

SSBCI Conflict of Interest Requirements

- Conflict of Interest restrictions; Applies to CII board, Company management, CI deal managers
- CI will conduct “polling” of board members for each prospective SSBCI applicant company
- SSBCI funds cannot be invested in a company that has ANY Conflict of Interest – “SSBCI Insider”
- An “SSBCI insider” of an SSBCI venture capital program is a person who, in the 12- month period preceding the date on which SSBCI support for a specific investment in a venture capital fund or company is closed or completed:
 - Was
 - a manager or staff member, whether by employment or contract, in the state’s SSBCI venture capital program;
 - a government official with direct oversight or jurisdiction over an SSBCI venture capital program, or such an official’s immediate supervisor;
 - a member of the board of directors or similar body for a state-sponsored non-profit entity who, through such membership, has authority to vote on decisions to invest SSBCI funds or has authority over the employment or compensation of staff managing processes related to the investment of SSBCI funds;
 - a member of the board of directors or similar body for an independent nonprofit or for-profit entity that operates an SSBCI venture capital program;
 - an employee, volunteer, or contractor on an investment committee or similar body that recommends or approves SSBCI investments under the SSBCI venture capital program; or
 - Exercised a controlling influence on state decisions regarding:
 - The allocation of SSBCI funds among approved state venture capital programs;
 - Eligibility criteria for the state’s SSBCI venture capital programs; or
 - The processes for approving investments of SSBCI funds under the state’s SSBCI venture capital program.

Other Relevant Definitions

- A “business partner” of an SSBCI insider is a person who owns 10 percent or more of any class of equity interest, on a fully diluted basis, in any private entity in which an SSBCI insider also owns 10 percent or more of any class of equity interest on a fully diluted basis.
- A “family member” of an SSBCI insider means:
 - Such person’s spouse, domestic partner, parents, grandparents, children, grandchildren, brothers, sisters, stepbrothers, and stepsisters; and
 - Any other relatives who live in the same household as the SSBCI insider.

- An “independent non-profit entity” means any non-profit entity that is not state sponsored.
- A “personal financial interest” means any financial interest derived from ownership or right to ownership of, or lending to or other investment in, a private, for-profit entity that may receive an SSBCI investment (including any financial interest derived from ownership or right to ownership of, or investment in, a venture capital fund).
- A “state-sponsored non-profit entity” is a non-profit entity created by state legislation to pursue policies of the state government and over which state officials exercise a controlling influence through budgetary decisions or other legislative action or direction.