POLICY ON CONFLICT OF INTEREST AND PREVENTION OF PRIVATE INUREMENT[1]

Purpose

The purpose of this policy is to protect the interests of the Ordinariate when it is contemplating entering into a transaction or arrangement that might benefit the private interests of individuals, including, but not limited to, employees, persons performing work on behalf of the eparchy, and others who are in a position to influence the affairs of the eparchy. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to non-profit and charitable organizations. Current and future leaders, officials, pastors, trustees, directors, as well as members of advisory bodies, councils, and committees must be aware of and accept this policy.

Introduction

Non-profit charitable, religious, and educational organizations receive tax-exempt status (or exemption from certain types of taxes) on the grounds that they provide valuable services to society and lessen the burdens of government. If a tax-exempt organization allows its funds or other property to be used for private rather than public benefit, it risks losing its tax exemption.

Identifying the Issue of Private Inurement or Private Benefit

In short, **"private inurement"** is the payment or transfer of assets of a tax-exempt organization to its officials, directors, employees, relatives, friends, major donors, or other persons in a special relationship with the organization who can influence or control the organization's policies or daily operations, without full and adequate consideration. This is a broad concept that can manifest in various transactions and circumstances.

Private inurement also extends to the use of organizational assets for **"private benefits,"** such as sales, leases, construction contracts, service agreements, etc., that are conducted at prices differing from real market value, or the operation of a tax-exempt organization for the benefit of a private business (e.g., "sweetheart deals," promotional schemes, and/or free provisions to private individuals or enterprises). Thus, private benefit is similar in nature to private inurement, but is broader in scope.

To avoid material private inurement or benefit in the aforementioned types of transactions, the Ordinariate or any legal entity subordinate to it must enter into transactions for its own benefit rather than for the interests of a private party, and must exercise due diligence to ensure that the proposed transaction is as fair and reasonable as possible, such that under the circumstances, the organization could not have obtained a more advantageous arrangement with reasonable effort. In addition to reviewing proposed transactions through appropriate councils, boards, or trustees, care must be taken to maintain the Ordinariate's policies and procedures regarding the signing of contracts.

Conflict of Interest

A conflict of interest may arise when persons employed by the Ordinariate or volunteers—including those serving on advisory bodies, councils, or committees—have a direct or indirect financial interest, as defined below.

Financial Interest

A person has a **"financial interest"** if they have, directly or indirectly, through business, investment, or family (including spouses, brothers or sisters, spouses of brothers or sisters, children, grandchildren, and great-grandchildren, as well as spouses of children, grandchildren, and great-grandchildren), any of the following:

- **a.** An ownership or investment interest in any entity with which the Ordinariate enters into a transaction or arrangement;
- **b.** A compensation or remuneration arrangement with the Ordinariate or with any entity or individual with which the Ordinariate enters into a transaction or arrangement;

[1] When drafting this document, we referred to the requirements of the Code of Canons of the Eastern Churches, the results and recommendations of the survey, conducted in January 2025, by the German auditing company Empacta on the financial and economic system of the Ordinariate, as well as the United States Conference of Catholic Bishops' (USCCB) guide "DIOCESAN FINANCIAL MANAGEMENT (A GUIDE TO BEST PRACTICES)".

- **c.** A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Ordinariate is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration (allocations/deductions) as well as gifts or services that are substantial in nature.

Duty to Disclose

In connection with any actual or potential conflict of interest, an interested person must disclose the existence and nature of their financial interest and all material facts. Reports should be submitted to the Ordinariate personnel designated by the Bishop (i.e., the Vicar General, Chancellor, attorney, chief financial officer, or internal auditor). Reports must include all available and clear information.

Investigation

The designated Ordinariate personnel shall be responsible for a thorough and expeditious investigation of the actual or potential conflict of interest.

Proposed decisions on the disposition of the case will be discussed with the Bishop or his designee(s). The results and final resolutions of all reported conflicts of interest shall be reported to the Audit Committee.

Subsequent Conflicts and Disclosures

Regardless of any prior disclosures of actual or potential conflicts of interest, a person must make a new conflict of interest disclosure whenever any matter related to that conflict of interest arises for discussion or action. In the event that a person is uncertain whether an actual or potential conflict of interest exists, they should disclose the circumstances that could lead to the emergence of an actual or potential conflict.

Confidential or Privileged Information

Information acquired by individuals during the course of their employment or association with the Ordinariate and its affiliated entities and designated as confidential must be used exclusively for the benefit of the Ordinariate and the fulfillment of its purposes. Individuals must not disclose confidential information outside the scope of their authorized duties and must not use their position or connection with the eparchy for personal self-assertion or advantage, although there may be cases where, based on prudent discretion and judgment, an incidental (collateral) use of that association with the Ordinariate may be deemed proper.

Yerevan, July 18, 2026.

I hereby approve:

✠ Most Rev. KEVORK NORADOUNGUIAN
Titular Archbishop of Sebastia,
Ordinary of the Armenian Catholics of Armenia, Georgia, Russia
and Eastern Europe

Fr. HOVSEP GALSTYAN
Chancellor of the Ordinariate