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MEDICAL SOCIETY OF THE STATE OF NEW YORK Conflict of Interest and Related Party Transaction Policy

ARTICLE I.

PURPOSE

The purpose of this Conflicts of Interest Policy (“**Policy**”) is to protect the interests of the Medical Society of the State of New York (the “**Corporation**”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or Director of the Corporation or other Covered Person, as such term is defined in this Policy. The Corporation’s directors, officers, Council members and other Covered Persons, owe a duty of loyalty to the Corporation and must act in good faith, in the Corporation’s best interests, rather than in their own interests or the interests of any other person or entity and must comply with applicable legal requirements. This Policy is designed to provide guidance to the Board, Board committees and the Council to make decisions in an objective manner without undue influence by officers, Directors or other Covered Persons, and sets forth the procedures for monitoring, reporting, review and oversight of and review, approval or ratification of any action taken in connection with, conflicts of interest and related party transactions. The Corporation encourages individuals to avoid conflicts of interest in appearance and in fact. This Policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to not-for-profit and charitable corporations.

ARTICLE II. *DEFINITIONS*

Section 2.1 **Affiliate.** An affiliate of the Corporation is a person or entity that is directly or indirectly, through one or more intermediaries, controlled by, in control of, or under common control with the Corporation.

Section 2.2 **Covered Person.** Any person who is a director, officer, Key Person (as defined below), a member of the Council, and any other employee, volunteer, independent contractor or substantial contributor to the Corporation.

Section 2.3 **Financial Interest.** A person has a Financial Interest if the person, or a Family member has, directly or indirectly, through business, investment, an actual or potential ownership or investment interest in, or any compensation arrangement with, any entity with which the Corporation (i) has a transaction or arrangement, (ii) is in negotiation for a transaction or arrangement or (iii) is likely to be in direct competition.

Section 2.4 **Relative.** A spouse, domestic partner, ancestor, child (natural or adopted), grandchild, great-grandchild, sibling (whole or half-blooded), or a spouse or domestic partner of the individual’s child, grandchild, great-grandchild, sibling.

Section 2.5 Key Person. A Key Person is a person, other than a director or officer, whether or not an employee of the Corporation who (i) has responsibilities or exercises powers of influence over the Corporation as a whole similar to the responsibilities, powers or influence of directors and officers; (ii) manages the Corporation or a segment of the Corporation that represents a substantial portion of the activities, assets, income or expenses of the Corporation; or (iii) alone or with others controls or determines a substantial portion of the Corporation's capital expenditures or operating budget, in accordance with applicable IRS rules.

Section 2.6 Related Party. Any person who is or in the last five years was, a Director, Officer, Key Person (or any other person who exercises the powers of such individuals) of the Corporation or its Affiliates, any of their Relatives, or any entity in which any of those individuals has a thirty five percent (35%) or greater ownership or beneficial interest, or in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of five percent (5%).

Section 2.7 Related Party Transaction. Any transaction, agreement or other arrangement in which a Related Party has a Financial Interest and in which the Corporation or an Affiliate of the Corporation is a participant. A transaction shall not be a Related Party Transaction if: (i) the transaction or the Related Party's financial interest in the transaction is de minimis, (ii) the transaction would not customarily be reviewed by the Board, or boards of similar organizations, in the ordinary course of business and is available to others on the same or similar terms, or (iii) the transaction constitutes a benefit provided to a Related Party solely as a member of a class of the beneficiaries that the Organization intends to benefit as part of the accomplishment of its mission which benefit is available to all similarly situated members of the same class on the same terms.

ARTICLE III. CONFLICTS OF INTEREST

Section 3.1 Conflict of Interest. Conflicts of interest arise whenever the Corporation's interests come into conflict with a financial or personal interest of a Covered Person, or when a Covered Person's personal or Financial Interest could be reasonably viewed as affecting his or her objectivity or independence in fulfilling his duties to the Corporation. Examples of situations where Conflicts of Interest may arise include but are not limited to when a Covered Person has, directly or indirectly, any of the following:

(a) An interest (financial or otherwise) in a transaction, agreement or any other arrangement and in which the Corporation participates that may impair such Covered Person's objectivity;

(b) A compensation arrangement or other interest in a transaction with the Corporation;

(c) a compensation arrangement or other interest in or affiliation with an entity or individual: (i) that sells goods or services to, or purchases goods or services from, the Corporation; (ii) that competes with the Corporation; or (iii) with whom the Corporation has, or is negotiating, or contemplating negotiating, any other transaction or arrangement;

