

**THE DEPARTMENT OF THE TREASURY**  
**SUPPLEMENTAL ETHICS CODE**

The New Jersey Conflicts of Interest Law (N.J.S.A. 52:13D-12 et seq.) establishes specific standards of conduct for State employees and officers. Pursuant to the Law, the State Ethics Commission has issued a Uniform Ethics Code to govern and guide the conduct of State officers and employees and special State officers and employees in State agencies in the Executive Branch of State Government and to serve as the primary code of ethics for such agencies, including the Department of the Treasury.

In accordance with N.J.S.A. 52:13D-23, the Department of the Treasury adopts this supplement to the Uniform Ethics Code to govern the conduct of State officers and employees and special State officers and employees in the following divisions of the Department: Investment, State Lottery, Rate Counsel, Revenue & Enterprise Services, and Taxation.

**I. DIVISION OF INVESTMENT**

**A. General Provisions**

1. Each employee of the Division must recognize his or her duty to the beneficiaries of the various funds under management of the Division. Each employee should exercise his or her reasonable judgment before undertaking any activity that might in any way compromise the highest ethical standards in the performance of these duties. The principles that govern personal investment activities reflect, at a minimum, the requirement that all personal security transactions be conducted in such a manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility and the fundamental standard that employees should not take inappropriate advantage of their positions.
2. Division employees, within ten days of commencement of employment and annually thereafter (within 30 days of calendar year end), shall sign a statement acknowledging that they have a duty to put the interests of the funds' beneficiaries first and to avoid conduct that could lead to actual or potential conflicts of interest, and certifying that they have read the Uniform Ethics Code and Treasury's Supplemental Ethics Code, including those provisions specifically pertaining to the Division, and understand they are subject to, are in compliance with, and will continue to comply with their provisions.

**B. Confidentiality**

1. In the exercise of an employee's duties, an individual may be provided confidential information supplied by brokerage firms, banks, corporations or others with whom the Division transacts business. The information may or may not be designated as confidential, but the employee should treat all information that is not publicly available as confidential.

In addition, investments under consideration, recent investment decisions, and non-public information about the portfolios under management (including individual investments) should be treated as confidential information. The employee may not disclose such information to any person outside the Division and should limit such disclosure within the Division only to those persons who need to know such information in keeping with their responsibilities within the Division. No employee, nor any other person through the employee, may use such confidential information for personal or financial advantage.

2. Division employees are prohibited from trading in a security, whether in their official capacity or in their personal accounts, while in possession of material, non-public information about the issuer or the market for those securities.

### C. Definitions

1. “Beneficial ownership” means the Division employee has a direct or indirect pecuniary interest in the securities or exercises investment discretion or trading authority with respect to the securities. An employee shall not be deemed to have a beneficial ownership of an account if the account is not held jointly with his or her spouse, the employee and spouse are legally separated or divorced, and the employee and spouse are not living in the same household.
2. “Pecuniary interest” is a direct or indirect opportunity to benefit from, or share in, any profit derived from a securities transaction. A pecuniary interest in securities includes, but is not limited to:
  - a. securities held by the employee’s spouse, civil partner, minor child (whether or not living with the Division employee), other immediate family member sharing the same household, or other individual residing with, financially dependent upon, or whose investments are controlled by, the employee. This presumption may be rebutted by providing the Division with sufficient evidence that any profits derived from transactions in these securities will not provide any economic benefit to the employee.
  - b. a general partner’s proportionate interest in portfolio securities held by a general or limited partnership.
  - c. a manager-member’s interest in portfolio securities held by a limited liability company.
  - d. interest in securities held by a trust, estate or other joint ownership or pooling arrangement unless the person has no power to affect investment decisions. There must be no communication between the account and the Division employee.

A shareholder shall not be deemed to have a pecuniary interest in the portfolio securities held by an entity if the shareholder is not a controlling shareholder of the entity and does not have or share investment control over the entity’s portfolio.

