interest. Ownership is voting power in a corporation, profits interest in a partnership or beneficial interest in a trust.

1. I have read and understand Cooper Union's Policy Statement and I agree to comply with the Policy Statement.

YES \_\_\_\_\_ NO \_\_\_\_\_

2. With respect to any business concern (as defined above), which is engaged or which proposes to engage in transactions with Cooper Union:

(a) Do you, together with members of your immediate family (as defined above) have a substantial financial interest (as defined above) in such any business concern?

YES \_\_\_\_\_ NO \_\_\_\_\_

(b) Do you, or does any member of your immediate family hold any position (including, but not limited to, a position as a director, officer or general partner) in any such business concern?

YES \_\_\_\_\_ NO \_\_\_\_\_

(c) Do you, or does any member of your immediate family stand to receive any pecuniary profit from any such business concern?

YES \_\_\_\_\_ NO \_\_\_\_\_

(d) Have you received or do you expect to receive a gift in excess of \$50 from any such business concern?

YES \_\_\_\_\_ NO \_\_\_\_\_

(e) Do you have a "family relationship" with any member of the Cooper Union Board of Trustees?

YES \_\_\_\_\_ NO \_\_\_\_\_

(f) Do you have a "business relationship" with any member of the Cooper Union Board?

YES \_\_\_\_\_ NO \_\_\_\_\_

3. Have you reviewed and followed the Cooper Union Guidelines for Participation in Political Activities and Political Campaigns?

YES \_\_\_\_\_ NO \_\_\_\_\_

If your answer to question (1) or (3) is "NO" please explain in the space at the end of the questionnaire or on a separate attachment to this questionnaire.

If your answer to any part of question (2) is "YES," please provide full details of the pertinent situation or situations at the end of the questionnaire, or on a separate attachment to this questionnaire.

Should you, prior to receipt of the next Conflict of Interest questionnaire circulated by Cooper Union, become aware of any interest, position or benefit involving you or any member of your immediate family that should be reported in response to one or more of the above questions but has not been reported, please report such information promptly to the Secretary of Cooper Union.

\_\_\_\_\_  
Print

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**Exhibit A****THE COOPER UNION FOR THE ADVANCEMENT  
OF SCIENCE AND ART****CONFLICT OF INTEREST POLICY STATEMENT****General Policy**

It has always been and it will continue to be the policy of the Board of Trustees of The Cooper Union for the Advancement of Science and Art ("Cooper Union") that all Trustees and all officers and other employees of Cooper Union shall serve Cooper Union with the highest loyalty, and shall conduct the affairs of Cooper Union in the best interests of the Cooper Union without favoritism or preference based on personal considerations. Nonetheless, Cooper Union recognizes and respects the right of its Trustees, officers and other employees to engage in outside business, financial and/or other activities, even though conflicts of interest may arise from time to time as a result of such activities. Such activities need not be harmful and, indeed, may be favorable to Cooper Union's interests provided that they are disclosed and understood in Cooper Union's decision-making process.

**Conflict of Interest**

A conflict of interest, including any potential conflict, exists whenever a Trustee, officer or other employee (or that person's spouse, child, parent, sibling or any other person within the definition of "immediate family" as set forth in the questionnaire) has a relationship, whether economic or otherwise:

- as owner, investor, officer, director, trustee, partner, employee, consultant, or recipient of compensation (whether in money, goods, or services, and whether received directly or indirectly)
- with any person, firm, corporation, or organization
- that supplies (or receives) funds, goods, services, or required approvals to (or from) Cooper Union, or proposes to do so.

**Disclosure**

(a) Each year, the Secretary of Cooper Union, on behalf of the Board of Trustees acting through its Audit Committee, shall cause to be sent a disclosure questionnaire on conflict of interest to each Trustee and officer of Cooper Union. The Secretary shall also cause to be sent a disclosure questionnaire to such other individuals deemed to be key staff members as shall be determined by the Audit Committee or by the President, based upon such individual's responsibilities, the recommendations of officers of Cooper Union, and regulatory requirements.

