

 LINCOLN LABORATORY <small>MASSACHUSETTS INSTITUTE OF TECHNOLOGY</small>	DOCUMENT DO-056, Conflicts of Interest	DATE 04 December 2020
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CONFLICTS OF INTEREST

Provides guidance to Laboratory personnel on how to proactively avoid conflicts of interest and resolve conflicts that may occur during Laboratory operations.

KEY TAKEAWAYS

- The 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.
- Laboratory personnel shall avoid situations that cause actual or apparent conflicts of interest, and take steps to resolve those that may arise.
- Employees who are currently in a position to influence a Laboratory program's research findings or recommendations must file an Activities Statement and Financial Interests (ASFI) report.

SUMMARY OF CHANGES

This revision transfers ownership of this policy to the Ethics and Compliance Assurance Office (ECAO), and makes minor associated changes.

1.0 INTRODUCTION

The 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. This procedure describes what conflicts of interest are and provides guidance on how to avoid them.

The information in each section centers on two fundamental purposes:

- Inform Laboratory personnel about actual or apparent conflicts of interest so that they may take proactive steps to avoid any occurrences
- Explain the process for resolving conflicts that may arise in the course of the Laboratory's operations.

NOTE: The term "personnel" as used in this procedure includes Laboratory employees, subcontractor vendor employees, and consultants to the Laboratory.

This procedure covers the following United States Air Force (USAF) Prime Contract requirements: FA8702-15-D-0001, 48 C.F.R. § 35.017(a), and 48 C.F.R. § 52.203-13.

2.0 PROCESS

2.1. PERSONAL CONFLICTS OF INTEREST

Laboratory personnel shall avoid situations where their professional activities on behalf of the Laboratory affect or could affect their personal financial interests, such as stock, bonds, mutual funds, real estate, non-Laboratory salary, indebtedness, job offers, or any similar interest. A person's reputation for honesty and integrity is not a relevant factor in these matters.

The Ethics and Compliance Assurance Office (ECAO) will provide written guidance and work with individual staff and their management to resolve conflicts of interest that develop.

Resolving 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. DO-014, Guidelines for Outside Activities provides additional guidance for Laboratory personnel.

2.2. IMPARTIALITY AND CONSIDERATION OF APPEARANCES

Circumstances can create the appearance of a conflict of interest even when no financial conflicts of interest actually exist. These can be just as damaging to the Laboratory's reputation and must also be avoided.

The appearance of a conflict of interest may occur when the following two elements are both present:

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

2.3. COMMON SITUATIONS THAT MAY CREATE CONFLICTS OF INTEREST

2.3.1. SEEKING EMPLOYMENT

The following situations may both cause a conflict of interest or the appearance of one:

- Laboratory personnel participating in a Laboratory program or acquisition in a capacity or manner that directly or predictably affects the financial interests of an entity.
- Laboratory personnel seeking employment with that entity or that have an agreement about future employment. Personnel seeking employment outside the Laboratory shall must provide written notification and work with their Group and Division management and the ECAO to recuse themselves formally from all responsibilities that affect their potential new employer. See DO-014, Guidelines for Outside Activities.

2.3.2. GIFTS

Laboratory personnel 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:

- Personnel should never solicit a gift
- Unsolicited gifts may be accepted from any source, provided the gift is objectively worth \$20 or less per source, per occasion, with a maximum of \$50 in gifts per source, per year.
- Gifts motivated by personal friendship.
- 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, such as a contractor-hosted information day or an Institute of Electrical and Electronics Engineers (IEEE) event, may be accepted under certain circumstances. Contact the ECAO if you have questions about any such events.

NOTE: Tickets to sporting events and cultural activities are not considered "widely attended gatherings" for gift acceptance purposes. While attendance at such events may be acceptable, gifts of free entertainment collateral to the event are not.

2.4. ORGANIZATIONAL CONFLICTS OF INTEREST

The Prime 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 (as opposed to an employee) 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 of an organizational conflict of interest would be a situation where the government asks the Laboratory to judge or otherwise evaluate a competition or source selection in which MIT campus will be a competitor or Laboratory personnel will be on a team participating in the competition or source selection.

