

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, Nos. 16 and 2102

STATE OF NEW JERSEY

ADOPTED MAY 1, 1997

Sponsored by Assemblymen LANCE, RUSSO, MORAN,
DORIA, Blee and LeFevre

1 AN ACT concerning the Executive Commission on Ethical Standards
2 and the filing of financial disclosure statements and the disposition
3 of certain interests by certain State officers and employees and
4 certain special State officers and employees, and amending and
5 supplementing P.L.1971, c.182.

6

7 **BE IT ENACTED** by the Senate and General Assembly of the State
8 of New Jersey:

9

10 1. Section 10 of P.L.1971, c.182 (C.52:13D-21) is amended to
11 read as follows:

12 10. [(a)] a. The Executive Commission on Ethical Standards
13 created pursuant to P.L.1967, [chapter] c.229 and continued and
14 established pursuant to P.L.1971, c.182 is continued and established
15 in but not of the Department of Law and Public Safety and shall
16 [constitute the first commission under this act] be independent of any
17 supervision or control by the department or any board or office
18 thereof.

19 [(b)] b. The commission shall be composed of [seven] 11 members:
20 six Executive Branch members and five public members appointed by
21 the Governor. The Executive Branch members shall be appointed
22 from among State officers and employees serving in the Executive
23 Branch. [Each member] Executive Branch members shall serve at the
24 pleasure of the Governor during the term of office of the Governor
25 appointing [him and until his successor is appointed and qualified]
26 them. The public members shall be appointed by the Governor, except
27 that a public member shall not be a legislative agent or lobbyist as
28 those terms are defined in section 3 of P.L.1971, c.183 (C.52:13C-20)
29 or a representative of an entity subject to significant regulation by the
30 State. No more than three public members shall be affiliated with the
31 same political party. The Governor shall designate one member to

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 serve as chairman and one member to serve as vice-chairman of the
2 commission, both to serve at the pleasure of the Governor. The public
3 members of the commission shall serve for terms of four years and
4 until the appointment and qualification of their successors, but of the
5 first members appointed, two shall serve for a term of one year, one
6 for a term of two years, one for a term of three years, and one for a
7 term of four years. Upon taking the oath of office at the beginning of
8 a Governor's first term of office, the Secretary of State shall be an ex
9 officio member of the commission and shall serve until the
10 appointment of the first Executive Branch member by the Governor.
11 The Governor may appoint the Secretary of State to be a regular
12 Executive Branch member of the commission.

13 Vacancies in the membership of the commission shall be filled in the
14 same manner as the original appointments but, in the case of public
15 members, for the unexpired term only. None of the public members
16 shall be State officers or employees or special State officers or
17 employees, except by reason of their service on the commission.

18 [(c) Each member] c. Members of the [said] commission shall
19 serve without compensation, but public members shall be entitled to
20 be reimbursed for all actual and necessary expenses incurred in the
21 performance of [his] their duties.

22 [(d)] d. The Attorney General shall act as legal adviser and counsel
23 to the [said] commission. He shall upon request advise the
24 commission in the rendering of advisory opinions by the commission,
25 in the approval and review of codes of ethics adopted by State
26 agencies in the Executive Branch [and], in the recommendation of
27 revisions in codes of ethics or legislation relating to the conduct of
28 State officers [and] or employees or special State officers or
29 employees in the Executive Branch, and in the performance of any of
30 its other duties under P.L.1971, c.182, as amended and supplemented.

31 [(e)] e. The [said] commission [may], within the limits of funds
32 appropriated or otherwise made available to it for the purpose, may
33 employ such other professional, technical, clerical or other assistants,
34 excepting legal counsel, and incur such expenses as may be necessary
35 for the performance of its duties.

36 [(f)] f. The [said] commission, in order to perform its duties
37 pursuant to the provisions of this act, shall have the power to conduct
38 investigations, hold hearings, compel the attendance of witnesses and
39 the production before it of such books and papers as it may deem
40 necessary, proper and relevant to the matter under investigation. The
41 members of the [said] commission and the persons appointed by the
42 commission for such purpose are hereby empowered to administer
43 oaths and examine witnesses under oath.

44 [(g)] g. The [said] commission is authorized to render advisory
45 opinions as to whether a given set of facts and circumstances would,

1 in its opinion, constitute a violation of the provisions of this act [or
2 of], a code of ethics promulgated pursuant to the provisions of this
3 act, or an executive order in which the Governor has granted the
4 commission jurisdiction. Advisory opinions shall be filed with the
5 commission and shall be public records, but no opinion so filed shall
6 contain the name of the person or persons who requested or who are
7 the subject of the opinion. The commission is also authorized to
8 develop educational materials and procedures to assist any State
9 officer or employee or any special State officer or employee in
10 understanding and complying with the obligations of that State officer
11 or employee or special State officer or employee under P.L.1971,
12 c.182, as amended and supplemented.