(d) the ability to use his or her position, or confidential information or the assets of the Corporation, to his or her (or an affiliated party's) personal advantage or for an improper or illegal purpose;

(e) solicited or accepted any gift, or other favor where such gift might create the appearance of influence over the Corporation (other than gifts of nominal value);

(f) acquired any property or other rights in which the Corporation has or the Covered Person knows or has reason to believe at the time of acquisition that the Corporation is likely to have, an interest;

(g) Indebtedness to the Corporation;

(h) being indebted to the Corporation, other than for amounts due for ordinary travel and expense advances;

(i) any other circumstance that may, in fact or in appearance, make it difficult for the Covered Person to exercise independent, objective judgment or otherwise perform effectively.

ARTICLE IV. PROCEDURES

Section 4.1 Duty to Disclose. In connection with any actual or possible conflicts of interest, all Directors, Officers and Key Persons (as well as all nominees for election as Director and member of the Council) must disclose, in good faith and in writing, the existence of any conflict of interest to the Board of Directors. Such disclosure shall be made either through an annual questionnaire required under Article VI or when a conflict not disclosed on the questionnaire otherwise arises provided disclosure is made before any action is taken on a matter.

Section 4.2 Determining Whether a Conflict of Interest Exists. The Board of Directors shall determine whether to approve or ratify such matters. Any person who has disclosed a Financial Interest or Related Party Transaction and all material facts related thereto, shall not attempt to influence, nor participate in any Committee deliberations and vote regarding the existence and resolution of a conflict of interest or of the underlying transaction, except to provide any additional information relevant to the matter under review. The remaining Board members shall document its conclusions regarding the existence of any conflict of interest with regard to such disclosure in its meeting minutes, and any actions necessary to address ratification or rescission of any underlying transactions, as well as imposition of any penalties, or adoption of any changes to the Corporation's controls or procedures.

Section 4.3 Procedures for Addressing a Conflict of Interest or a Related Party Transaction. The Board will review all conflicts of interest and determine whether to approve or ratify any such matters. The Board may only approve an underlying transaction, if it determines that under all the facts and circumstances, such transaction is fair, reasonable and in the best interests of the Corporation. In making its determination, the Board shall consider, without limitation:

- (i) alternative transactions to the extent available;
- (ii) the Corporation's mission and resources;
- (iii) the possibility of creating an appearance of impropriety that might impair the confidence in, or the reputation of the Corporation;
- (iv) whether the conflict may result in any impermissible private benefit under applicable charter documents, and/or laws governing nonprofit organizations.

(b) After exercising due diligence, the Board shall determine whether (i) the proposed transaction is fair, reasonable and in the Corporation's best interest, (ii) the Corporation can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest or a Related Party Transaction and (iii) that the transaction will not result in a detriment to the Corporation's reputation or a violation of applicable law.

(c) The Board shall determine by a **majority vote** [CONFIRM THAT MAJORITY IS CORRECT] of Directors or committee members whether the transaction or arrangement is in the Corporation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Corporation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

Section 4.4. Violations of the Conflicts of Interest Policy.

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

(b) If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the Board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take such action as it considers appropriate, including dismissing such member from the Board and termination of employment if warranted.

Section 4.5 Records of Proceedings. When the Board convenes to address a disclosed conflict of interest, the Board shall maintain records of the proceeding which shall contain the following:

(a) the names of the persons who disclosed or otherwise were found to have a Financial Interest in connection with an actual or possible conflict of interest or a Related Party Transaction, a general statement as to the nature of the Financial Interest or Related Party Transaction, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest in fact existed.

(b) the names of the persons who were present for discussions and votes relating to the transaction or arrangement, a summary of the content of the discussion that contains the type of information regularly reported in Board or committee minutes and identifies whether any alternatives to the proposed transaction or arrangement were considered, the Corporation's findings of whether the transaction is otherwise fair, reasonable and in the best interests of the Corporation, and a record of any votes taken in connection therewith.

ARTICLE V. ANNUAL STATEMENTS

Section 5.1 **Annual Statement.** Each Director, officer, member of a committee with Board-delegated powers, and Key Persons shall annually sign a statement in form attached to this policy, and shall submit the completed and executed form to the Chairman of the Board of Directors.

ARTICLE VI. ANNUAL REVIEW

Section 6.1 **Annual Review.** To ensure that the Corporation operates in a manner consistent with its status as a not for profit corporation, the Board shall authorize and oversee an annual review of the administration of this conflict of interest policy. The review may be written or oral. The review shall consider the level of compliance with the policy, the continuing suitability of the policy, and whether the policy should be modified and improved.