If Laboratory personnel become aware of an organizational conflict of interest, they need to notify the ECAO as quickly as possible so the matter can be examined, resolved, and reported to the USAF, if required.

In order to guard against organizational conflicts of interest, Laboratory personnel asked to support government source selections shall submit an updated Activities Statement and Financial Interests (ASFI) report. Participation by Laboratory personnel, including any subcontractor employees and consultants on a government source selection, requires the approval from the Division/Department Head of the personnel involved.

2.5. ACTIVITIES STATEMENT AND FINANCIAL INTERESTS (ASFI) REPORTS

Employees in positions that can materially influence a Laboratory program's research findings or recommendations are required to file an ASFI report. This applies to the following groups:

- Division leadership, Group leadership, program managers, and those responsible for contracting or purchasing.
- Personnel identified by their Division/Group leadership as being in positions requiring an ASFI report.

All personnel required to file an ASFI report will be notified on an annual basis. For personnel who must submit an ASFI report, 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 report and for ensuring that individuals are not assigned to work on projects that present an organizational or personal conflict of interest.

Any other personnel with financial interests may opt-in and complete an ASFI report at their discretion. If it is unclear about whether or not the ASFI report requirement applies to them, additional guidance is available from the ECAO.

The ECAO reviews all ASFI reports and will engage individually with personnel whose ASFI reports indicate an existing or potential conflict of interest in order to resolve any such problem.

Further information on who must file, how to file, and the ASFI report can be found on the ASFI Quick Card.

3.0 DEFINITIONS

TERM	DEFINITION
Employee	Anyone employed directly by MIT.
Gift	Anything with consequential market value provided to an individual. 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	Exists when interests or relationships cause the 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.
Personnel	The whole Laboratory workforce, including employees, subcontractor employees, consultants, military liaisons, and other personnel contracted to supplement the Laboratory workforce.
Prohibited source	Anyone doing or seeking to do business with, or official action by, MIT or the Laboratory, or an entity substantially affected by the performance of the employee's duties.
Seeking employment	Encompasses actual employment negotiations as well as preliminary efforts to obtain employment, such as sending a resume (including any that are unsolicited).

4.0 TRAINING

All Laboratory personnel, resident subcontractor personnel (see CSD-020, Guidelines for Contracted Labor), and any consultant whose contract effort exceeds fifty-two (52) days per year are required to complete the Laboratory's on-line Initial Ethics Training. In addition, they must also successfully complete the Annual Ethics and Compliance Training Refresher on an annual basis. This training is supplemental to, and not a substitute for, ethics training by the employing company.

5.0 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 Laboratory contract. Specific guidance on the reporting requirements for individuals is available from ECAO; but in general, the reporting thresholds are:

- Investments in individual companies must be reported if they have a value of \$15,000 or more.
- Sector Fund investments, which are investments targeted in a particular sector of the economy, must be reported if they have a value of \$50,000 or more.

The specific thresholds for reporting investments of various types are set in [5 C.F.R. Part 2640, Subpart B](#).

APPENDIX B: COVERED RELATIONSHIP

The following situations constitute a covered relationship:

- 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
- 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 is seeking employment)

APPENDIX C: PERSONAL CONFLICT OF INTEREST

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

- A person knowingly participates, personally and substantially, in a particular matter
- That person has a personal (or imputed) financial interest
- Participation in that particular matter will have a direct and predictable effect on the personal (or imputed) financial interest of that person

For the above elements, the following terms are defined in detail.

Participate – Direct and active personal effort or the supervision of the participation of a subordinate.

Substantially – The involvement of the person is of significance to the matter.

Particular matter – A matter involving specific parties or that involves an identifiable category of persons (for example, a contract, a research program, or a legislative or policy proposal).

Direct and predictable effect – 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 defined as the financial interest of:

- The person's spouse
- The person's minor child
- A member of the person's household
- The person's general business partner
- An organization of entity which the person serves as an officer, director, trustee, or general partner
- An individual or entity with whom the person is negotiating for prospective employment