13 [(h)] h. The [said] commission shall have jurisdiction to initiate,
14 receive, hear and review complaints regarding violations, by any State
15 officer or employee or special State officer or employee in the
16 Executive Branch, of the provisions of this act [or], of any code of
17 ethics promulgated pursuant to the provisions of this act, or of any
18 executive order in which the Governor has granted the commission
19 jurisdiction. Any complaint regarding a violation of a code of ethics
20 may be referred by the commission for disposition in accordance with
21 subsection d. of section 12[(d)] of this act (C.52:13D-23).

22 [(i)] i. The commission shall prepare and publish an annual report
23 of its activities for the Governor and the Legislature on or about May
24 1 of each year.

25 j. Any State officer or employee or special State officer or
26 employee in the Executive Branch found [guilty by the commission of
27 violating] by the commission to have violated any provision of this act
28 [or of], a code of ethics promulgated pursuant to the provisions of
29 this act, or an executive order in which the Governor has granted the
30 commission jurisdiction shall be fined not less than ~~[\$100.00]~~ \$500
31 nor more than ~~[\$500.00]~~ \$1,500, which penalty may be collected in a
32 summary proceeding pursuant to [the Penalty Enforcement Law
33 (N.J.S. 2A:58-1)] "the penalty enforcement law," N.J.S.2A:58-1 et
34 seq., may be reprimanded and ordered to pay restitution where
35 appropriate, and may be suspended from [his] office or employment
36 by order of the commission for a period of not in excess of [1] one
37 year. If the commission finds that the conduct of such officer or
38 employee, given the nature and frequency of the conduct and the
39 functions and responsibilities of the officer or employee, evidences a
40 careless disregard of the provisions of P.L.1971, c.182, as amended
41 and supplemented, a code of ethics promulgated pursuant to the
42 provisions of that act, or an executive order in which the Governor has
43 granted the commission jurisdiction, it may order such person removed
44 from the person's office or employment and may further bar such
45 person from holding any public office or employment in this State in

1 any capacity whatsoever for a period not exceeding two years from the
2 date on which the person was found to have violated any provision of
3 P.L.1971, c.182, as amended and supplemented, a code of ethics
4 promulgated pursuant to the provisions of that act, or an executive
5 order in which the Governor has granted the commission jurisdiction.
6 If the commission finds that the conduct of such officer or employee
7 constitutes a willful and continuous disregard of the provisions of this
8 act [or of], a code of ethics promulgated pursuant to the provisions
9 of this act, or an executive order in which the Governor has granted
10 the commission jurisdiction, it may order such person removed from
11 [his] the person's office or employment and may further bar such
12 person from holding any public office or employment in this State in
13 any capacity whatsoever for a period of not exceeding [5] five years
14 from the date on which [he] the person was found [guilty by the
15 commission] to have violated any provision of P.L.1971, c.182, as
16 amended and supplemented, a code of ethics promulgated pursuant to
17 the provisions of that act, or an executive order in which the Governor
18 has granted the commission jurisdiction.

19 k. The commission shall have the primary responsibility for
20 assuring the proper administration and implementation of P.L.1971,
21 c.182, as amended and supplemented, and shall have the power to
22 perform the acts necessary and convenient to administering and
23 implementing that act. The commission in its discretion may provide
24 for the extension of any filing period provided in that act. The
25 commission shall set appropriate conditions for an extension of time
26 during the period of the extension. The commission may from time to
27 time delegate matters within its jurisdiction to its chief administrative
28 officer. A delegation shall remain in effect until removed or modified
29 by the commission. Delegations involving advisory opinions rendered
30 pursuant to subsection g. of section 10 of P.L.1971, c.182 (C.52:13D-
31 21) shall only be made subject to commission review.
32 (cf: P.L.1971, c.182, s.10)

33
34 2. Section 12 of P.L.1971, c.182 (C.52:13D-23) is amended to
35 read as follows:

36 12. [(a)]a. The head of each State agency, or the principal officer
37 in charge of a division, board, bureau, commission or other
38 instrumentality within a department of State Government designated
39 by the head of such department for the purposes hereinafter set forth,
40 shall within six months from the date of enactment, promulgate a code
41 of ethics to govern and guide the conduct of the members of the
42 Legislature, the State officers and employees or the special State
43 officers and employees in the agency to which said code is applicable.
44 Such code shall conform to the general standards hereinafter set forth
45 in this section, but it shall be formulated with respect to the particular

1 needs and problems of the agency to which said code is to apply.
2 Notwithstanding any other provisions of this section, the New Jersey
3 members to any interstate agency to which New Jersey is a party and
4 the officers and employees of any State agency which fails to
5 promulgate a code of ethics shall be deemed to be subject to a code of
6 ethics the provisions of which shall be paragraphs (1) through (6) of
7 subsection ~~[(e)]~~ e. of this section.