3. “Immediate family” shall mean any child, stepchild, grandchild, parent, stepparent, grandparent, sibling, stepsibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, and shall include adoptive relationships.
4. “Discretionary account” means an account where a firm or an individual other than the Division employee has been granted complete investment discretion over the account. Pre-clearance is not required for trades in this account; however, the Division employee may not participate, directly or indirectly in individual investment decisions or be made aware of such decisions before transactions are executed. This restriction does not preclude the employee from establishing investment guidelines for the adviser or trustee, such as indicating sectors in which the employee desires to invest or the overall investment objectives. However those guidelines may not be changed so frequently as to give the appearance that the employee is actually directing investments.
5. “Security” includes, in general, any interest or instrument commonly known as a security, including but not limited to the following: any note, stock, treasury stock, real estate investment trust, bond, debenture or other evidence of indebtedness, closed-end fund, exchange traded fund (ETF), warrant, right, hedge fund, private equity fund, limited partnership, private placement or unlisted security, investment, commodity or futures contract, and all derivative instruments such as any call, put, straddle, option or privilege on any security or on any group of securities.

A “security” does not include direct obligations of the U.S. Government, bankers’ acceptances, certificates of deposit, commercial paper, high quality short-term debt instruments (meaning any instrument that has a maturity at issuance of less than 366 days and that is rated in one of the two highest rating categories by a nationally recognized statistical rating organization, including repurchase agreements), shares issued by money market funds, shares issued by open-end funds other than reportable funds and shares issued by unit investment trusts that are invested exclusively in one or more open-end funds, none of which are reportable funds.

6. “Securities account” is any account in or through which securities can be purchased or sold, which includes, but is not limited to, a brokerage account, transfer agent account, retirement account, custodial account or variable annuity or variable life insurance policy.

#### D. Securities Transaction Activities

1. Division employees may not effect securities transactions with an individual broker who also acts as a broker in securities transactions with the Division. This provision does not apply to the brokerage firm as a whole.
2. Division employees must disclose to the Division of Investment Compliance Officer, within ten days of the commencement of employment and annually thereafter (within 30 days of calendar year end), all securities in which the employee has any direct or indirect beneficial ownership, as defined in Section C above, and a listing of all security accounts that have reportable securities. The security information must include the title of the

security, the exchange ticker symbol or CUSIP, and the number of shares or principal amount. Employees may provide account statements in lieu of a listing. All information must be current (within 45 days) of each required report date. For discretionary securities or trust accounts, the employee must provide a written statement from the broker or personal advisor or trustee documenting the nature of the account and stating that the Division employee does not have direct or indirect influence or control. All new securities accounts must be reported to the Compliance Officer within ten days of opening. When a Division Employee obtains beneficial ownership in an existing account, such relationship shall also be reported to the Compliance Officer within ten days of such relationship being established.

3. For employees who hold securities or trust accounts deemed to be discretionary accounts, the employee will further certify that they did not suggest that the trustee or advisor make any particular transactions, direct the trustee or advisor to make any particular transactions, or consult with the trustee or advisor as to the particular allocation of investments to be made in the account.
4. Division employees may not conduct any trading in securities accounts in which they have investment discretion without prior written approval from the Director of the Division of Investment, who shall base such approval upon all of the following factors: (1) the last time the Division traded the security; (2) the absence of a conflict with the blackout periods prescribed in paragraphs 5 and 8 below; (3) the absence of an order on the desk to trade in the security; (4) whether the Division is contemplating trading the security in the next seven days; and (5) any other factor the Director determines may create the appearance of a conflict of interest. Exceptions may be granted by the Director if the employee would suffer financial hardship should an exception not be granted. A transaction in a security that results in earning reduced profits, changes in investment objectives, tax strategies, or special new investment opportunities would not constitute acceptable reasons for a waiver. The approval granted shall be valid until close of business on the next business day following receipt of approval. If the transaction has not been executed within that timeframe, a new approval must be obtained. Limit orders must either be executed or expire within the approval period.

