



STATE ETHICS COMMISSION

POST OFFICE BOX 27685

RALEIGH, NC 27611

PHONE: 919-814-3600

Via Email

August 1, 2019

Mr. Harry L. Smith Jr., Chairman
UNC Board of Governors
910 Raleigh Road
Chapel Hill, North Carolina 27514

Re: Evaluation of Statement of Economic Interest filed by Dr. William L. Roper as the Interim President for the UNC University System

Dear Chairman Smith:

Our office has received a 2019 Statement of Economic Interest from **Dr. William L. Roper** as the **Interim President** for the **UNC University System**. We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 138A of the North Carolina General Statutes ("N.C.G.S."), also known as the State Government Ethics Act (the "Act").

Compliance with the Act and avoidance of conflicts of interest in the performance of public duties are the responsibilities of every covered person, regardless of this letter's contents. This letter, meanwhile, is not meant to impugn the integrity of the covered person in any way. This letter is required by N.C.G.S. § 138A-28(a) and is designed to educate the covered person as to potential issues that could merit particular attention. Advice on compliance with the Act is available to certain public servants and legislative employees under N.C.G.S. § 138A-13.

We did not find an actual conflict of interest, but found the potential for a conflict of interest. The potential conflict identified does not prohibit service on this entity.

The Act establishes ethical standards for certain public servants, and prohibits public servants from: (1) using their positions for their financial benefit or for the benefit of their extended family or business, N.C.G.S. § 138A-31; and (2) participating in official actions from which they or certain associated persons might receive a reasonably foreseeable financial benefit, N.C.G.S. § 138A-36(a). The Act also requires public servants to take appropriate steps to remove themselves from proceedings in which their impartiality might reasonably be questioned due to a familial, personal, or financial relationship with a participant in those proceedings. N.C.G.S. § 138A-36(c).

Dr. Roper currently serves as the interim president for the UNC University System and on the board of directors for the UNC Health Care System. He also received a salary from the UNC Health Care System in 2018. He disclosed that beginning in 2012 he became a member of the board of directors for Express Scripts Holding Company until the company merged with Cigna, Inc. in late December of 2018. Upon

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consolidation of the two companies, he began to serve on the board of directors for Cigna, Inc. Dr. Roper also owns a financial interest in Cigna, Inc. and in another healthcare company, DaVita, Inc. Because the business of Cigna, Inc. or DaVita, Inc. could intersect with the UNC University System or the UNC Health Care System, he has the potential for a conflict of interest. Therefore, Dr. Roper should exercise appropriate caution in the performance of his public duties should issues involving Cigna, Inc., DaVita, Inc. or any entities in which he owns financial interests come before the UNC University System or the UNC Health Care System for official action.

In addition to the conflicts standards noted above, the Act prohibits public servants from accepting gifts from (1) a lobbyist or lobbyist principal, (2) a person or entity that is seeking to do business with the public servant's agency, is regulated or controlled by that agency, or has financial interests that might be affected by their official actions, or (3) anyone in return for being influenced in the discharge of their official responsibilities. N.C.G.S. § 138A-32. Exceptions to the gifts restrictions are set out in N.C.G.S. § 138A-32(e).

Finally, the Act mandates that all public servants attend an ethics and lobbying education presentation. N.C.G.S. § 138A-14. Please review the attached document for additional information concerning this requirement.

Please contact our office if you have questions concerning our evaluation or the ethical standards governing public servants under the Act.

Sincerely,



Mary Roerden, SEI Unit
State Ethics Commission

cc: Dr. William L. Roper
Thomas Shanahan, Sr.,
Senior Vice President and General Counsel

Attachment: Ethics Education Guide

From: Akura Anderson <aanderson@northcarolina.edu> **On Behalf Of** William L Roper

Sent: Friday, August 2, 2019 12:08 PM

To: currentbog2017-19@northcarolina.edu

Cc: Chris McClure <cmclure@northcarolina.edu>; Pete Brunstetter <pbrunstetter@northcarolina.edu>; Thomas C. Shanahan <tcshanahan@northcarolina.edu>

Subject: Message to the Board

Dear Board Members:

I wanted to make you aware of a statement I plan to share later today with an investigative reporter, who recently asked some questions regarding my past Statement of Economic Interests:

"For the past several years, I have served on the boards of both DaVita, Inc. and of Medco/Express Scripts/Cigna, Inc.. I have always publicly disclosed my role, interests and status as a shareholder and option-holder with each of these organizations to UNC Health Care, the UNC School of Medicine and to the UNC System.

Further, I have always recused myself from any matters before UNC Health Care, the UNC School of Medicine or the UNC System that might pose a conflict or the appearance of a conflict of interest related to my service with these outside entities.

It has recently come to my attention that a complete explanation of my status on the boards of these two organizations was not fully disclosed on several of my Statements of Economic Interest forms.

I have now amended my SEIs to reflect more fully and correctly these matters with the State Ethics Commission."

I have attached my letter to the Ethics Commission. Let me know if you have any further questions.

Again, thank you for all that you do.

Bill

Amended Statements of Economic Interest

For

William L. Roper

August 2, 2019

My Statements of Economic Interest (SEIs) for the years 2011, 2013, and 2017 need to be amended to include certain disclosures I inadvertently omitted in my original filings. The amended SEIs are enclosed with this letter. Recently, I submitted an amended SEI for 2019, as well.

