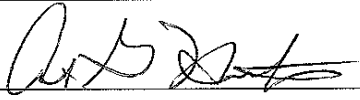


**CALIFORNIA INSTITUTE OF TECHNOLOGY
STAFF PERSONNEL MEMORANDA**

SUBJECT CONFLICT OF INTEREST - OUTSIDE EMPLOYMENT, CONSULTING AND BUSINESS ACTIVITY (OUTSIDE ACTIVITY)	MEMO NO. <u>9-3</u> PAGE <u>1</u> OF <u>4</u> DATE <u>4/30/03</u>
APPROVED  , VICE PRESIDENT FOR BUSINESS & FINANCE	

(This supersedes Memo No, 9-3 dated 7/15/91)

Note: Entire Memorandum has been revised and/or updated.

1. POLICY

It is the policy of the Institute to permit employees to engage in outside employment, consulting, or business activity ("outside activity") provided that no actual or potential conflict of interest or appearance of such conflict exists, and such activity does not adversely affect their ability to perform their jobs. Employees must not use their Caltech positions for private gain for themselves or for persons with whom they have personal, business, or financial ties. Employees must avoid any outside activity that could reasonably be expected to adversely affect or give the appearance of adversely affecting the independence and objectivity of their judgment, or interfere with the timely and effective performance of their duties and responsibilities or discredit the Institute.

Note: This policy does not apply to charitable and volunteer community service activities.

Employees should also seriously consider the possible impact that outside activities may have on the limits of their endurance, overall personal health, and effectiveness at the Institute. The Institute holds all employees to the same standards of performance and scheduling demands, and cannot make exceptions for employees who are engaged in outside activities.

2. GENERAL

A. Employees are required to obtain written permission from the chief human resources officer or designee prior to engaging in outside activity if any of the following apply:

1. An actual, potential, or the appearance of a conflict of interest exists.

The examples below, while not at all inclusive, illustrate circumstances in which an actual, potential, or the appearance of a conflict of interest may exist.

- a. The employee is engaging in outside activity with an organization, and that organization has an Institute contract in which the employee is involved on behalf of Caltech.
 - b. The employee contributes to the outside organization's efforts on any work that is sponsored by Caltech.
 - c. The employee works on or contributes to effort at either the outside organization or the Institute that could reasonably be the subject of a future Caltech contract with the organization.
 - d. The Institute is considering the outside organization for a contract and the employee is or could be in a position to influence contractor selection.
 - e. The employee receives compensation for such outside activity, either in the form of direct payment for services provided, or as reimbursement for expenses that are in excess of those that would be considered incidental. For example, when an outside organization pays expenses for the employee's and/or spouse's travel to meetings, such payments may be considered compensation.
 - f. The employee will be providing methods, techniques or ideas to the outside organization in the course of sponsored work, but where all of the obligations for reporting such methods, techniques, or ideas to the sponsor have not been discharged.
 - g. The employee has an ownership interest, including stock ownership, in a company or organization that is or has the potential to be engaged in Institute business in which the employee is involved on behalf of Caltech.
2. The outside activity, including the marketing of a service or product, is the result of knowledge gained from or is directly related to the individual's employment at the Institute.
 3. The outside activity could interfere in any way with the employee's Institute work.
- B. Performing any outside activity on Caltech work time is prohibited unless prior written approval has been obtained as provided herein. Additionally, the use of any Institute facilities, equipment, services, or supplies (including computers, software, reproduction machines, telephones, mail service, stationery, etc.) in connection with an outside activity is prohibited. Employees who perform outside activity during Caltech work time must obtain advance permission to do so from their

supervisor, and report such time away from work to their supervisor when it occurs.

- C. The use of the name, logo, seal, or letterhead of the California Institute of Technology, the Jet Propulsion Laboratory, or any other Institute or Laboratory facility or organization in the conduct of an outside activity is prohibited.
- D. Contracts or other work arrangements between the Institute and its employees or businesses that are substantially owned or controlled by Caltech employees are prohibited, except where the needs of Caltech cannot reasonably be met by another source. Exceptions must be approved in advance by the chief human resources officer and the chief procurement officer or their respective designee(s).
- E. Any Caltech employee who intends to work for the federal government as an employee, consultant, expert, or advisor is responsible for being informed of and complying with applicable laws concerning conflict of interest and for notifying his or her supervisor in advance of such employment. Procedures as outlined in this memorandum must be followed prior to accepting employment with the government while employed by Caltech.

NOTE: Federal conflict of interest laws are criminal statutes, applying to employees and former employees of the Government, which can result in substantial fines and imprisonment when violated. Government consultants, experts, and advisors, whether serving with or without compensation and whether or not they have taken an oath of office as Government employees, are employees of the Government within the meaning of certain conflict of interest statutes.

3. PROCEDURE

Obtaining Approval for Outside Employment, Consulting, or Business Activity

A. Employee

Prior to engaging in any outside activity which requires approval, the employee must complete Caltech Form PM 9-3 "Application for Outside Employment, Consulting or Business Activity (Outside Activity)" available on the Caltech web site and from the Human Resources Office, and submit it to the cognizant supervisor.

B. Supervisor

Upon receipt of Caltech Form PM 9-3, the supervisor will evaluate the impact of the proposed outside activity, add any appropriate comments, make a recommendation, and forward the form to the cognizant division chairman/department director.

C. Cognizant Division Chairman/Department Director

The cognizant division chairman/department director will examine Caltech Form PM 9-3 and concur with or disapprove participation in the proposed outside activity. If concurrence is given, the form will then be forwarded to the chief human resources officer or designee.