Preclearance is not required for trading in ETFs that are included on a list maintained by the Compliance Officer. However, the securities accounts that hold these securities are subject to the reporting requirement in Paragraph 6 below.

5. Division employees may not engage in trading any security for seven calendar days from the time the Division has placed an order for that security.
6. Division employees must provide or direct their advisers, brokers and/or transfer agents to provide the Division of Investment Compliance Officer on a timely basis with duplicate copies of transaction confirmations and periodic statements (monthly or quarterly as are customarily issued) for all securities accounts in which they have a direct or beneficial interest. If the employee provides the required documentation directly to the Compliance Officer, he/she must do so promptly after receiving them. This requirement applies to

discretionary securities accounts. This requirement does not apply to securities accounts that only include exempt securities.

7. Division employees may not purchase securities in an initial public offering.
8. Division employees are prohibited from excessive or short term trading. Division employees may not profit from the purchase and sale, or sale and purchase, of any security within a 60-day period, unless circumstances strongly support an exception, and the exception is approved by the Director in writing. This holding period does not apply to ETFs included on a list maintained by the Compliance Officer.
9. Division employees may not acquire securities issued through a private placement or securities that are not publicly traded without written prior approval by the Director.
10. Division employees may not participate in any discussion of the Division's acquisition of securities that were or are part of a prior private placement or securities that are not publicly traded where the employee holds those securities. The employee must disclose ownership of such investments, after which, an independent review shall be conducted by Division personnel with no interest in the issuer prior to the Division effecting the transaction.
11. Where the Director is responsible for accepting disclosures and granting permission to make securities transactions, the Director may delegate that responsibility to the Deputy Director. Where the Director is the person required to disclose, or to seek permission, the Treasurer shall exercise the authority otherwise placed with the Director.
12. The following are exempt from trading restrictions but must still be reported to the Compliance Officer:
  - a. Tender offer transactions.
  - b. The acquisition of securities through stock dividends, automatic dividend reinvestment plans, stock splits, reverse stock splits, mergers, consolidations, spin-offs, or other similar corporate reorganizations or distributions generally applicable to all holders of the same class of such securities.
  - c. The acquisition of securities through the exercise of rights issued by an issuer pro rata to all holders of a class of securities to the extent the rights acquired in the issue are exempt from all trading restrictions.
  - d. The acquisition or disposition of securities by gift or inheritance. The sale of securities acquired by gift or inheritance is subject to all trading restrictions of these guidelines.
13. Division employees have an obligation to review their own trading and holdings to ensure that they have acted in compliance with the provisions of this Treasury Supplemental Code. To the extent that an employee determines that he or she has executed a transaction not in

compliance with this Supplemental Code, or has failed to report securities, that employee must immediately report the violation to the Division of Investment Compliance Officer.

D. Disclosures

1. Investment disclosures made pursuant to these guidelines shall be personnel records.
2. Division employees must disclose to the Director any employment of his or her spouse, or any association of the employee or his or her spouse with any financial entity.
3. A Division employee must disclose to the Director whether he or she is the beneficiary of, or receives any compensation, deferred payment or other benefits from any financial entity resulting from his or her prior employment where such benefit is contingent upon the provision of further services to such entity.