On my 2011 SEI, I properly and accurately disclosed that I owned stock and stock options in DaVita, Inc. (DVA) and Medco (MHA). My 2011 SEI should be amended to disclose, in response to Questions 19(a) and (b), that I served as a member of the Board of Directors of DaVita and Medco in 2010, and that both companies may have engaged in material business dealings with the State. In response to Question 10, my 2011 SEI should be amended to disclose that I received reportable income of over \$5,000 in 2010 as compensation related to my position as a member of those boards.

In 2013, I filed a No-Change Form SEI. However, I should have filed an SEI indicating a change of corporate ownership of Medco to Express Scripts Holding Company. Accordingly, I have amended my 2013 SEI to include this information.

In 2017, I filed a long form SEI in which I disclosed a financial interest valued at \$10,000 or more in both DaVita and Express Scripts, in both stock and stock options. I also indicated that I received reportable income of over \$5,000 in 2016 from both companies, in cash and equity, for "Directors fees." My 2017 SEI should be amended to disclose, in response to Questions 9(a) and (b), that I was also on the Board of Directors for both DaVita and Express Scripts as of December 31, 2016, and that it is possible that both companies may have had material business dealings with the State, although I am not aware of any such dealings with the UNC Health Care System.

I have recently filed an amendment to my 2019 long form SEI to properly disclose income of over \$5,000 received in 2018 from DaVita and Express Scripts (now Cigna, as of 2018), and to disclose my board membership on those corporations, both of which may have had material business dealings with the State in 2018, although I am not aware of any such dealings with the UNC Health Care System.

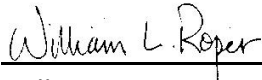
My understanding is that these amendments should not materially affect the State Ethics Commission's analysis of my SEI forms. Those forms, as originally filed, reflected my financial interest in DaVita and Medco (later Express Scripts, then Cigna), and were sufficient to notify the State Ethics Commission of any potential conflict of interest.

The omissions on my SEI forms were inadvertent. Over the course of my employment with the University of North Carolina, I have made numerous disclosures of my relationship with DaVita and Express Scripts. Both board memberships are listed on my Curriculum Vitae, and were listed in my official biography when I served as dean of the School of Medicine and Vice Chancellor for Medical Affairs at UNC Chapel Hill and CEO of the UNC Health Care System. In addition, I am prominently listed as a member of the Board of Directors in the relevant public filings of both DaVita and Express Scripts and Medco before that, including their 10-K and 10-Q filings with the SEC.

I fully informed the School of Medicine, UNC Health Care System, and the UNC System Office of my relationships with DaVita and Express Scripts. Based on guidance provided by the State Ethics Commission in response to my initial disclosures, I worked with the UNC Health Care System to ensure we had in place, and, in fact, took necessary precautions to avoid participating in discussions or decisions on topics that may have given rise to a conflict, or the appearance of a conflict, due to these relationships.

Due to these relationships, and as the Ethics Commission suggested, these are things that needed to be addressed.

I certify that the information provided in the Amended Statements of Economic Interest and any attachments hereto are true, complete, and accurate to the best of my knowledge and belief.



William L. Roper

8/2/2019
Date



FOR IMMEDIATE RELEASE

August 2, 2019

UNC System Interim President Bill Roper Issues Statement

CHAPEL HILL, NC – University of North Carolina System Interim President Bill Roper released the following statement:

“For the past several years, I have served on the boards of both DaVita, Inc. and of Medco/Express Scripts/Cigna, Inc. I have always publicly disclosed my role, interests and status as a shareholder and option-holder with each of these organizations to UNC Health Care, the UNC School of Medicine and to the UNC System.

Further, I have always recused myself from any matters before UNC Health Care, the UNC School of Medicine or the UNC System that might pose a conflict or the appearance of a conflict of interest related to my service with these outside entities.

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I have now amended my SEIs to reflect more fully and correctly these matters with the State Ethics Commission.”

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JASON TYSON

Director of Media Relations

University of North Carolina System

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FOR IMMEDIATE RELEASE
August 7, 2019

UNC Board of Governors Chairman Harry Smith Issues Statement

CHAPEL HILL, NC – University of North Carolina Board of Governors Chairman Harry Smith Issued the following statement:

‘Dr. Bill Roper’s public board service was well known during his time as CEO of the UNC Health Care System. That information was available to the general public on the Health Care System’s public website and open to examination in public filings with and evaluations by the Securities and Exchange Commission. Dr. Roper also fully disclosed his board service to us when the Board of Governors appointed him as interim president and received authorization to continue his service.

We have reviewed this matter and we are aware of no instance in which Dr. Roper ever involved himself in a decision that presented a conflict. In fact, documents produced by the UNC Health Care System demonstrate that he was careful to avoid any conflicts. We have also received confirmation of the State Ethics Commission’s recent evaluation of Dr. Roper’s statement of economic interest in which the commission staff clearly acknowledged Dr. Roper’s disclosure of his board service and interests in two public companies. As is standard practice, the State Ethics Commission advised Dr. Roper to do as he has always done, which is to exercise caution and avoid conflicts in any instance where the interests of those companies come before the UNC System or the UNC Health Care System. We are in full support of Dr. Roper and look forward to his continued service to the UNC System.’

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JASON TYSON

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