

Pi Sigma Alpha

Conflicts of Interest Policy

rev. 03/07

PURPOSE

The purpose of this conflict of interests policy is to protect Pi Sigma Alpha, as a nonprofit organization, under federal law (including Internal Revenue Service administrative law) and the statutory and/or common law of the District of Columbia, when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the organization. This policy statement is intended to supplement, but not to replace, any applicable state or federal law governing conflicts of interest applicable to nonprofit and charitable organizations.

Pi Sigma Alpha- The National Political Science Honor Society (hereinafter “Pi Sigma Alpha” or “the organization”) is a nonprofit entity incorporated in the District of Columbia. It is subject to the D.C. Code, including D.C. St. § 29-301.01 *et seq.*, the DC Nonprofit Corporation Act. It is important to understand, as such, that members of the Executive Council and Executive Committee of the organization (hereinafter “member” or “members”) have both *ethical* and *legal* obligations to the organization for the duration of their tenure on either or both of those bodies which are directly comparable to the fiduciary duties of an officer or member of the Board of Directors of a corporation. Simply put, a summary of these fiduciary duties is that all members of the Executive Council and Executive Committee of Pi Sigma Alpha owe an utmost responsibility of *loyalty* to the organization and its best interests at all times.

FINANCIAL INTEREST

A member has a financial interest if the member has, directly or indirectly, through business dealings, investment or family, (A) an ownership or investment interest in any entity with which the organization has a transaction or business arrangement; (B) a compensation arrangement with the organization or with any entity or individual with which the organization has a transaction or business arrangement; or (C) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the organization is negotiating a transaction or arrangement. “Compensation” 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. Members should note that if they have a financial interest in the dealings of the organization, it may be a conflict of interest only if the Executive Committee decides that a conflict of interest exists. Members nevertheless owe the organization a duty of full disclosure of material facts about any certain or potential financial interest about which they have personal knowledge, and shall report same by notifying the Executive Director. The Executive Director shall then arrange for full and timely disclosure of the situation to the Executive Committee, and if one or more disinterested members of the Executive Committee requests discussion and/or a vote on the issue, same shall be scheduled and held in a timely manner. The organization’s decision to proceed with a potentially conflicted transaction requires a majority vote of disinterested members of the Executive Committee, which will be considered a *prima facie* deliberation of the best business judgment of the organization if said majority approves the transaction. A member with any actual or potential financial interest in the matter shall not be allowed to vote on it, but may take part in the discussion and debate prior to a final vote.

This policy will not be construed to prevent any member of the Executive Committee from voting on general award programs initiated or offered by the organization where, although a member may become a recipient of same, a competition is held for the award that is open to all members and/or chapters of the organization.

ADDITIONAL OBLIGATIONS OF MEMBERS

* Members have a duty to place the interest of the organization foremost in any dealings with or on behalf of the organization, and to use their best *independent business judgment* about what they believe is in the best interests of the organization when deliberating and/or casting votes on matters brought before the Executive Committee or Executive Council. No member shall use his or her position, or knowledge gained therefrom, in such a manner as to create or exploit a conflict between the interests of the organization and his or her personal interests.

* Where a member previously had no good faith reason to believe that a conflict of interest between personal interests and the interests of the organization existed, but then comes to discover through the acquisition of certain knowledge that the potential for such a conflict does indeed exist, the member must disclose the existence of the potential conflict to the Executive Director of the organization, who shall then timely inform other members. If one or more disinterested members requests investigation or further debate or discussion of the matter, the Executive Director shall arrange same.

* Members shall immediately report to the Executive Director of the organization any situation in which, serving as a member of the Executive Committee, Executive Council or any other board or committee of the organization, they have received any questionable solicitation, bribe, coercion or other attempt to influence their independent business judgment unduly by any other person, within or without of the organization. Similarly, any gift given to a member by a party actually or potentially interested in the policy deliberations of the organization that is reasonably substantial must be reported.

* Members must understand that there is a certain degree of parochialism endemic to higher education, even where personal financial gain from the organization may not be directly present. The purpose of Pi Sigma Alpha is to promote excellence in the study of Political Science without regard to the nature, size, mission or “pedigree” of any particular institution of higher education. As such, members are under an obligation, when charged either individually or as part of a committee with the dispensation of Pi Sigma Alpha honors, awards or financial benefits to chapters or their members, to refrain from allowing personal friendships, colleague relationships, personal knowledge of competitors for an award or other criteria not relevant to the *bona fides* of the selection process from unduly or improperly influencing their decisions.

* This policy document may not cover all potential financial, legal and/or ethical conflicts that may come to bear on a member during his or her service on the Executive Council or Executive Committee of the organization. Members must be constantly vigilant for the potential of any situation to create or exacerbate a conflict of interest between themselves and Pi Sigma Alpha. Members must use both reason and caution to err in favor of timely good faith disclosure to the Executive Director if they believe that such a situation exists or has the serious potential to exist in the near future.

CERTIFICATION

I, _____, have read this Conflicts of Interest Policy in its entirety and affirm that I am in agreement with the provisions of same. I will abide by this policy during my service on the Executive Committee or Executive Council of Pi Sigma Alpha and accept the affirmative duty to report any potential conflict of interest on the part of myself or any other member of which I am aware for the duration of my tenure in this position. Should disclosure of a potential conflict of interest now or in the future be necessary, I have attached or will attach to an executed copy of this form, or will forward to the Executive Director under separate cover, a full written explanation of the nature and material facts of same.

Signature of Member

Date