E. Outside Employment and Activities

1. Outside employment that involves stocks, bonds, futures brokerage, and securities trading is prohibited.
2. A Division employee may provide financial advice, act as a trustee or fiduciary or otherwise provide financial services, testimony or presentation to independent third parties for reasonable compensation, but only provided that (a) the employee receives permission in writing from both the State Treasurer or his or her designee and the Director of the Division (or, in the case of the Director, from the Treasurer); and (b) the employee's responsibilities to the third party do not impinge upon the employee's obligations to perform the tasks required of his or her position with the Division.
3. A Division employee may serve as a trustee or director of a charitable or educational institution and may serve as a director of a corporation, and may receive compensation therefore, but only to the extent that other directors or trustees of such organizations are compensated, provided that: (a) the employee shall receive permission in writing from both the State Treasurer or his or her designee and the Director of the Division (or in the case of the Director, from the Treasurer); and (b) the institution or corporation does not do business with the Division as banker, broker, financial advisor or provider of financial services, except that the employee may, in his or her role as a fiduciary for the beneficiaries of the State-administered funds, serve on the board of directors of a corporation whose shares are held by such funds.

F. Annual Report

The Division shall annually provide to the State Investment Council a report summarizing existing procedures concerning compliance with the Uniform Ethics Code and this Supplemental Ethics Code, particularly those guidelines pertaining to the Division of Investment, any procedural changes made during the year, any violations requiring significant remedial action, any developments in applicable laws, regulations or industry practices, and

any recommendation on changes needed to maintain a strong code of ethics within an evolving industry.

## **II. DIVISION OF STATE LOTTERY**

### **A. Prohibited Activities**

1. Employees of the Division, their family members residing in the same household, and members of the Lottery Commission may not be licensed agents of the New Jersey State Lottery.
2. Officers, employees and family members of the Division residing in the same household may not acquire lottery tickets of the New Jersey State Lottery or share otherwise in any winnings from this lottery.
3. In addition to N.J.S.A. 5:9-16, N.J.A.C. 17:20-1.3 sets forth that the following are prohibited from purchasing tickets or shares in any New Jersey State Lottery and no prize shall be paid to:
  - a. Any commissioner, officer, or employee of the Lottery;
  - b. Any officer or employee of the State, or State contracted vendor, who participates in the design or manufacture of a New Jersey Lottery game; or
  - c. Any person residing in the principal place of abode of such commissioner, officer or employee, excepting a tenant not related by blood or marriage.

## **III. DIVISION OF RATE COUNSEL**

### **A. Political Activities**

All attorneys and unclassified employees at Rate Counsel shall not:

1. Be a candidate for or hold any elected or appointed partisan public or political party office at the municipal, county or State level or actively participate or assist in any campaign for these offices, including, but not limited to, planning, hosting, being a speaker at, or otherwise actively participating in events relating to such campaigns. This does not preclude mere attendance at an event in one's private capacity.
2. Directly or indirectly solicit, receive, collect, handle, disburse or account for funds for a partisan political purpose. This does not preclude campaign contributions made in the employees' private capacity.

3. Organize or reorganize a political party organization or political club or be a candidate for or serve as an officer or member of any partisan political committee.
4. Engage in any activity, the primary purpose of which is to affect the election to public office or political party office of specific candidates or of the candidates of a particular political party in general, that calls attention to or in any way relies on his or her status as an employee at Rate Counsel.

#### B. Private Practice of Law by Attorneys

All attorneys employed at Rate Counsel are prohibited from the private practice of law except with the written approval of the Director and an approved Outside Activity Questionnaire. Attorneys who are themselves parties in adversarial proceedings may appear pro se after engaging in the appropriate recusals.

#### C. Prohibition on dealing with utilities

1. No employee of Rate Counsel, whether classified, unclassified, temporary or permanent, shall have any interest in or any dealings or transactions in any capacity with any public utility or any industry regulated by the Board of Public Utilities except in the strict performance of their duties. Nothing in this section shall preclude dealing or transacting business with any such public utility or regulated company in connection with personal services involving the person or property of such employees.
2. No employee of Rate Counsel shall hold securities in any public utility as defined in N.J.S.A. 48:2-13, any cable television company, or in any industry operating in New Jersey over which the Board of Public Utilities may subsequently be granted regulatory jurisdiction. Employees of Rate Counsel must either divest themselves of such interest, stock or securities or place any such stock or securities in a blind trust within 60 days after commencing employment. The prohibitions stated above apply equally to the employee and spouse of the employee. No spouse or member of the immediate family, as defined in the Uniform Ethics Code, Section I., of a Division employee shall act as a trustee under any blind trust agreement permitted by the Code.
3. No employee of Rate Counsel shall appear before the Board of Public Utilities in a representative capacity or as an expert witness on behalf of other party within six months after termination of employment with the Division.

