

 LINCOLN LABORATORY MASSACHUSETTS INSTITUTE OF TECHNOLOGY <i>Technology in Support of National Security</i>	Document: Conflicts of Interest, TCO-056	Date: 10 June 2016
	Point of Contact: D. Pronchick	Office of Primary Responsibility: D. Suski

Conflicts of Interest

An explanation of Conflicts of Interest, why they must be avoided, and guidance for doing so.

Key takeaways:

- Lincoln Laboratory is contractually required to be free of [actual or apparent conflicts of interest](#). Conflicts of interest undermine the objectivity, independence, and integrity of the Laboratory’s work.
- Therefore, Laboratory staff shall avoid situations that cause actual or apparent conflicts of interest, and take steps quickly to resolve those that may arise.
- Employees who are currently in a position to influence a Laboratory program’s research findings or recommendations need to file an [Annual Statement of Financial Interests](#) (ASFI).

Summary of changes:

This revision substantially shortens and simplifies the Policies and Procedures pertinent to actual or apparent Conflicts of Interest affecting Laboratory staff. The substance of the policy and procedures has not changed.

Requirements: Prime Contract FA8702-15; 48 C.F.R. § 35.017(a); 48 C.F.R. § 52.203-13.

1 INTRODUCTION

The following policies and procedures provide guidance on conflicts of interest. This guidance serves two fundamental purposes:

- A. To inform Laboratory staff about actual or apparent conflicts of interest so that they may take proactive steps to avoid them; and
- B. To explain the process for resolving conflicts that may arise in the course of the Laboratory’s operations.

2 POLICY AND PROCESS

2.1 Personal Financial Conflicts of Interest

Laboratory staff shall avoid situations where their professional activities on behalf of MIT Lincoln Laboratory affect (or could affect) their personal financial interests.

The [Technology and Contracts Office](#) (TCO) will work with individual staff and their management to resolve conflicts of interest that develop and provide written guidance.

The resolution of a particular conflict is dependent upon discrete facts unique to each individual’s situation. Typically, the resolution involves either divestment or restructuring of the employee’s responsibilities.

Outside Activities can result in a conflict of interest. The Outside Activities procedure, TCO-014, provides additional guidance for Laboratory staff.

2.2 Impartiality and Consideration of Appearances

Even if no financial conflict of interest exists, circumstances can create the appearance of a conflict of interest and these circumstances shall be avoided. The appearance of a conflict of interest may occur when two elements are both present:

- A staff member knows that decisions about (or recommendations for) a Laboratory program is likely to affect the financial interest of a member of his household or a person with whom he has a "covered relationship," and
- The circumstances would cause a reasonable person with knowledge of the facts to question the staff member's impartiality in the matter.

2.3 Common Situations that May Create Conflicts of Interest

2.3.1 Seeking employment

A conflict of interest may arise when:

- A Laboratory employee participates in a Laboratory program or acquisition in a capacity or manner that:
 - directly or predictably affects the financial interests of an entity; and
 - the Laboratory employee is seeking employment with that entity (or has an agreement about future employment).
- An employee seeking employment outside Lincoln Laboratory shall work with their management and TCO to recuse himself or herself formally from all responsibilities that affect their potential new employer.

2.3.2 Gifts

Laboratory staff may not solicit or accept gifts from prohibited sources, generally identified as anyone doing (or seeking to do) business with the Laboratory or anyone affected by the Laboratory's programs or operations.

There are important, common exceptions to this rule:

- Unsolicited gifts may be accepted from any source, provided the gift is objectively worth fewer than \$20 per source, per occasion; with a maximum of \$50 in gifts per source, per year.
- Gifts motivated by personal friendship and gifts presented on special occasions (such as a wedding or the birth of a child) may be accepted from any source.
- Gifts of free attendance at widely-attended professional gatherings may be accepted (Tickets to sporting events and cultural activities are not widely attended gatherings for gift acceptance purposes).

2.4 Organizational Conflicts of Interest

MIT Lincoln Laboratory's contract requires the Laboratory to avoid "organizational conflicts of interest" in order to preserve the Laboratory's impartiality and objectivity.

An organizational conflict of interest occurs when competing interests place the Laboratory in a position where it cannot provide objective advice or where its actions can provide an unfair advantage to MIT in some matter. An example is a situation where the Government asks Lincoln Laboratory to judge a competition in which MIT campus will be a competitor.

If Laboratory staff members become aware of an organizational conflict of interest, the Laboratory is obligated to bring it to the attention of the Air Force.

Laboratory staff asked to support Government source selections shall submit an updated Annual Statement of Financial Interests (ASFI). Participation as a voting member on a Government Source-Selection Board requires the further approval of the Laboratory Director. Laboratory subcontractors or consultants may not participate in a Government source selection unless approved by the Division Head and the Director's Office.

2.5 Annual Statement of Financial Interests (ASFI)

Employees who are currently in a position to materially influence a Laboratory program's research findings or recommendations shall file an ASFI.

