

**FINANCIAL CONFLICT OF INTEREST
PLAN**

THE CDM GROUP, INC.

**FINANCIAL CONFLICT OF INTEREST PLAN
FOR
THE CDM GROUP, INC. (CDM)**

PURPOSE OF FINANCIAL CONFLICT OF INTEREST

The purpose of this financial conflict of interest plan is to define what constitutes a financial conflict of interest (FCOI), who can be involved in the conflict of interest, how it is reported, and how to address any known FCOI. By understanding what constitutes a financial conflict of interest, it is CDM's position that employees will be better prepared to avoid any financial conflict of interest.

It should also be noted that as CDM expands its contract base, areas in financial conflict of interest will change. For instance, the Environmental Protection Agency will be concerned with such issues as CDM's working relationships with chemical manufactures; the Centers for Medicare and Medicaid Services will be concerned with CDM's financial interests in any nursing or health care providers; and the Public Health Services will be concerned on conflicting financial interests which could create a bias during the design, conduct, and reporting of research. This plan addresses the internal control procedures CDM has adopted to ensure that all contracts are reviewed for the particular area of possible financial conflicts of interest and will also address how employees are periodically trained to identify financial conflict of interest applicable to their specific contracts.

CORPORATE STRUCTURE

The CDM Group, Inc. is a small business with no other affiliations. There are no subsidiaries, sister companies, or parent company. CDM is composed of the Board of Directors, Corporate Officers (President and Secretary), Senior Management (Project Directors), and other employees.

Corporate Officers of The CDM Group, Inc. must discharge their business responsibilities in a manner that furthers the interests of CDM and must not compromise the interests of CDM because of a financial conflict of interest with their other business or personal interests. To ensure these Corporate Officers understand the issues surrounding any financial conflict of interest, they are required to complete a Financial Interests Report for all areas where current contracts or solicitations require the disclosure and where they are involved or would have any influence on the work. Senior staff must only complete the Financial Conflict of Interest Disclosure Form for any pertinent contract they are or will be working on. The information reported on the Financial Interests Report is then reported to the Contract Administrator who will report the findings to the President and to regulatory authorities, as required. The Financial Conflict of Interest Disclosure must be updated whenever a change in the individual's circumstances could affect a conflict of interest determination.

PURPOSES AND OBJECTIVES

The purpose of the Financial Conflict of Interest Plan is to require the Corporate Officers, and pertinent employees of CDM to review and disclose business and personal interests that could be adverse to the interests of CDM and the government by filling out the Financial Interests Report on

an annual basis. The objectives of the Financial Conflict of Interest Plan are to protect the interests of CDM and to alert its Corporate Officers to business decisions and activities for which they must exercise special care or in which they should not participate. In particular, the annual completion of the Financial Interests Report allows CDM to comply with special disclosure requirements applicable to federal contractors as defined under the Federal Acquisition Regulation or the applicable agency's acquisition regulations or PHS. Questions concerning the Financial Interests Report or its purposes or objectives should be directed to either the Contract Administrator or the President.

GENERAL INFORMATION

The disclosure of a possible conflict of interest provides safeguards not only for CDM, but also for the individual making the disclosure. Severe legal sanctions may be imposed for financial conflict of interest violations. For instance, federal law prohibits the payment of any fee, gift, or gratuity to a federal contractor as an inducement for the award of a subcontract. Any person who knowingly makes or receives, directly or indirectly, any such prohibited payment is subject to a fine, or imprisonment, or both. To ensure proper compliance during the solicitation process and after contract award, CDM reserves the right to determine the existence of and to resolve any actual or potential conflict of interest and to take all steps necessary to protect its interests and those of its employees.

Completed Financial Interests Reports are maintained by the Corporation.

GUIDELINES RELATING TO FINANCIAL CONFLICT OF INTEREST DISCLOSURES

Certain contracts require procedures that ensure that Corporate Officers and senior employees do not promote private business interests to the detriment of that contract. Procedures must also be instituted to prohibit employees from accepting gifts or gratuities as an inducement or acknowledgment for the award of a subcontract. As a means of complying with these requirements, all Corporate Officer and applicable senior staff of those contracts with conflict of interest requirements must complete a Financial Interests Report. Completion of the Form also allows CDM to comply with its legal and contractual obligation to provide the contracting agency with certain data information. After the Financial Interests Report is received by the Contract Administrator, she/he will review the forms with the President to determine if there is any adverse information and report any financial conflict of interest or non-compliance of senior staff to PHS.