### **IV. DIVISIONS OF TAXATION and REVENUE & ENTERPRISE SERVICES**

#### A. Tax Compliance

1. Employees must comply with all federal, state and local tax laws.

- a. Compliance with all federal, state and local tax laws means that employees must file all tax returns in a timely manner or, if necessary, request a proper extension of time to file. Employees must pay any tax due in a timely manner or in accordance with prearranged deferred payment agreements.
- b. All taxpayers, including Division of Taxation and Division of Revenue & Enterprise Services employees, who violate the New Jersey state tax laws administered by the Division of Taxation or who engage in improper actions or fail to take actions required of them under the New Jersey state tax laws are subject to the civil and/or criminal penalties imposed in accordance with N.J.S.A. 54:52-5, et seq.

## B. Confidentiality

1. Except as otherwise provided by State law, the records and files of the Division of Taxation and Division of Revenue & Enterprise Services are confidential and privileged. Employees are prohibited from divulging or disclosing such records or files or any information obtained from such records and files. Unauthorized disclosure is considered a crime of the fourth degree under N.J.S.A. 54:50-8.
  - a. The records and files of the director respecting the administration of the State Tax Uniform Procedure Law or of any State tax law shall be considered confidential and privileged and neither the director nor any employee engaged in the administration thereof or charged with the custody of any such records or files, nor any former officer or employee, nor any person who may have secured information there from under subsection d., e., f., g. or p. of N.J.S.A. 54:50-9, or any other provision of State law, shall divulge, disclose or use for their own personal advantage any information obtained from the said records or files or from any examination or inspection of the premises or property of any person. Neither the director nor any employee engaged in such administration or charged with the custody of any such records or files shall be required to produce any of them for the inspection of any person or for use in any action or proceeding except when the records or files or the facts shown thereby are directly involved in an action or proceeding under the provisions of the State Tax Uniform Procedure Law or of the State tax law affected, or where the determination of the action or proceeding will affect the validity or amount of the claim of the State under some State tax law, or in any lawful proceeding for the investigation and prosecution of any violation of the criminal provisions of the State Tax Uniform Procedure Law or of any State tax law.
  - b. The prohibitions of this section, against unauthorized disclosure or use by any present or former officer or employee of this State or any other individual having custody of such information obtained pursuant to the explicit authority of State law, shall specifically include, without limitation, violations involving the divulgence of any information from or any copy of a federal return or federal return information required by New Jersey law to be attached to or included in any New Jersey return. Any person violating this section shall be guilty of a crime of the fourth degree. (See N.J.S.A.54:50-8.)

C. Outside Employment and Activities:

1. Employees may engage in outside employment or business activity, provided such activity is not prohibited by the Uniform Ethics Code, Treasury's Supplemental Ethics Code or by any statute, rule, order, Division or Treasury directive, and provided that the outside activity would have nothing to do with tax problems, tax returns, or with the determination of tax liabilities, whether federal, state or other taxes are involved.
2. Participation in the following outside employment and business activities is prohibited or restricted for Division of Taxation and Division of Revenue & Enterprise Services employees:

- a. Legal representation for tax-related matters:

No employee may engage in outside legal practice or employment involving the rendering of legal services that involve, directly or indirectly, any tax related matters, or in any way presents a conflict between the employee's private interests and official duties and responsibilities.

- b. Appearance on behalf of taxpayers:

No employee of the Division of Taxation or Division of Revenue & Enterprise Services may appear on behalf of any taxpayer as an attorney, agent, factor, or representative before any government agency – federal, state, or local – in an action involving a tax matter.