8 ~~[(b)]~~ b. A code of ethics formulated pursuant to this section to
9 govern and guide the conduct of the State officers and employees or
10 the special State officers and employees in any State agency in the
11 Executive Branch, or any portion of such a code, shall not be effective
12 unless it has first been approved by the Executive Commission on
13 Ethical Standards. When a proposed code is submitted to the ~~[said]~~
14 commission it shall be accompanied by an opinion of the Attorney
15 General as to its compliance with the provisions of this act and any
16 other applicable provision of law. Nothing contained herein shall
17 prevent officers of State agencies in the Executive Branch from
18 consulting with the Attorney General or with the Executive
19 Commission on Ethical Standards at any time in connection with the
20 preparation or revision of such codes of ethics.

21 ~~[(c)]~~ c. A code of ethics formulated pursuant to this section to
22 govern and guide the conduct of the members of the Legislature, State
23 officers and employees or special State officers and employees in any
24 State agency in the Legislative Branch, or any portion of such code,
25 shall not be effective unless it has first been approved by the
26 Legislature by concurrent resolution. When a proposed code is
27 submitted to the Legislature for approval it shall be accompanied by
28 an opinion of the chief counsel as to its compliance with the provisions
29 of this act and any other applicable provisions of law. Nothing
30 contained herein shall prevent officers of State agencies in the
31 Legislative Branch from consulting with the Chief Legislative Counsel
32 or the Joint Legislative Committee on Ethical Standards at any time in
33 connection with the preparation or revision of such codes of ethics.

34 ~~[(d)]~~ d. Violations of a code of ethics promulgated pursuant to this
35 section shall be cause for removal, suspension, demotion or other
36 disciplinary action by the State officer or agency having the power of
37 removal or discipline. When a person who is in the classified civil
38 service is charged with a violation of such a code of ethics, the
39 procedure leading to such removal or discipline shall be governed by
40 any applicable provisions of the Civil Service Law and the Rules of the
41 Department of ~~[Civil Service]~~ Personnel. No action for removal or
42 discipline shall be taken under this subsection except upon the referral
43 or with the approval of the Executive Commission on Ethical
44 Standards or the Joint Legislative Committee on Ethical Standards,
45 whichever is authorized to exercise jurisdiction with respect to the

1 complaint upon which such action for removal or discipline is to be
2 taken.

3 [(e)] e. A code of ethics for officers and employees of a State
4 agency shall conform to the following general standards:

5 (1) No State officer or employee or special State officer or
6 employee should have any interest, financial or otherwise, direct or
7 indirect, or engage in any business or transaction or professional
8 activity, which is in substantial conflict with the proper discharge of
9 his duties in the public interest.

10 (2) No State officer or employee or special State officer or
11 employee should engage in any particular business, profession, trade
12 or occupation which is subject to licensing or regulation by a specific
13 agency of State Government without promptly filing notice of such
14 activity with the Executive Commission on Ethical Standards, if he is
15 an officer or employee in the Executive Branch, or with the Joint
16 Legislative Committee on Ethical Standards, if he is an officer or
17 employee in the Legislative Branch.

18 (3) No State officer or employee or special State officer or
19 employee should use or attempt to use his official position to secure
20 unwarranted privileges or advantages for himself or others.

21 (4) No State officer or employee or special State officer or
22 employee should act in his official capacity in any matter wherein he
23 has a direct or indirect personal financial interest that might reasonably
24 be expected to impair his objectivity or independence of judgment.

25 (5) No State officer or employee or special State officer or
26 employee should undertake any employment or service, whether
27 compensated or not, which might reasonably be expected to impair his
28 objectivity and independence of judgment in the exercise of his official
29 duties.

30 (6) No State officer or employee or special State officer or
31 employee should accept any gift, favor, service or other thing of value
32 under circumstances from which it might be reasonably inferred that
33 such gift, service or other thing of value was given or offered for the
34 purpose of influencing him in the discharge of his official duties.

35 (7) No State officer or employee or special State officer or
36 employee should knowingly act in any way that might reasonably be
37 expected to create an impression or suspicion among the public having
38 knowledge of his acts that he may be engaged in conduct violative of
39 his trust as a State officer or employee or special State officer or
40 employee.