[INSERT NAME OF ORGANIZATION]

Annual Conflict of Interest Statement

1. Name: _____
Date: _____

2. Please identify, the best of your knowledge, any and all entities of which you are an officer, director, trustee, member, owner or employee and with which the Corporation has a relationship:

3. Please identify, to the best of your knowledge as an Officer of the Corporation, any and all transactions in which the Corporation is a participant and in which you have or might have a financial or personal interest:

4. Have you or any Relative (as defined in the Conflict of Interest Policy) had or engaged in, or do you know of any other Covered Person that has engaged in, any of the following:

| | | Yes | No |
|----|---|-----|----|
| a) | A direct or indirect interest (financial or otherwise) in a transaction, agreement or any other arrangement and in which the Corporation or any Affiliate of the Corporation participates? | | |
| b) | A compensation arrangement or other interest in a transaction with the Corporation? | | |
| c) | A compensation arrangement or other interest in or affiliation with any entity or individual that: (i) sells goods or services to, or purchases goods or services from the Corporation; (ii) competes with the Corporation; or (iii) with whom/which the Corporation has or is negotiating or contemplating negotiating any other transaction or arrangement? | | |
| d) | Used your/their position or confidential information or the Corporation's assets to your/their (or an affiliated party's) personal advantage or for an improper or illegal purpose? | | |
| e) | Solicited or accepted any gift or favor where such gift or favor might create the appearance of influence or you/them (other than gifts or favors of nominal value or tokens of respect or friendship unrelated to any transaction)? | | |

| | | | |
|----|---|--|--|
| f) | Acquired any property or other rights in which the Corporation has, or you/they know or have reason to believe at the time of acquisition that the Corporation is likely to have an interest? | | |
| g) | An opportunity related to the activities of the Corporation that is available to the Corporation or to you/them unless the Board has made an informed decision that the Corporation will not pursue that opportunity? | | |
| h) | Indebtedness to the Corporation other than for amounts due for ordinary travel and expense advances? | | |
| i) | Any other circumstances that may, in fact or in appearance, make it difficult for you/ them to exercise independent, objective judgment or otherwise perform effectively? | | |

If you answer yes to any of the above, please describe the relevant facts:

To Be Completed by Directors Only:

| | | Yes | No |
|----|--|-----|----|
| a) | Have you been an employee of the Corporation or an Affiliate of the Corporation within the last three years? | | |
| b) | Do you have a Relative who has been a Key Person of the Corporation or an Affiliate of the Corporation within the last three years? | | |
| c) | Have you received and/or do you have a Relative who has received more than \$10,000 in direct compensation from the Corporation or an Affiliate of the Corporation in any of the last three fiscal years (not including reasonable compensation or reimbursement for services as a director)? | | |
| d) | Do you have a Financial Interest in and/or are you an employee of, any entity that has made payments to or received payments from, the Corporation or an Affiliate of the Corporation in excess of the lesser of (a) \$25,000 or (b) 2% of such entity's consolidated gross revenue over the last three years (which payments do not include charitable contributions)? If so, what is or was the nature of your Financial Interest or relationship? | | |

| | | | |
|----|--|--|--|
| e) | Do you have a Relative who has a Financial Interest in and/or who is an officer of any entity that has made payments to or received payments from the Corporation or an Affiliate of the Corporation in excess of the lesser of (a) \$25,000 or (b) 2% of such entity's consolidated gross revenue over the last three years (which payments do not include charitable contributions)? If so, what is or was the nature of your Relative's Financial Interest or relationship? | | |
| f) | Are you a current owner, whether wholly or partially, director, officer or employee of the Corporation's outside auditor or an entity that worked on the Corporation's audit at any time during the past three years? | | |
| g) | Do you have a Relative who is a current owner, whether wholly or partially, director, officer or employee of the Corporation's outside auditor or an entity that has worked on the Corporation's audit at any time during the past three years? | | |

If you answer yes to any of the foregoing, please describe the relevant facts:

The answers to the foregoing questions are stated to the best of my knowledge and belief.

I also acknowledge that I have received a copy of, read and understood the conflict of interest policy and agree that I have adhered and will continue to adhere to such policies.

Additionally, I understand that in order to maintain its status as a not for profit corporation, the Corporation must engage in activities that accomplish one or more of the purposes for which it was formed as a not for profit corporation.

Date: _____

Signature: _____

Print Name: _____