

CONFLICT OF INTEREST POLICY

1. **Policy Statement**

This policy establishes standards and procedures for identifying, disclosing, reviewing, and managing actual or potential conflicts of interest involving Chico State Enterprises (CSE) Board of Directors (Board) members, officers, key management personnel, employees, and principal investigators.

2. **Purpose**

The policy is intended to ensure compliance with applicable federal agency requirements, California law, and California State University (CSU) requirements governing auxiliary organizations, and to protect the integrity, independence, and public trust associated with CSE operations.

3. **Scope**

This policy applies to all members of the CSE Board of Directors, officers, key management staff, employees of CSE, and principal investigators for grants and contracts. Certain provisions apply specifically to Board members and key management personnel due to their fiduciary responsibilities.

4. **Definitions**

Conflict of Interest: A situation in which an individual's (or their immediate family's) personal, financial, or other interests could reasonably appear to influence, or actually influence, the individual's judgment, decisions, or actions on behalf of CSE.

Material Financial Interest: Any direct or indirect financial interest that could foreseeably be affected by a decision, contract, or transaction involving CSE, as those concepts are used in California Corporations Code §5233.

Interested Person: Any Board member, officer, employee, or key management staff member who has a real or potential conflict of interest.

Form 700 (Statement of Economic Interests): The Fair Political Practices Commission Form 700, adopted by CSE as an internal disclosure instrument for purposes of identifying potential conflicts of interest. Use of Form 700 by CSE does not subject CSE, its Board members, officers, employees, or key management staff members to the Political Reform Act of 1974, FPPC jurisdiction, or public disclosure requirements.

Form 700U (Statement of Economic Interests for Principal Investigators): A State of California financial disclosure form used to comply with applicable sponsored research and conflict of interest requirements.

Key Management Staff: Senior employees designated by the Executive Director who have authority to make or significantly influence financial, contractual, or operational decisions on behalf of CSE.

5. Policy Requirements

5.1 General Duty to Disclose

All Board members, officers, and designated key management staff have an affirmative and ongoing duty to disclose any actual or potential conflict of interest as soon as it arises.

Disclosure must be made in good faith and in sufficient detail to allow CSE to evaluate the nature and extent of the conflict.

5.2 Board of Directors

The Board of Directors has full authority over the business and affairs of CSE pursuant to Article V of the Bylaws. Board members shall comply with the conflict of interest and self-dealing provisions of California Education Code §§ 89906–89909 and California Corporations Code §§ 5233 and 5236.

No Board member shall be financially interested in any contract or transaction entered into by CSE unless the transaction is permissible under applicable law and approved by the Board in a manner consistent with the Bylaws. The Board may not approve any self-dealing transaction as defined in Corporations Code §5233(a).

The following relationships and transactions are prohibited:

- Any contract or transaction directly between CSE and a Board member.
- Any contract or transaction between CSE and a partnership or unincorporated association in which a Board member has direct or indirect ownership or partnership interest.
- Any contract or transaction between CSE and a for-profit entity in which a Board member owns or controls, directly or indirectly, five percent (5%) or more of the entity.
- Any attempt by a Board member to influence approval of a transaction in which the Board member has a material financial interest without full disclosure to the Board.

A Board member with a disclosed conflict shall abstain from discussion, deliberation, and voting on the matter. The abstention shall be recorded in the official minutes maintained by the Secretary pursuant to Article VII of the Bylaws, and the Board member may be required to leave the meeting during deliberation and voting.

5.3 Disclosure and Certification

All Board members, officers, and designated key management staff shall complete and submit a Form 700 annually, and upon appointment or material change in circumstances, as determined by the Executive Director. The Form 700 is adopted for disclosure consistency and familiarity and is not filed pursuant to the Political Reform Act.

Completed Form 700 disclosures shall be maintained as confidential internal governance records by CSE's Corporate Compliance Officer. Disclosure information may be reviewed by the Board, the Governance Committee (if established by Board resolution), external auditors, or legal counsel, as necessary to evaluate and manage conflicts.

Failure to timely or accurately disclose a conflict of interest may result in corrective action, including recusal, removal from committee assignments, or removal from office consistent with Article V, Section 6 of the Bylaws.

5.4 Employees

All CSE employees are subject to the conflict of interest and ethics provisions contained in the CSE Employee Handbook as a condition of employment. Employees shall not use their position for personal gain or engage in outside activities that materially conflict with their duties to CSE.

Employees designated by the Executive Director as key management staff are required to complete and submit an annual Form 700 and to promptly report any material changes in circumstances that could create a conflict of interest. No other employees are required to file Form 700 under this policy.

5.5 Principal Investigators

Principal Investigators are responsible for complying with this Policy, including the California Fair Political Practices Commission's requirement to file Forms 700-U for research supported by non-governmental entities and federal agency conflict of interest requirements when applicable.

Principal Investigators must disclose material financial interests at the time of proposal submission and update this information as new financial interests are obtained during the life of the award. Awards cannot be accepted until any conflicts of interest are resolved.

These requirements apply only to sponsored projects administered through CSE and do not replace or supersede Chico State conflict-of-interest policies applicable to faculty employment.

5.6 Review and Mitigation

Disclosed conflicts shall be reviewed by CSE's Corporate Compliance Officer, Executive Director, or Governance Committee, as appropriate. Mitigation measures may include recusal, restructuring of duties, independent review, or prohibition of the transaction.

Failure to disclose a conflict of interest may result in corrective action, up to and including removal from office or termination of employment.

6. Responsibility

Board of Directors: Ultimate authority for governance, conflict determinations, and enforcement of this policy.

President of the Board: Presides over the Board's consideration of disclosed conflicts.

Executive Director: Administers this policy, identifies key management staff subject to disclosure, and ensures implementation.

Corporate Compliance Officer: Maintains disclosure records, conducts initial reviews, and supports Board or committee review as directed.

7. Authority

This policy is issued under the authority of the Chico State Enterprises Board of Directors, in accordance with the CSE Bylaws and the Operating Agreement with the Trustees of the California State University, and is guided by the following:

- California Education Code §§ 89906–89909
- California Corporations Code §§ 5233 and 5236
- CSU auxiliary organization governance requirements

8. References and Related Information

- [CSU Conflict of Interest Handbook](#)

- [Chico State Enterprises Employee Handbook](#)
- CSE Records Retention and Disposition Policy

9. Attachments

None

Owner: Chelsie Jensen / Corporate Compliance Officer

Department: Corporate Compliance

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