- Generally, this requirement applies to Division leadership, Group leadership, program managers, and those responsible for contracting or purchasing. As noted above, Laboratory employees must complete an ASFI prior to participation on a Government source selection.
- For employees who must submit an ASFI, there are dollar thresholds governing what must be disclosed. These thresholds are detailed in [Appendix A](#).
- Laboratory Departments and Divisions are responsible for maintaining current rosters of individuals who must submit an ASFI, and ensure individuals are not assigned to work on projects that present an organizational or personal conflict of interest.
- Employees with financial interests may opt-in and complete an ASFI at their discretion. For employees who are unclear whether the ASFI requirement applies to them, additional guidance is available from the TCO.

The TCO reviews all ASFIs and will engage individually with employees whose ASFIs indicate an existing or potential conflict of interest so that they may be resolved.

3 DEFINITIONS

Term	Definition
"Gift"	A "Gift" is anything with consequential market value provided to you individually. Publicly available discounts and inconsequential items (such as coffee, donuts, greeting cards, and work related certificates or plaques) are not considered to be gifts.
"Organizational Conflict of Interest"	An "Organizational Conflict of Interest" exists when interests or relationships cause Lincoln Laboratory to be unable or potentially unable to render impartial assistance or advice to the government; or Lincoln Laboratory (or MIT) might gain an unfair competitive advantage by virtue of the Laboratory's action.
"prohibited source"	A "prohibited source" is anyone seeking business with, or official action by, MIT or Lincoln Laboratory, or anyone substantially affected by the performance of the employee's duties.
"seeking employment"	The term "seeking employment" encompasses actual employment negotiations as well as preliminary efforts to obtain employment, such as sending an unsolicited resume.

4 TRAINING

- All new Laboratory staff will receive an ethics program briefing from the TCO during the new employees' orientation program.
- Laboratory staff shall complete refresher ethics training annually. This annual refresher is a requirement of the Laboratory's contract.
- All subcontractors are required to complete Laboratory conflict of interest training annually. This training is supplemental and is not a substitute for training by the employing company. (See Guidelines for Contracted Labor, TCO-020). Consultants and resident research subcontractors shall complete conflict of interest training if the contract effort exceeds fifty-two (52) days per year.

5 APPENDICES

Appendix A: ASFI Reporting Thresholds

The reporting thresholds for financial interests are set by the U.S. Government, promulgated in the Code of Federal Regulations, and incorporated by reference into the Lincoln Laboratory contract. Specific guidance on the reporting requirements for individuals is available from TCO, but in general the reporting thresholds are:

- Publicly traded diversified investments do not need to be reported.
- Investments targeted in a particular sector of the economy or in individual companies must be reported.

The specific thresholds for reporting investments of various types are set in 5 C.F.R. Part 2640, Subpart B at www.ecfr.gov/cgi-bin

Appendix B: Covered Relationship

A "covered relationship" exists with:

- a person with whom the employee has or seeks a business, contractual, or other financial relationship that involves other than a routine consumer transaction (this definition does not include a prospective employer with whom an employee seeking employment)
- a person who is a member of the employee's household
- a relative with whom the employee has a close personal relationship
- a person for whom the employee's spouse, parent, or dependent child is, to the employee's knowledge, serving or seeking to serve as an officer, director, trustee, general partner, agent, attorney, consultant, contractor or employee
- any person for whom the employee has, within the last year, served as officer, trustee, general partner, employee, agent, attorney, consultant or contractor
- an organization, other than a political party, in which the employee is an active participant

Appendix C: Personal Conflict of Interest

A "Personal Conflict of Interest" exists when the following elements are all present:

- a staff member knowingly participates personally and substantially, in a particular matter;
- the staff member has a personal (or imputed) financial interest
- if participation in that particular matter will have a direct and predictable effect on the staff member's personal (or imputed) financial interest

"Participate" means direct and active personal effort or the supervision of the participation of a subordinate.

"Substantially" means that the employee's involvement is of significance to the matter.

"Particular matter" means a matter involving specific parties or that involves an identifiable category of persons (e.g., a contract, a research program, or a legislative or policy proposal).

"Direct and predictable effect" means a close causal link between any decision or action to be taken in the matter and any expected effect of the matter on the financial interest. A particular matter will have a predictable effect if there is a real, as opposed to a speculative, possibility that the matter will affect the financial interest. It is not necessary, however, that the magnitude of the gain or loss be known, and the dollar amount of the gain or loss is immaterial.

“Imputed interest” is the financial interest of:

- i. The staff member’s spouse;
- ii. The staff member’s minor child;
- iii. The staff member’s general business partner;
- iv. An organization or entity which the employee serves as officer, director, trustee, general partner; or
- v. An individual or entity with whom the staff member is negotiating for prospective employment.

Points of Contact for Additional Guidance or Questions:

- David Pronchick, TCO, ext. 3027
- David Suski, OGC, ext. 7094