(b) From time to time, the Audit Committee may designate other individuals to receive a disclosure questionnaire. For the purpose of this resolution only:

- **Trustees** shall include active Trustees,
- **Officers** shall include the President, the Vice Presidents, the Deans of the Schools, and the Secretary of Cooper Union,

- **Key Staff Members** shall include other Deans, selected faculty members, and other members of academic and administrative staff who, by virtue of their position or responsibilities shall be deemed, by the Audit Committee or by the President, to be participating or likely to be participating in the discharge of administrative functions of Cooper Union that are likely to involve conflicts of interest. Examples of such responsibilities include evaluating vendors and otherwise assisting in purchasing decisions.

(c) Each person receiving a copy of the disclosure questionnaire shall **complete and return** it to the Secretary of Cooper Union **within three weeks** after its receipt.

(d) **On-going Responsibility to File** - It shall be the continuing duty of each person receiving a copy of the disclosure questionnaire to advise the Secretary of Cooper Union promptly upon the occurrence of any event which constitutes, or might constitute, a conflict of interest, and should have been described in the questionnaire, had it been known at the time the questionnaire was initially completed. Any person whose predecessor in that position was required to complete questionnaire shall be required to do so as a condition of assuming such position.

#### Trustees and officers

(a) When, at any time, a matter comes before the Board of Trustees, or a committee of the Board of Trustees, involving a contract or transaction where a Trustee or officer has a conflict of interest, or the appearance of a conflict of interest, it shall be the duty of the affected Trustee or officer to disclose such relationship, interest, or other circumstances, and all related material facts to the Board or the committee considering the matter, promptly and completely. Such disclosure shall be recorded in the minutes of the meeting of the Board, or the committee considering the matter.

(b) With respect to any matter before the Board of Trustees, or any committee thereof, any Trustee or officer having a conflict of interest, or the appearance of a conflict of interest, shall not:

- vote or participate in the deliberation of the matter,
- use his or her personal influence, directly or indirectly, in the matter, or
- be counted in determining the existence of a quorum for purposes of any action of the Board of Trustees, or the committee considering the matter.

In its judgment and as a condition of approval of the matter, the Board of Trustees, or the appropriate committee, shall determine that the matter as approved is at least as fair and reasonable to Cooper Union as would otherwise be obtainable.

(c) It shall be the continuing duty of the Board of Trustees to review the facts and circumstances of any conflict of interest involving any Trustee or officer, and determine the appropriate measures for resolving such conflict of interest.

(d) The foregoing requirements shall not be construed as preventing the affected Trustee or officer from answering questions addressed to him or her by other Trustees or other persons invited to participate in the discussion. The affected Trustee or officer shall be absent from the meeting during the balance of deliberations and the vote on the matter.

(e) Conflicts of interest involving the President shall be reported to the Audit Committee. The Audit Committee shall report the conflict of interest and all pertinent, related information to the Board of Trustees for resolution. For other officers, the President shall provide for a resolution of the conflict after consideration of all the facts. The resolution shall be reported to the Audit Committee. The Audit Committee shall report the conflict of interest and the resolution thereof to the Board of Trustees.

#### Academic and Administrative Staff Members

(a) When, at any time, a matter requiring action arises, which is within the area of supervision or decision making of a member of either the academic or administrative staff and involves that person in a conflict of interest, or the appearance of a conflict of interest, then it shall be the duty of that person to disclose such relationship, interest, or other circumstances, and all related material facts concerning the conflict to the Secretary and the responsible Dean or Vice President.

(b) With respect to any matter where a member of either the academic or administrative staff has a conflict of interest, or the appearance of a conflict of interest, that person shall not:

- participate in the decision-making and related deliberations on the matter, or
- use his or her personal influence, directly or indirectly, in the matter.

(c) It is the policy of Cooper Union to provide for timely disclosure of conflicts of interest, or the appearance of conflicts of interest, by members of the academic and administrative staff.

(d) Responsibility for appropriate resolution of conflicts of interest, or situations in which there is the appearance of a conflict of interest, is with the Dean or Vice President and shall involve consideration of the facts and circumstances involved. The individual designated as responsible for resolution may consider consultation with Cooper Union's personnel, legal counsel, and/or Trustees.

