

Exhibit 5

Pertinent State and Federal Laws

The following lists are intended to indicate sources of information which may provide additional guidance regarding conflict of interest situations.

The lists are not intended to be exhaustive and additional laws, regulations, and policies may be implicated in a given conflict of interest situation.

Federal Regulations on Conflict of Interest

1. The National Science Foundation (NSF) and the Department of Health and Human Services (HHS), acting through the Public Health Service (PHS) (which includes the National Institutes of Health (NIH)), have promulgated policies and regulations regarding conflicts of interest and disclosure of financial interests by investigators who receive funding from these Federal agencies.
2. The NSF policy regarding researcher conflicts of interest is contained in Section 510 of NSF Publication 95-26, the Grant Policy Manual. The PHS regulations, upon which the NSF policy is modeled, are contained in the Code of Federal Regulations at 42 CFR 50.601 et seq. and 45 CFR 94.1 et seq.
3. Other Federal agencies (e.g., the Veterans' Administration or the Food and Drug Administration) may require as a condition to a contract, disclosure and management of conflicts of interest (see, for example, Veterans' Administration Acquisition Regulation 852.209-70).

STATE LAWS ON CONFLICTS OF INTEREST

1. **Accepting rebates, gifts, or other things of value.** *Tennessee Code Annotated* section 12-3-106 prohibits

employees who are responsible for initiating requisitions from directly or indirectly accepting or receiving

any rebate, gift, money, or other thing of value from any person, firm, or corporation to whom a contract

for the purchase of materials, supplies, or equipment may be awarded. This statute also prohibits accepting

or receiving any promise, obligation, or contract for future rewards of compensation from a contractor.

2. **Having a personal interest in any contract in which the University is or may be interested.** *Tennessee*

Code Annotated section 12-4-101 prohibits employees who are in a position to select a contractor, to

oversee work under a contract, or in any manner to superintend a contract in which the University is or may

be interested from being directly interested in the contract. An employee is directly interested if the

contract is with:

- The employee,
- A business in which the employee is the sole proprietor,
- A business in which the employee is a partner, or
- A business in which the employee has a **controlling interest**, i.e., owns or controls the largest number

of outstanding shares owned by any single individual or corporation.

Violation of this statute carries a civil penalty requiring forfeiture of all pay and compensation received under

the contract, dismissal from the employee's position, and ineligibility for the same or a similar position for ten

years.

Exceptions:

- Any interest that does not fall within the definition of a direct interest is an **indirect interest** and is

also prohibited unless it is publicly acknowledged at the time of contracting.

- If the employee, proprietorship, partnership, or corporation is the sole supplier of required goods or

services in the county, the employee's interest will not violate this statute if it is publicly acknowledged at the time of contracting.

3. **Selling goods to the University or any other State agency.** *Tennessee Code Annotated* section 12-4-103

prohibits all University employees from bidding on, selling, or offering to sell any merchandise, equipment

or material, or similar commodity to the University or any other State agency. This prohibition applies to sales by:

- The employee,
- A business in which the employee is the sole proprietor,
- A business in which the employee is a partner, or
- A business in which the employee has a controlling interest (see 2, above).

This prohibition continues for six months after employment with the University terminates.

Violation of this statute carries both civil and criminal penalties:

- **Civil.** The employee must refund to the University or the State all amounts paid for the goods, plus 8 percent interest.
- **Criminal.** Violation of section 12-4-103 is a Class E felony.

Exceptions:

- Sales by a business in which an employee owns less than a controlling interest are also prohibited unless the employee's interest is publicly acknowledged at the time of the sale.
- If the employee, proprietorship, partnership, or corporation is the sole supplier of required goods in the county, the sale will not violate this statute if the employee's interest is publicly acknowledged at the time of the sale.

4. Providing personal, professional, or consultant services to the University or any other State agency.

Tennessee Code Annotated section 12-4-109 requires that all personal, professional, and consultant services to the University and other State agencies be procured as prescribed by the regulations of the State

Department of Finance and Administration. Under those regulations, all employees are prohibited from

contracting with the University or another State agency to provide personal, professional, or consultant

services. The prohibition applies to contracts with:

- The employee,
- A business in which the employee is the sole proprietor,
- A business in which the employee is a partner, or
- A business in which the employee has a controlling interest (see 2, above).

This prohibition continues for six months after employment with the University terminates.

5. Interests of spouse or minor child. For the purpose of applying every statute and regulation described above, the interest of a spouse or minor child with whom the employee commingles asset is treated as the employee's interest.

6. Nepotism. *Tennessee Code Annotated* section 8-31-103 prohibits employees who are relatives from working within the same direct line of supervision whereby one relative is responsible for supervising the job performance or work activities of the other. "Relative" means a parent, foster parent, parent-in-law, child, spouse, brother, foster brother, sister, foster sister, grandparent, grandchild, son-in-law, brother-in-law, daughter-in-law, sister-in-law, or any other family member who resides in the same household.