41 (8) Rules of conduct adopted pursuant to these principles should
42 recognize that under our democratic form of government public
43 officials and employees should be drawn from all of our society, that
44 citizens who serve in government cannot and should not be expected
45 to be without any personal interest in the decisions and policies of

1 government; that citizens who are government officials and employees
2 have a right to private interests of a personal, financial and economic
3 nature; that standards of conduct should separate those conflicts of
4 interest which are unavoidable in a free society from those conflicts of
5 interest which are substantial and material, or which bring government
6 into disrepute.

7 ~~[(f)] f.~~ The code of ethics for members of the Legislature shall
8 conform to subsection ~~[(e)] e.~~ hereof as nearly as may be possible.
9 (cf: P.L.1987, c.432, s.6)

10

11 3. Section 2 of P.L.1971, c.182 (C.52:13D-13) is amended to read
12 as follows:

13 2. As used in this act, and unless a different meaning clearly
14 appears from the context, the following terms shall have the following
15 meanings:

16 a. "State agency" means any of the principal departments in the
17 Executive Branch of the State Government, and any division, board,
18 bureau, office, commission or other instrumentality within or created
19 by such department, the Legislature of the State and any office, board,
20 bureau or commission within or created by the Legislative Branch,
21 and, to the extent consistent with law, any interstate agency to which
22 New Jersey is a party and any independent State authority,
23 commission, instrumentality or agency. A county or municipality shall
24 not be deemed an agency or instrumentality of the State.

25 b. "State officer or employee" means any person, other than a
26 special State officer or employee (1) holding an office or employment
27 in a State agency, excluding an interstate agency, other than a member
28 of the Legislature or (2) appointed as a New Jersey member to an
29 interstate agency.

30 c. "Member of the Legislature" means any person elected to serve
31 in the General Assembly or the Senate.

32 d. "Head of a State agency" means (1) in the case of the Executive
33 Branch of government, except with respect to interstate agencies, the
34 department head or, if the agency is not assigned to a department, the
35 Governor, and (2) in the case of the Legislative Branch, the chief
36 presiding officer of each House of the Legislature.

37 e. "Special State officer or employee" means (1) any person
38 holding an office or employment in a State agency, excluding an
39 interstate agency, for which office or employment no compensation is
40 authorized or provided by law, or no compensation other than a sum
41 in reimbursement of expenses, whether payable per diem or per annum,
42 is authorized or provided by law; (2) any person, not a member of the
43 Legislature, holding a part-time elective or appointive office or
44 employment in a State agency, excluding an interstate agency, or (3)
45 any person appointed as a New Jersey member to an interstate agency

1 the duties of which membership are not full-time.

2 f. "Person" means any natural person, association [or], corporation
3 or other business organization.

4 g. "Interest" means (1) the ownership or control of more than 10%
5 of the profits or assets of a firm, association, or partnership, or more
6 than 10% of the stock in a corporation for profit other than a
7 professional service corporation organized under the "Professional
8 Service Corporation Act," P.L.1969, c.232 (C.14A:17-1 et seq.); or
9 (2) the ownership or control of more than 1% of the profits of a firm,
10 association, or partnership, or more than 1% of the stock in any
11 corporation, which is the holder of, or an applicant for, a casino
12 license or in any holding or intermediary company with respect
13 thereto, as defined by the "Casino Control Act," P.L.1977, c.110
14 (C.5:12-1 et seq.). The provisions of this act governing the conduct
15 of individuals are applicable to shareholders, associates or professional
16 employees of a professional service corporation regardless of the
17 extent or amount of their shareholder interest in such a corporation.

18 h. "Commission" means the Executive Commission on Ethical
19 Standards.

20 i. "Cause, proceeding, application or other matter" means a specific
21 cause, proceeding or matter and does not mean or include
22 determinations of general applicability or the preparation or review of
23 legislation which is no longer pending before the Legislature or the
24 Governor.

25 j. "Dependent child" means a child for whom the State officer or
26 employee or special State officer or employee or the spouse of the
27 State officer or employee or special State officer or employee claims
28 federal or State tax status as a dependent.

29 [i.] k. "Member of the immediate family" of any person means the
30 person's spouse, child, parent or sibling residing in the same
31 household.

32 l. "Financial disclosure statement" means a disclosure form
33 required to be filed with the commission by certain persons pursuant
34 to P.L.1971, c.182 (C.52:13D-12 et seq.), as amended and
35 supplemented, or by executive order of the Governor.