(e) It shall be the continuing duty of persons responsible for resolving conflict of interest situations to recognize that the method of resolution requires the approval of the President in situations where Cooper Union's larger institutional interests, reputation, and standing in the community may be involved.

#### Retention of Records

It shall be the continuing duty of the Secretary to retain completed questionnaires, related correspondence, and reports to the Audit Committee on file for a period of time consistent with external regulation.

## **THE COOPER UNION GUIDELINES FOR PARTICIPATION IN POLITICAL ACTIVITIES AND POLITICAL CAMPAIGNS**

### **I. INTRODUCTION**

Cooper Union is a not-for-profit organization exempt from Federal taxation under Section 501(c)(3) of the Internal Revenue Code. Among other benefits, Cooper Union's exemption from Federal taxation enables its donors to make tax-exempt contributions to the college.

Section 501(c)(3) of the Internal Revenue Code contains many conditions for a tax-exempt organization to adhere to in order to maintain its tax-exempt status. One such condition requires organizations to NOT participate in, or intervene in, any political campaign on behalf of or in opposition to any candidate for public office. The condition also requires the Board of Trustees, administration, faculty and staff members of the organization to NOT participate in, or intervene in, any political campaign on behalf of or in opposition to any candidate for public office using Cooper Union's name, money or other resources. These prohibitions are ABSOLUTE, and failure to adhere to them could result in Cooper Union losing its Section 501(c)(3) tax-exempt status and could also result in penalty excise taxes assessed against Cooper Union and Cooper Union Trustees, administration, faculty and staff who violate the prohibitions.

These guidelines will set forth what political activities and participation in political campaigns is impermissible and permissible for the Cooper Union community under Section 501(c)(3) of the Internal Revenue Code, what the Internal Revenue Service ("IRS") penalties are for engaging in impermissible political activities, what Cooper Union Trustees, administration, faculty and staff members are required to do if they plan on participating in political activities and political campaigns individually, and what disciplinary action will be taken by Cooper Union against those members of the Cooper Union community who violate these guidelines and the absolute prohibition against participating in, or intervening in, any political campaign on behalf of or in opposition to any candidate for public office using Cooper Union's name or resources.

### **II. WHAT ACTIVITY IS IMPERMISSIBLE?**

In order for political activities to be impermissible and in violation of Section 501(c)(3) of the Internal Revenue Code, there must be a "candidate" who is seeking "public office", and there must be participation in or intervention in the candidate's political campaign by Cooper Union or by its Trustees, administration, faculty and staff members using Cooper Union's name and/or its resources.

"Candidate" includes any individual who offers himself, or is proposed by others, as a contestant for an elective public office. The elective public office can be State, local or national. This definition of candidate includes all persons who have already declared their intent to run for office, incumbents who have not yet announced their intention not to run again, and those persons who have not yet declared an intention to run but whose potential candidacy is the subject of intense public speculation.

“Participation or intervention in a political campaign” includes, but is not limited to, donations (including the purchasing of tickets to fundraising dinners), publication or distribution of written or printed statements on behalf of or in opposition to a candidate, and the making of oral statements on behalf of or in opposition to a candidate.

If you are unsure whether political activity you plan on engaging in Cooper Union’s name or with Cooper Union resources or whether your planned participation or intervention in a political campaign on behalf of Cooper Union is in violation of Section 501(c)(3) of the Internal Revenue Code, please see Cooper Union’s Vice President for Finance and Administration before you proceed.

### **III. WHAT IS PERMISSIBLE?**

The following activities are permissible and NOT in violation of Section 501(c)(3) of the Internal Revenue Code:

1. Candidate Debates and Forums – Cooper Union must provide a fair and neutral forum and provide equal time to all qualified candidates for the contested office. Questions presented to candidates should be composed by an independent, nonpartisan group. Debates should begin and end with a clear statement that the views presented are those of the candidates and not of Cooper Union.
2. Student Newspaper Endorsements - Cooper Union student publications may publish editorials which oppose or endorse specific legislation and/or candidates for political office without endangering Cooper Union’s Federal tax exemption. If such editorials are published, the publication must clearly state that the views reflected are those of the student editors and not of Cooper Union. Cooper Union can minimize the risk of tax controversy with respect to political statements in its student publications by ensuring that all content and editorial decisions remain in the hands of the students and by printing a statement to that effect in every issue of the publication.
3. Voter Registration on Campus – This activity must be done in a nonpartisan and fair manner.