- c. Preparing tax returns for compensation:

No employee may engage in the preparation, directly or indirectly, of federal, state or local tax returns for compensation of any kind on behalf of any taxpayers.

- d. Bookkeeping and accounting:

An employee may not engage in bookkeeping or accounting services for compensation except for services that do not involve or influence a tax determination.

- e. Real property valuation and appraisal:

An employee is prohibited from engaging in any valuation or appraisal of real property within the scope administered by the Division of Taxation/Division of Revenue & Enterprise Services or which may affect the tax collection or administration of any municipality or other political subdivision in this State. This prohibition would include, but is not limited to, Division of Taxation/Division of Revenue & Enterprise Services employees preparing Valuation Appeals for use before County Tax Boards or the New Jersey Tax Court and New Jersey Transfer Inheritance Tax appraisals other than those assigned duties within the two Divisions.

f. Other tax-related employment:

No employee may serve as a local tax collector, assessor, member of a local Board of Assessors, a commissioner or secretary on a County Board of Taxation, or as an employee of any of the aforementioned offices.

**V. DIVISION OF TAXATION - ONLY**

A. Taxation Public Sales/Auctions

Employees or any member of the employee's immediate family, as defined in the Uniform Ethics Code, Section I., may not participate in any public sale sponsored by the Division due to a seizure or other action taken by the Division.

B. Recommendations Pertaining to Official Business

Employees may not make any recommendations or suggestions, specifically or by implication, to a taxpayer, any attorney or accountant or firm of attorneys or accountants, in connection with any official business that involves or may involve the Division.

**VI. DIVISION OF REVENUE AND ENTERPRISE SERVICES - ONLY**

A. Documents Related to the New Jersey Division of Gaming Enforcement

1. Confidentiality of Records

- a. Except as otherwise provided for in the Casino Control Act (Act), *N.J.S.A. 5:12-1, et seq.*, all information and data that is required by the New Jersey Division of Gaming Enforcement (DGE) or the New Jersey Casino Control Commission ("CCC") to be furnished under the Act or the regulations promulgated thereunder, or which may be obtained relative to certain internal controls or to the earnings or revenue of any applicant, registrant, licensee or qualifier shall be considered to be confidential. *N.J.S.A. 5:12-74.1a and N.J.A.C 13:69-4.8.*
- b. All information and data pertaining to an applicant's criminal record, family, and background furnished to or obtained by the DGE or CCC from any source shall be considered confidential. *N.J.S.A. 5:12-74.1b and N.J.A.C 13:69-4.8.*
- c. All documents as described in paragraphs 1a and 1b above shall remain strictly confidential and may only be revealed in the course of the necessary administration of the Act, upon the lawful order of a court of competent jurisdiction, or, with the approval of the Attorney General, to a duly authorized law enforcement agency. *N.J.S.A. 5:12-74.1, et seq and N.J.A.C 13:69-4.8.*

## 2. Penalties

- a. Any employee who willfully violates the Conflicts of Interest Law, the Act, or this Code may be subject to criminal sanctions, including fine and imprisonment, and to civil penalties, including fine, suspension, removal, demotion, or other disciplinary action.
- b. Any direct or indirect willful disclosure of confidential information by authorized Personnel of the Division of Revenue and Enterprise Services (DORES) under circumstances other than those identified in *N.J.S.A. 5:12-74.1* and *N.J.A.C. 13:69-4.8* shall be a violation of this code and shall subject such person to the penalties provided by *N.J.S.A. 52:13D-23(d)*.
- c. The unauthorized release or disclosure of confidential information also may be a violation of *N.J.S.A. 52:13D-25* (Disclosure or use for personal gain of information not available to the public) or *N.J.S.A. 47:3-29* (Removal, Alteration or Destruction of Public Records with Malicious Intent).
- d. Any violation of the provisions of this code may result in appropriate disciplinary action.