36 m. "Filing employee" means any person holding any of the
37 following offices in the Executive Branch of State government,
38 together with any offices added to such list by executive order:

39 (1) the Governor;

40 (2) the head of each principal department where such head is a
41 single executive;

42 (3) the assistant or deputy heads of each principal department,
43 including all assistant and deputy commissioners of such department;

44 (4) the head and assistant heads of a division of each principal
45 department, or any person exercising substantially similar authority

1 for: (a) any board or commission which is organized as in but not of
2 a principal department, or (b) any independent authority;

3 (5) the executive or administrative head and assistant heads of: (a)
4 any board or commission which is organized as in but not of a
5 principal department or (b) any independent authority;

6 (6) the following members of the staff of the Office of the
7 Governor:

8 (a) Chief of Staff;

9 (b) Chief Counsel to the Governor;

10 (c) Chief, Office of Policy and Planning;

11 (d) Director of Communications;

12 (e) Executive Assistant to the Governor and any deputy and the
13 principal administrative assistant to any of the foregoing members of
14 the staff of the Office of the Governor;

15 (7) members of the State Board of Agriculture;

16 (8) members of the State Board of Education;

17 (9) members of the Board of Public Utilities;

18 (10) members of the State Parole Board; and

19 (11) presidents of the State colleges and universities.

20 "Filing employee" also means any person holding an office not
21 specified above, but which is functionally equivalent to any of those
22 offices. Functional equivalence shall be determined by the Chief
23 Counsel to the Governor, the head of each principal department, the
24 head of each agency, board or commission in but not of a principal
25 department or the head of each independent authority, as appropriate,
26 in consultation with the commission.

27 In addition to the filing employees listed above, the Governor, by
28 executive order, may designate which members of the staff of the
29 Office of the Governor are "filing employees" for the purpose of
30 P.L.1971, c.182, as amended and supplemented, except that the Chief
31 of Staff, the Chief, Office of Policy and Planning and the Director of
32 Communications shall be "filing employees" for the purposes of that
33 act unless those positions or their equivalents are abolished.

34 n. "Filing officer" means:

35 (1) the members of the following boards, commissions,
36 independent authorities and public corporations, or their successor
37 organizations together with any offices or bodies added to such list by
38 executive order:

39 (a) Agriculture Development Committee;

40 (b) Atlantic City Convention Center Authority;

41 (c) Capital City Redevelopment Corporation;

42 (d) Casino Reinvestment Development Authority;

43 (e) Commission on Higher Education;

44 (f) Council on Affordable Housing;

45 (g) Educational Facilities Authority;

- 1 (h) Election Law Enforcement Commission;
- 2 (i) Executive Commission on Ethical Standards;
- 3 (j) Hackensack Meadowlands Development Commission;
- 4 (k) Hazardous Waste Facilities Siting Commission;
- 5 (l) Health Care Administration Board;
- 6 (m) Health Care Facilities Financing Authority;
- 7 (n) Local Finance Board;
- 8 (o) Merit System Board;
- 9 (p) New Jersey Building Authority;
- 10 (q) New Jersey Commission on Science and Technology;
- 11 (r) New Jersey Economic Development Authority;
- 12 (s) New Jersey Highway Authority;
- 13 (t) New Jersey Historic Trust;
- 14 (u) New Jersey Housing and Mortgage Finance Agency;
- 15 (v) New Jersey Low-Level Radioactive Waste Disposal Facility
- 16 Siting Board;
- 17 (w) New Jersey Natural Lands Trust;
- 18 (x) New Jersey Public Broadcasting Authority;
- 19 (y) New Jersey Racing Commission;
- 20 (z) New Jersey Real Estate Commission;
- 21 (aa) New Jersey Redevelopment Authority;
- 22 (bb) New Jersey Sports and Exposition Authority;
- 23 (cc) New Jersey State Council on the Arts;
- 24 (dd) New Jersey Transit Corporation;
- 25 (ee) New Jersey Transportation Trust Fund Authority;
- 26 (ff) New Jersey Turnpike Authority;
- 27 (gg) New Jersey Urban Enterprise Zone Authority;
- 28 (hh) New Jersey Water Supply Authority;
- 29 (ii) North Jersey District Water Supply Commission;
- 30 (jj) Passaic Valley Sewerage Commissioners;
- 31 (kk) Pinelands Commission;
- 32 (ll) Public Employment Relations Commission;
- 33 (mm) School Ethics Commission;
- 34 (nn) Shell Fisheries Council;
- 35 (oo) South Jersey Food Distribution Authority;
- 36 (pp) South Jersey Transportation Authority;
- 37 (qq) State Athletic Control Board;
- 38 (rr) State Lottery Commission;
- 39 (ss) State Planning Commission;
- 40 (tt) Tidelands Resource Council;
- 41 (uu) Wastewater Treatment Trust; and
- 42 (vv) Wetlands Mitigation Council;
- 43 (2) individuals appointed as a New Jersey member to the following
- 44 interstate agencies:
- 45 (a) Atlantic States Marine Fisheries Commission;