### **IV. INDIVIDUAL PARTICIPATION IN POLITICAL ACTIVITIES AND POLITICAL CAMPAIGNS**

A major source of concern to Cooper Union is how to ensure that the participation in political activities and/or political campaigns by members of its community – a Trustee, faculty member, student organization, senior college official – is not attributed to Cooper Union. Cooper Union recognizes that members of its community may serve as advisors to political candidates and may even run for office themselves. Where such participation is undertaken solely in an individual capacity, without making any use of Cooper Union’s resources, the activity should not be attributed to Cooper Union for purposes of the prohibition on political activity and campaign participation. However, Cooper Union must make positively sure that its resources are not inappropriately directed to activities in support of or in opposition to political candidates.

As such, if you choose to participate in political activities or political campaigns in an individual capacity, the following rules must be adhered to:

1. If you desire to participate in campaign or political activities during normal working hours, you must take vacation time or leave without pay to do so.
2. You may not use Cooper Union's letterhead in connection with any campaign or political activities. In addition, Cooper Union's support services or supplies (secretarial, photocopying, messenger, etc.) cannot be used in connection with political or campaign activities.
3. Cooper Union funds cannot be used to make donations to political campaigns or to purchase tickets to fundraising events of any kind. If you choose to make a donation to a political campaign or purchase tickets to a politically-related fundraising event, you must use your own funds and cannot be reimbursed by Cooper Union.
4. If you choose to individually participate in a political campaign, you must notify the campaign in writing that such participation is in your individual capacity. In addition, you should seek, to the extent possible, to minimize any references to your position with Cooper Union as you participate in the campaign, and you should use your home address for campaign-related mailings.

Adherence to these guidelines will help to avoid possible tax implications and loss of Cooper Union's Section 501(c)(3) tax-exempt status, which is very much a benefit to the entire Cooper Union community.

## **V. PENALTIES FOR IMPERMISSIBLE POLITICAL ACTIVITY**

- A. Loss of Tax-Exempt Status for Cooper Union. If Cooper Union or its Trustees, administration, faculty or staff members participate in or intervene in any political campaign on behalf of or in opposition to any candidate for public office using Cooper Union's name or resources, Cooper Union may lose its classification as a 501(c)(3) tax-exempt organization. Such a loss would prove detrimental to Cooper Union and its community in general, as Cooper Union would be subject to Federal income tax and, perhaps most importantly, donors would no longer be able to make tax-deductible contributions to Cooper Union.
- B. Imposition of Excise Taxes. The Internal Revenue Service will also impose excise taxes on Cooper Union for amounts expended on certain political activities. The Internal Revenue Service imposes an initial excise tax of 10% on the amount of any political campaign expenditures spent by Cooper Union or one of its employees using Cooper Union's name, money or other resources. In addition, a 2 ½% initial tax is imposed on any Cooper Union manager (including directors and officers) who agrees to make such a political expenditure. The IRS imposes additional taxes if the impermissible political expenditures are not corrected within a specified time period.

- C. Discipline by Cooper Union. Individuals who violate these Guidelines for Participation in Political Activities and Political Campaigns will be subject to appropriate disciplinary action. Depending on the severity of the violation, such discipline can range from a written warning to dismissal from the Cooper Union.

## VI. CONCLUSION

**As discussed above, Cooper Union's exemption from Federal taxation under Section 501(c)(3) of the Internal Revenue Code is a benefit to the entire Cooper Union community, as it allows Cooper Union to be free from paying Federal income tax and, perhaps most importantly, allows donors to make valuable, tax-deductible contributions to Cooper Union. As such, the Cooper Union urges you to take these Guidelines seriously as you embark on different political activities. Finally, if you have any doubts as to what may constitute a potential conflict of interest in your capacity as a member of the Cooper Union community, see the Vice President for Finance and Administration before proceeding further**