

CHAPTER 57

AN ACT forbidding members of the State Investment Council from voting on transactions concerning investment with which a member has certain financial or familial conflicts and requiring removal for violations thereof, and supplementing Title 52 of the Revised Statutes.

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

C.52:18A-91.1 State Investment Council members forbidden to vote on certain transactions.

1. a. Notwithstanding the provision of any law, rule or regulation to the contrary, a member of the State Investment Council shall not vote on transactions before the State Investment Council for approval or otherwise, if the transaction involves an investment for which any one of the following conflicts of interest exist:

the member of the State Investment Council is or was employed by the entity in which the investment is made or which offers the investment,

the spouse of the member of the State Investment Council is or was employed by the entity in which the investment is made or which offers the investment,

the member of the State Investment Council has a direct investment exceeding \$5,000 in the entity in which the investment is made or which offers the investment, or

the spouse of the member of the State Investment Council has a direct investment exceeding \$5,000 in the entity in which the investment is made or which offers the investment.

b. If a member of the State Investment Council violates the requirements of subsection a. of this section, the member shall be removed from the State Investment Council by the chairman of the State Investment Council or, if it is the chairman who is to be removed, by the remaining members of the State Investment Council, but only for cause, and upon notice of the grounds of the violation, and an opportunity of the member to be heard thereon at a public hearing of the State Investment Council. If a removal is executed pursuant to this subsection, the State Investment Council shall immediately report the removal to the Governor and, in accordance with section 2 of P.L.1991, c.164 (C.52:14-19.1), the Legislature.

c. This section shall not be construed to relieve members of the State Investment Council from a recusal otherwise required in accordance with law, rule, or regulation. This section shall not be construed to relieve members of the State Investment Council from the requirement imposed pursuant to the first sentence of subsection b. of section 5 of P.L.1950, c.270 (C.52:18A-83).

d. The State Investment Council shall, in accordance with the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), adopt rules and regulations to effectuate the purposes of this section, including but not limited to the procedure for executing a removal pursuant to subsection b. of this section.

e. As used in this section:

"Direct investment" means the ownership or control of an investment by an individual that occurs directly, rather than through an investment vehicle, including but not limited to a mutual fund, closed-end fund or unit investment trust.

"Employed" means to work for compensation, whether as an agent, employee, independent contractor or other designation.

"Entity" means an assignee, association, company, corporation, estate, fiduciary, individual, joint stock company, limited partnership, partnership, receiver, referee, S corporation, society, sole proprietorship, trust, trustee, and any other legal entity.

"Spouse" means a husband, wife or civil union partner.

“Investment” means “investments” as that term is defined pursuant to subsection c. of section 11 of P.L.1950, c.270 (C.52:18A-89).

2. This act shall take effect immediately and apply to votes of the State Investment Council occurring on or after the date of enactment.

Approved July 3, 2018.