- 1 (b) Clean Ocean and Shore Trust Committee;
2 (c) Delaware River and Bay Authority;
3 (d) Delaware River Basin Commission;
4 (e) Delaware River Joint Toll Bridge Commission;
5 (f) Delaware River Port Authority;
6 (g) Delaware Valley Regional Planning Commission;
7 (h) Interstate Sanitation Commission;
8 (i) Northeast Interstate Low Level Radioactive Waste Commission;
9 (j) Palisades Interstate Park Commission;
10 (k) Port Authority of New York and New Jersey;
11 (l) Port Authority Trans-Hudson Corporation;
12 (m) South Jersey Port Corporation; and
13 (n) Waterfront Commission of New York Harbor.
14 o. "Government instrumentality" means the Legislative, Judicial
15 and Executive Branches of State government, including any office,
16 department, division, bureau, board, commission, council, authority or
17 agency therein and any county, municipality, school board, district,
18 public authority, public agency or other political subdivision or public
19 body in the State.
20 p. "Income" means all income from whatever source derived.
21 q. "Relative" means a son, daughter, grandson, granddaughter,
22 father, mother, grandfather, grandmother, great-grandfather, great-
23 grandmother, brother, sister, nephew, niece, uncle or aunt. Relatives
24 by adoption, half-blood, marriage or remarriage shall be treated as
25 relatives of the whole kinship.
26 r. "Asset" means property of any kind, real or personal, tangible or
27 intangible.
28 s. "Interest in a closely held business entity" means any ownership
29 or control of any profits or assets of such business entity.
30 t. "Doing business" with any government instrumentality means
31 business or commercial transactions involving the sale, conveyance or
32 rental of any estate, goods or services, and does not include
33 compliance with regulatory procedures.
34 (cf: P.L.1987, c.432, s.2)
35
36 4. (New section) Every filing employee and filing officer, as such
37 terms are defined in subsections m. and n. of section 2 of P.L.1971,
38 c.182 (C.52:13D-13), shall file a current sworn and duly notarized
39 financial disclosure statement with the commission. Each statement
40 shall include the following information:
41 a. the name and position of the filing employee or filing officer;
42 b. any occupation, trade, business or profession engaged in by the
43 filing employee or filing officer and the employee's or officer's spouse
44 and dependent children;
45 c. (1) a list of all assets having a value of more than \$1,000, both

1 tangible and intangible, in which a direct or indirect interest is held by
2 the filing employee or filing officer or the employee's or officer's
3 spouse or dependent children, valued as of the statement date, except
4 that when the value cannot be determined as of that date, a separate
5 valuation date shall be specified for the particular asset. Where stocks
6 and bonds are involved, there shall be included the name of the
7 company, mutual fund, holding company or government agency issuing
8 them, except that whenever such interest exists through ownership in
9 a mutual fund or holding company, the individual stocks held by such
10 mutual fund or holding company need not be listed, and whenever such
11 interest exists through a beneficial interest in a trust, the stocks and
12 bonds held in such trust shall be listed only if the filing employee or
13 filing officer has knowledge or what stocks and bonds are so held.
14 Where more than 10 percent of the stock of a corporation is held, the
15 percentage of ownership shall be stated;

16 (2) a list of assets consisting of any direct or indirect interest,
17 whether vested or contingent, in any contract made or executed by a
18 government instrumentality;

19 (3) a list of assets consisting of real estate interests, including the
20 location, size, general nature and acquisition date of any real property
21 in New Jersey in which any direct, indirect, vested or contingent
22 interest is held, together with the names of all individuals or entities
23 who share a direct or indirect interest therein and the name of any
24 government instrumentality that is a tenant of such property or that
25 has before it an application, complaint or proceeding directly affecting
26 such property.

27 A filing employee required to file a financial disclosure form need
28 not include on any of the above lists of assets any of the holdings of a
29 qualified blind trust or a qualified diversified trust as defined in
30 regulations adopted by the commission, but a filing employee shall
31 report the category of the amount of income received by the employee
32 or officer or the employee's or officer's spouse from the trust as
33 provided in this section.

34 The commission shall have authority to adopt regulations defining
35 qualified blind trusts and qualified diversified trusts, establishing
36 standards and procedures for the certification of such trusts,
37 establishing standards for independent trustees, establishing
38 restrictions on fiduciaries and interested parties, establishing filing
39 requirements for qualified trusts, and providing for the revocation of
40 trust certificates and trustee approvals.

41 In promulgating and adopting such regulations the commission shall
42 be guided by and conform substantially to the standards and
43 prerequisites for qualified blind trusts and qualified diversified trusts
44 set forth in the Ethics in Government Act of 1978 (Pub.L.95-521, as
45 amended) and regulations adopted by the Office of Government Ethics

1 pursuant thereto.