RESPONSIBILITIES

It is the Contractor Administrator and President's responsibility to: a) ensure that annual disclosures are completed by pertinent employees; b) that employees are trained in understanding what potential financial conflict of interests are prior to the employee filling out their disclosure forms; c) retain all disclosure forms for at least three years; d) ensure that these forms are treated as confidential information to the extent permitted by law; e) reporting any adverse financial conflict of interest or non-compliance to PHS; f) take disciplinary action on an Investigator's failure to comply with this policy, including suspending all relevant activities until the matter is resolved; and g) report any adverse findings to PHS.

Disciplinary action may include suspension of work without pay. Additionally, if a conflict was not disclosed or managed in a timely manner, the President will appoint an ad hoc committee to complete a retrospective review of the research project to determine whether the research conducted during the period of non-compliance was biased in the design, conduct or reporting of the research.

Responsibilities of pertinent employees include: a) completing the Annual Financial Conflict of Interest Form and b) attend financial conflict of interest training when required.

IDENTIFYING CONFLICTS OF INTEREST

The following are some basic examples of situations that may lead to actual or potential conflicts of interest. This is not an exhaustive list of possible conflict of interest situations and many of these situations will require further inquiry by management to determine whether an actual conflict of interest exists.

1. Any ownership or controlling interest held by any Corporate Officer or senior staff or their family member, in an entity that furnishes services for which contract payment is made or in an entity that does business with or competes with CDM.
2. The receipt of any remuneration by a Corporate Officer or senior staff or their family member, who has any part of his or her salary allocated to the contract program from an individual or entity that furnishes services for which contract payment is made.
3. Any outside employment by a Corporate Officer or senior staff or their family member, that affects the individual's ability to make objective decisions that further the interests of CDM.
4. The receipt of any gift, gratuity, or compensation for the award of a contract.
5. Representation of CDM by a Corporate Officer or senior staff or their family member, in any transaction in which the individual or any member of his or her family has a financial interest.
6. Service by a Corporate Officer or senior staff or their family member, on a board of directors for an entity that furnishes services for which contract payment is made or that provides supplies or services for CDM.
7. The use of proprietary information by a Corporate Officer or senior staff or family member for personal gain.

DEFINITIONS

The following definitions are applicable throughout this Plan:

Financial Conflict of Interest: A financial conflict of interest is the result of a situation or relationship in which the direct or indirect business or personal interests of an individual causes or

could cause the individual to place his or her interests above the interests of CDM or that of the contract.

Family Members: For purposes of completing the Annual Financial Conflict of Interest Disclosure Form, a family member means any member of the Investigator's immediate family, specifically, any dependent children and spouse.

Financial Interest: Financial Interest means anything of monetary value received or held by a Corporate Officer of senior staff or Family, whether or not the value is readily ascertainable, including but not limited to: salary or other payments for services (e.g., consulting fees, honoraria, or paid authorships for other than scholarly works); any equity interests (e.g., stocks, stock options, or other ownership interests); and intellectual property rights and interests (e.g., patents, trademarks, service marks, and copyrights), upon receipt of royalties or other income related to such intellectual property rights and interests, including but not limited to salary, or other payments for services (e.g., consulting fees or honoraria); equity interests (e.g., stocks, stock options or other ownership interests); and intellectual property rights (e.g., patents, copyrights and royalties from such rights). It also includes any reimbursed or sponsored travel undertaken by Corporate Officers or senior staff and related to his/her institutional responsibilities. It excludes travel reimbursed or sponsored by U.S. Federal, state, or local governmental agencies, U.S. institutions of higher education, research institutes affiliated with institutions of higher education, academic teaching hospitals, and medical centers.

However, it does not include: salary, royalties, or other remuneration from CDM; income from the authorship of academic or scholarly works; income from seminars, lectures, or teaching engagements sponsored by or from advisory committees or review panels for U.S. Federal, state or local governmental agencies or U.S. institutions of higher education, research institutes affiliated with institutions of higher education, academic teaching hospitals, and medical centers; or equity interests or income from investment vehicles, such as mutual funds and retirement accounts, so long as the Corporate Officer or senior staff does not directly control the investment decisions made in these vehicles.

Significant Financial Interest means a Financial Interest that reasonably appears to be related to the Corporate Officer's or senior staff responsibilities at CDM and: a) if with a publicly traded entity, the aggregate value of any salary or other payments for services received during the 12 month period preceding the disclosure, and the value of any equity interest during the 12 month period preceding or as of the date of disclosure exceeds \$5,000; or b) if with a non-publicly traded entity, the aggregate value of any salary or other payments for services received during the 12 month period preceding the disclosure exceeds \$5,000; or c) if with a non-publicly-traded company, is an equity interest of any value during the 12 month period preceding or as of the date of disclosure; or d) is income exceeding \$5,000 related to intellectual property rights and interests not reimbursed through the CDM, or e) is reimbursed or sponsored travel related to CDM's responsibilities.