D. Chief Human Resources Officer or Designee

1. Determines whether there are any actual or potential conflicts or the appearance of such which would adversely affect the Institute.
2. Informs the employee of the Institute's decision in writing through the cognizant manager or normal supervisory channels.
3. Retains a copy of the documentation and places it in the employee's personnel file.

4. EXCEPTIONS

Exceptions to this policy require the approval of the vice president for business and finance or designee.

**APPLICATION FOR OUTSIDE EMPLOYMENT, CONSULTING
OR BUSINESS ACTIVITY (OUTSIDE ACTIVITY)**

(Please Print Or Type)	Date Submitted _____	
Name of Employee _____	Ext. _____	Dept./ Division _____
Job Title _____		Mail Code _____
Professional Field and Specialty _____		
Present Field of Work _____		
Name of Employee's Supervisor _____	Ext. _____	Dept./ Division _____
Job Title _____		Mail Code _____

IMPORTANT - PLEASE READ

Employees must not use their Caltech positions for private gain for themselves or persons with whom they have family, business, personal, or financial ties. It is equally important that employee actions not give the appearance of such intent. It is the responsibility of employees to obtain review and approval of activities which present a potential for conflict of interest. (Refer to Caltech Personnel Memorandum No. 9-3)

REQUIRED INFORMATION

PART I: Employee

Please complete a separate form for each outside employment, consulting or business activity (herein referred to as outside activity). Answer all questions as thoroughly as possible. (It is important to include all relevant information in order to facilitate the review process. Use additional paper if necessary.) After completing and signing Part I of this application, forward to your supervisor for completion.

Description of Proposed Outside Activity:

1. Provide a brief but specific description of the nature of the proposed outside activity.

2. Between what dates will you be engaged in the proposed outside activity? (Note: approvals are granted for specified periods. If the activity continues beyond the specified approval date, you will need to submit another request to extend it.)

3. How many hours per day and/or per week will you be working or consulting for this outside activity?

4. When will the proposed outside activity be conducted (e.g., evenings, weekends, on vacation time or leave without pay, or during the regular Caltech workday, e.g. 8 a.m. to 5 p.m.)?

5. List the name and address of the outside organization for which you will be conducting outside activities and describe what your relationship to it will be. Employee? Consultant? Unpaid advisor? Board member? Other?

6. Will you receive pay , expense reimbursement , or both , as compensation for this outside activity?
 I will receive no compensation or expense reimbursement for this outside activity.
Please check the correct box.

7. Will your outside activity involve travel or other activities which will be paid for directly by a third party? Will family members be able to accompany you on that travel or activity? If the answer to either question is yes, please explain.

8. Are you, any member of your immediate family, or close personal friend an officer of this outside organization? Do you, any member of your immediate family, or close personal friend expect to be an officer, or will you have any such relationship with this organization (other than as described in this application) in the future? _____

9. Do you, any member of your immediate family, or close personal friend have any present or anticipated financial interest in this outside organization? If so, please explain.

10. Do you know of any active or anticipated work Caltech has with this outside organization? If yes, please identify (include contract numbers if known), and indicate if you would have any involvement in the work either as a Caltech employee or as a member of the outside organization.

Other Outside Activities:

List all other current outside activities you are engaged in. Indicate hours per day and per week devoted to each one.

I understand that I am obligated to report and assign to the Institute inventions conceived or first actually reduced to practice in the performance of work for the Institute. In order to determine such issues as may arise regarding rights in inventions, the Institute reserves the right to review patent and royalty agreements entered into by Employee, and requires that Employee disclose to the Institute any inventions made solely or jointly with others during the term of employment. Any such disclosure shall be made to the Director, Patents and Licensing, and will be received in confidence.

I understand that I may not engage in outside business activity, outside employment or consulting on Caltech work time. I also understand that any use of Caltech equipment or facilities (including computers and software), services or supplies, reproduction machines, telephones, mail service, stationery, etc., in connection with my proposed outside activity is prohibited. In addition, the use of the name, seal, or letterhead of the California Institute of Technology, the Jet Propulsion Laboratory, or any other Institute or Laboratory facility or organization in the conduct of my proposed outside activity is prohibited.

I have carefully read and understand Caltech Personnel Memorandum 9-3.

Signature of Employee

Date

REQUIRED INFORMATION

PART II: Supervisor

Please answer all questions listed below, recommend approval as appropriate, and forward the complete application to the Director of Employee Relations – MS 164-84.

1. What are the similarities between the proposed outside activity and the work the employee performs at Caltech?

2. How does the proposed outside activity relate to current/future work assignments of the employee? Is there an overlap between the proposed work and the Caltech work?

3. Will this outside activity enhance the employee's contribution to Caltech?

4. Will the outside activity relate to or be used on any ongoing or anticipated Caltech programs?

I have approved participation in this outside activity and do not believe it constitutes a conflict of interest, nor will it interfere with the employee's required time at and commitment to Caltech. I have reviewed and discussed P.M. 9-3 with the requester, and I recommend that this application be approved, subject to the following conditions, limitations, or restrictions:

Supervisor Date

Division Chairperson/Department Director Date

HUMAN RESOURCES DEPARTMENT - APPROVAL

Approval is granted subject to the conditions (if any) specified below. If this outside activity continues beyond the dates specified, you must submit another application to extend it.

Conditions (if any):

Outside activity may be performed between _____ and _____.
Beginning date Ending date

Director of Employee Relations Date