2 Assets of a filing employee and the employee's spouse shall be listed
3 according to the following value categories:

- 4 (a) greater than \$1,000, but not more than \$5,000;
- 5 (b) greater than \$5,000, but not more than \$10,000;
- 6 (c) greater than \$10,000, but not more than \$20,000;
- 7 (d) greater than \$20,000, but not more than \$40,000;
- 8 (e) greater than \$40,000, but not more than \$80,000;
- 9 (f) greater than \$80,000, but not more than \$120,000;
- 10 (g) greater than \$120,000, but not more than \$160,000;
- 11 (h) greater than \$160,000, but not more than \$200,000;
- 12 (i) greater than \$200,000, but not more than \$240,000;
- 13 (j) greater than \$240,000, but not more than \$280,000;
- 14 (k) greater than \$280,000, but not more than \$320,000;
- 15 (l) greater than \$320,000, but not more than \$360,000;
- 16 (m) greater than \$400,000.

17 The value of assets of a filing employee's dependent children or of
18 a filing officer and the officer's spouse and dependent children need
19 not be disclosed unless specifically requested by the Governor or the
20 commission;

21 d. A list of all liabilities of the filing employee or filing officer and
22 the employee's or officer's spouse and dependent children, valued, as
23 applicable, by category in the same manner as required by subsection
24 c. above, except liabilities which are:

- 25 (1) less than \$10,000 and owed to a relative, as defined in
26 subsection q. of section 2 of P.L.1971, c.182 (C.52:13D-13);
- 27 (2) less than \$1,000 and owed to any other person;
- 28 (3) loans secured to purchase a personal motor vehicle, household
29 furniture or appliances where the loan did not exceed the purchase
30 price of the item and the outstanding balance did not exceed \$10,000
31 as of the close of the preceding calendar year; and
- 32 (4) revolving charge accounts where the outstanding liability does
33 not exceed \$10,000 as of the close of the preceding calendar year;

34 e. A list of all former liabilities of the filing employee or filing
35 officer and the employee's or officer's spouse and dependent children
36 which have been forgiven by the creditor within 12 months of the
37 statement date. For each such forgiven liability so listed, the name of
38 the creditor to whom such liability was owed shall be stated;

39 f. A list of all sources of income of the filing employee or filing
40 officer and the employee's or officer's spouse and dependent children.
41 Statements filed before July 1 of any year shall disclose sources of
42 income for the preceding calendar year. Statements filed after July 1
43 of any year shall provide this information for the 12-month period
44 immediately preceding the filing date or for such time period as may
45 be designated by the filer with the concurrence of the commission.

1 The amounts of such income received shall be listed and valued by
2 category in the same manner as assets as set forth in subsection c. The
3 amount of income of a filing employee's dependent children or of a
4 filing officer and the officer's spouse and dependent children need not
5 be disclosed unless specifically requested by the Governor or the
6 commission. Sources of income that are not required to be reported
7 are:

8 (1) cash gifts in an aggregated amount of less than \$100 received
9 during the preceding 12 months from a person;

10 (2) non-cash gifts with an aggregated fair market value of less than
11 \$200 received during the preceding 12 months from a person; and

12 (3) gifts with an aggregated cash or fair market value of less than
13 \$3,000 received during the preceding 12 months from a relative;

14 g. A list of any offices, trusteeships, directorships or positions of
15 any nature, whether compensated or uncompensated, held by the filing
16 employee or filing officer or the employee's or officer's spouse or
17 dependent children and the name of the firm, corporation, association,
18 partnership, business or other entity with which the position is held.
19 If any listed firm, corporation, association, partnership or business
20 does business with or is licensed, regulated or inspected by a State
21 agency or does business with a casino license holder or applicant, the
22 State agency, casino or applicant must be identified;

23 h. A list of entities that do business with any government
24 instrumentalities in which the filing employee or filing officer or the
25 employee's or officer's spouse has an interest, as defined in subsection
26 g. of section 2 of P.L.1971, c.182 (C.52:13D-13).

27
28 5. (New section) Each statement shall contain a certification by
29 the filing employee or filing officer that the employee or officer has
30 read the statement, that to the best of the employee's or officer's
31 knowledge and belief it is true, correct and complete and that the
32 employee or officer has not transferred and will not transfer any asset,
33 interest or property for the purpose of concealing it from disclosure
34 while retaining an equitable interest therein.

