CONFLICT OF INTEREST

Purpose

The purpose of the conflict of interest policy is to protect GSTC interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest, or might result in a possible excess benefit transaction, of an officer or director. This policy is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

Responsibilities

Members of the Board, Executive Officers, and Staff Members have a clear fiduciary obligation to GSTC in connection with their service in such capacities. At all times they shall act in a manner consistent with this fiduciary obligation and shall exercise particular care that no detriment to the interests of GSTC (or appearance of such detriment) may result from a conflict between those interests and any personal interests which the individual Director, Officer or Staff Member may have.

Each Director of GSTC will read and be familiar with this policy and will know and understand how a “conflict of interest” is defined by this policy.

Terms and Definitions

**Conflict of Interest**:

A conflict of interest can arise whenever a Director, an Executive Officer, a Staff Member, or an Affiliate[[1]](#footnote-1) of such:

* has an existing or potential interest that impairs or might appear to impair the Director’s, Officer’s, or Staff Member’s independent judgment in the discharge of responsibilities to GSTC;
* may receive a material benefit from knowledge of information which is confidential to GSTC; or
* has a familial, financial, professional or employment relationship with another Director, Officer, Staff Member or Affiliate of such who has a conflicting interest respecting the transaction and the relationship would, in the circumstances, reasonably be expected to exert an influence on the first Director’s, Officer’s or Staff Member’s judgment when voting or otherwise exercising authority to commit GSTC to the transaction.

**Interested Person**

Any director, principal officer, or member of a committee with Board-delegated powers, a person rendering services, who has a direct or indirect financial interest, as defined below, is an interested person.

**Financial Interest**

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

* An ownership or investment interest in any entity with which GSTC has a transaction or arrangement;
* A compensation arrangement with GSTC or with any entity or individual with which GSTC has a transaction or arrangement; or,
* A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which GSTC is negotiating a transaction or arrangement.

**Compensation**

It includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. Under Article XVI; Section III, subsection 2 of the GSTC By-Laws a person who has a financial interest may have a conflict of interest only if the appropriate Board or committee decides that a conflict of interest exists.

Policies and Procedures

**Duty to Review**

The Directors have the responsibility to review each proposed transaction to determine if there is a possible conflict of interest. Each Director will review the business relations of GSTC reasonably known to the Director and every proposed transaction brought before the Board of GSTC to determine if there exists or may arise a possible conflict of interest as such is defined in this policy. The Director should assume that a conflict of interest exists and disclose the same whenever the Director or an Affiliate of such are part of a transaction with the GSTC, regardless of whether the Director knows or believes that there will be no private benefit or material benefit to the Director or Affiliate.

**Duty to Disclose**

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest, including completing and submitting a Disclosure Affidavit to the Secretary, and be given the opportunity to disclose all material facts to the Directors and legal committee.

**Determining Whether a Conflict of Interest Exists**

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Directors or committee members shall decide if a conflict of interest exists. GSTC will take reasonable precautions to maintain the neutrality of its Board members and will only commit to a conflict of interest transaction after proper investigation, full disclosure, and an affirmative vote of approval by a majority of the disinterested members of the Board. Any failure to follow these rules will not automatically void a transaction to which GSTC has already committed; however, in such instance, the Board will reconvene and vote to ratify or rescind the conflicted transaction after full disclosure.

Upon the identification of a possible conflict of interest by the Director, the following procedure will be followed:

1. Notice; Completion and Transmission to the Secretary of a Disclosure of Possible Conflict of Interest Affidavit
   1. If a Director other then the Chairman believes that he or she might have a conflict of interest, then the Director will immediately notify the Chair and the Secretary in writing of his or her possible conflict of interest and identify the transaction giving rise to the conflict. Additionally, the Director will immediately and fully complete a Disclosure of Possible Conflict of Interest Affidavit and transmit this document to the Secretary.
   2. If the Chairman determines that he or she might have a conflict of interest, then the Chairman will immediately notify the Secretary in writing of his or her possible conflict of interest and identify the transaction giving rise to the conflict. Additionally, the Chairman will timely complete and submit a Disclosure of Possible Conflict of Interest Affidavit (Form attached at Appendix 1) to the Secretary.

**Duty of cooperation and full disclosure**

The Director reporting a potential conflict of interest will fully cooperate with the Secretary, and the Chairman, as appropriate, other Board members, and with any investigator or accountant appointed by the Chairman, to determine the existence, nature, and extent of any conflict of interest as well as other facts which may impact on the Board’s decision regarding the proposed transaction. The Director will, upon request, appear before the Board to answer any questions the Board members may have and to make Full Disclosure to the Board.

**Voting**

Unless and until the Chairman renders a decision that the transaction at issue does not give rise to a possible conflict of interest, the Director will not vote or otherwise act to approve the transaction with which the Director may or does have a conflict of interest.

Disclosure

**Duties of cooperation and full disclosure**

The Officer or Staff Member will fully cooperate with the Secretary, the Chairman, other Board members, and with any investigator or accountant appointed by the Chairman, to determine the existence, nature, and extent of any conflict of interest as well as other facts which may impact on the Board’s decision regarding the proposed transaction. The Officer or Staff Member will upon request, appear before the Board to answer any questions the Board members may have and to make Full Disclosure to the Board.

**Procedures for Addressing the Conflict of Interest**

An interested person may make a presentation at the Board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

The Chairperson of the Board or chairperson of the committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

After exercising due diligence, the Board or committee shall determine whether GSTC can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in GSTC best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

**Violations of the Conflicts of Interest Policy**

If the Board or committee has reasonable cause to believe a Director or committee member has failed to disclose actual or possible conflicts of interest, it shall inform the Director or committee member of the basis for such belief and afford the Director or committee member an opportunity to explain the alleged failure to disclose.

If, after hearing the Director’s or committee member’s response and after making further investigation as warranted by the circumstances, the Board or committee determines the Director or committee member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

**Confidentiality**

All information concerning actual or potential conflicts of interest on the part of Directors, Officers or Staff Members shall be held in confidence unless the best interests of the GSTC dictate otherwise. Any disclosure beyond the members of the Board shall take place only upon majority vote of the Board.

1. An “Affiliate” means: (i) A person with a familial relation to the officer or director, such as a spouse, parent, grandparent, sibling, child, grandchild, etc.; (ii) Any person who resides in the home of a Director or Officer of GSTC; (iii) A trust or estate of which an individual enumerated in (i)-(ii) above is also a Director, Officer, partner or otherwise exercises any decision making authority; or a substantial beneficiary; (iv) Any organization, institution, partnership, or corporation, charitable or otherwise, or a subsidiary of such (v) Any organization, institution, or corporation, or a subsidiary of such an entity, which employs or otherwise pays for the services of any Director, Officer, or person identified in (i) or (ii) above. [↑](#footnote-ref-1)