

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, Revenue, and Taxation.

Together, the Uniform Ethics Code and the Treasury Supplemental Ethics Code supersede all previous codes of ethics of the Department of the Treasury.

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.
2. Division employees, within seven days of commencement of employment and annually (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, understand they are subject to them, are in compliance, and will continue to comply with their provisions.

B. Confidentiality

1. From time to time, 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 further 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 employee's spouse, child or other person sharing the same household, may use such confidential information for personal or financial advantage.

C. 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, within seven 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 Paragraph 12 below, and a listing of all brokerage accounts.
3. Division employees may not conduct any personal trading in securities 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 4 and 7 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 near future; and (5) any other factor the Director determines may create the appearance of a conflict of interest. The approval granted shall be for two business days commencing with the date of approval.
4. 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.
5. Division employees must arrange for copies of confirmation statements and periodic statements (monthly or quarterly) for all accounts in which they have a direct or beneficial interest to be provided either directly from the broker handling those accounts or the employee, to the Division of Investment Compliance Officer.
6. Division employees may not purchase securities in an initial public offering.
7. 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.
8. Division employees may not acquire securities in a private placement without written prior approval by the Director.

9. 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 where the employee holds those securities without disclosing the fact that the employee holds them. No purchase shall be made by the Division without an independent review of the acquisition by personnel with no interest in the issuer.
10. 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.
11. 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.
12. For purposes of these guidelines:
 - a. "Securities" shall not include U.S. Government bonds or notes, mutual funds, certificates of deposit or similar investments.
 - b. "Beneficial ownership" shall encompass securities held in the name of a spouse, minor child or other immediate family sharing the same household or certain trusts under which the employee is a beneficiary or is held under other arrangements indicating a sharing of financial interest.

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 whose activities might reasonably be construed to be in conflict with the activities of the Division.
3. Division employees must disclose to the Director whether he or she is the beneficiary of, or receives any compensation, deferred payment or other benefits from any such 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 in the areas of stocks, bonds, futures brokerage and securities trading is prohibited.

2. An employee of the Division 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. An employee of the Division 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 ethics laws, 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. DIVISIONS OF REVENUE & TAXATION

A. Confidentiality

1. Except as otherwise provided by State law, the records and files of the Division of Taxation and Division of Revenue 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., or g. 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.)

B. Outside employment:

1. General provisions:

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; also provided that:

- a. 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.
- b. The outside activity would not result in improper use of official information obtained in connection with an employee's governmental duties or position.
- c. The nature of employment or business activity or the hours to be devoted to such outside activity would not impair the employee's availability, capacity, or efficiency for the performance of the employee's official duties.
- d. The outside activity would not result in the use of State time, facilities, property, employees or telephones to further private interests.
- f. The outside activity would not include advertising or publicly representing that the employee works for the Division of Taxation or Division of Revenue in order to generate or enhance the employee's private interests.

2. Prohibited and restricted activities -- Division of Taxation and Division of Revenue:

Participating in the following outside employment and business activities is prohibited or restricted for Division of Taxation and Division of Revenue 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 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 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 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.

IV. DIVISION OF TAXATION - ONLY

A. Taxation Public Sales/Auctions - Employees or any member of the employee's immediate family 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 recommend or suggest, 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.