35
36 6. (New section) a. Within 120 days from the effective date of
37 this act, each filing employee and filing officer who has not already
38 done so shall file the original signed statement required herein with the
39 commission. The statement shall contain a certification in lieu of oath
40 and shall be notarized. In furtherance of its duties under the "New
41 Jersey Conflicts of Interest Law," P.L.1971, c.182 (C.52:13D-12 et
42 seq.) and pursuant to this act, the commission shall review each
43 statement to determine its internal conformity with the provisions of
44 this act and other applicable provisions of the law. Upon accepting
45 such statement for filing, the commission shall file and maintain a copy

1 of it for public inspection and copying in accordance with the
2 procedures set forth in P.L.1963, c.73 (C.47:1A-1 et seq.).

3 b. Each prospective filing employee and filing officer shall, before
4 assuming the office to which the employee or officer has been
5 appointed, satisfy the filing requirements of this act.

6 c. Updated statements shall be filed on the May 15 next succeeding
7 the submission of the original statement and each May 15 thereafter.

8

9 7. (New section) The commission shall keep the approved
10 statements on file for so long as the person submitting such statements
11 is a filing employee or filing officer of this State, and for five years
12 thereafter.

13

14 8. (New section) a. A filing employee or filing officer shall not be
15 permitted to maintain or retain any interest in any closely held business
16 entity doing business with a government instrumentality except as
17 provided in subsections c. and d. below.

18 b. After the effective date of P.L. , c. (C.)(now
19 pending before the Legislature as this bill), a State agency shall not
20 hire a filing employee, and no person shall be appointed as a filing
21 officer, who holds any interest in any closely held business entity doing
22 business with a government instrumentality except as provided in
23 subsections c. and d. below. An individual seeking employment in or
24 appointment to such a position shall not divest a covered asset in a
25 manner otherwise prohibited by this act for the purpose of satisfying
26 the provisions of this act. A filing employee or filing officer shall not
27 obtain any prohibited interest in a closely held business entity during
28 the filing employee's or filing officer's tenure.

29 c. The provisions of subsections a. and b. shall not apply to any
30 purchase, sale, contract, or agreement with a government
31 instrumentality, other than a State agency, which is made or awarded
32 after public notice and competitive bidding as provided by the "Local
33 Public Contracts Law," P.L.1971, c.198 (C.40A:11-1 et seq.), or
34 similar public bidding laws or regulations, provided that any such
35 purchase, sale, contract or agreement, including a change in orders and
36 amendments thereto, shall receive the prior approval of the
37 commission.

38 d. The provisions of this section may be waived in whole or in part
39 by the commission if, in the judgment of the commission, the filing
40 employee's or filing officer's interest in a closely held business entity
41 doing business with a government instrumentality will not interfere
42 with the responsibilities of the filing employee or filing officer and will
43 not give rise to a present or potential conflict of interest or a present
44 or potential appearance of a conflict of interest.

45 e. A filing employee or filing officer may only maintain an interest

1 in a closely held business entity covered by this section while and until
2 the commission makes a final determination on the status of such
3 interest. A person seeking employment or appointment in a State
4 agency shall disclose to the commission the person's interest, and the
5 interest of the person's spouse, in any such business entity as soon as
6 practicable, and the commission shall render a determination no later
7 than 30 days after receiving such disclosure, or at its next regularly
8 scheduled meeting, whichever shall occur later.

9
10 9. (New section) The commission shall review all financial
11 disclosure statements as they may from time to time be submitted by
12 filing employees and filing officers to determine whether the covered
13 persons have obtained ownership or interest in any assets that give rise
14 to a present or potential conflict of interest, or a present or potential
15 appearance of a conflict of interest, within the meaning of this act.

16
17 10. (New section) Each filing employee or filing officer shall
18 amend the employee's or officer's financial disclosure statement within
19 30 days of gaining knowledge of: a. the acquisition by the employee
20 or officer or the spouse thereof of any interest in any closely held
21 business entity; or b. the commencement of any business activity
22 covered by the provisions of this act.

23
24 11. (New section) Any filing employee or filing officer subject to
25 this act who acquires an interest prohibited under this act by way of
26 inheritance, bequest or similar circumstances beyond the employee's
27 or officer's control shall follow the procedures for disclosure and
28 disposition set forth in sections 10 and 12 of this act. The commission
29 may adopt rules and regulations governing the disposition of such
30 interests pending compliance with the procedures for disclosure and
31 disposition set forth in this act. These rules and regulations may
32 provide a reasonable period of time for divestiture of an interest,
33 considering the nature of the filing employee's or filing officer's duties
34 and the nature and marketability of the interest.

35
36 12. (New section) All required divestiture shall be subject to the
37 following conditions:

38 a. ownership or control of the asset may not be transferred to a
39 member of the filing employee's or filing officer's immediate family;
40 and

41 b. the terms and conditions of any conveyance of ownership and
42 control of the asset shall not contain any provisions regarding the
43 return of the asset to the filing employee or filing officer subsequent
44 to the employee's or officer's State service.

45

