

FRIENDS OF THE LOS ANGELES COUNTY LAW LIBRARY CONFLICT OF INTEREST POLICY

Purpose of the Policy

This conflict of interest policy is designed to protect the interests of the Friends of the Los Angeles County Law Library (Friends) and to help directors, officers, employees, and consultants of Friends identify situations that present potential conflicts of interest and to provide Friends with a procedure that, if observed, will allow a transaction to be treated as valid and binding even though a director, officer, or employee has or may have a conflict of interest with respect to the transaction.

In the event there is an inconsistency between the requirements and procedures prescribed herein and those in federal or state law, the respective law shall control. All capitalized terms are defined in Part 1 of this policy.

Part 1. Definitions.

- A “Conflict of Interest” is any circumstance described in Part 2 of this policy.
- A “Responsible Person” is any person serving as an officer, employee, consultant, or member of the board of directors of Friends.
- A “Family Member” is a spouse, domestic partner, parent, child, or spouse of a child, brother, sister, or spouse of a brother or sister, of a Responsible Person.
- A “Material Financial Interest” with respect to an entity or individual means any of the following:
 - An actual or potential ownership or investment interest in excess of 5% in an entity.
 - An actual or potential compensation arrangement (direct or indirect) valued in excess of \$10,000 in any calendar year with an entity or individual.
- An “Agreement or Transaction” is any agreement or relationship involving the sale or purchase of goods, services, or rights of any kind, the providing or receipt of a loan or grant, or the establishment of any other type of pecuniary relationship by Friends. The making of a gift or donation (whether in the form of cash, goods, or services) to Friends is not an Agreement or Transaction within the meaning of this document and shall not give rise to or constitute a Conflict of Interest under this policy.

Part 2. Conflict of Interest, Defined

For purposes of this policy, the following circumstances shall be deemed to create Conflicts of Interest:

- Outside Interests.
 - An Agreement or Transaction between Friends and a Responsible Person or Family Member.

– An Agreement or Transaction between Friends and an entity in which a Responsible Person or Family Member has a Material Financial Interest or of which such person is a director, officer, employee, consultant, agent, partner, associate, trustee, personal representative, receiver, guardian, custodian, conservator, or other legal representative.

• Gifts, Gratuities and Entertainment. A Responsible Person accepting gifts, entertainment, or other favors from any individual or entity that:

- does or is seeking to do business with Friends; *or*
- has received, is receiving, or is seeking to receive a loan or grant, or to secure other financial commitments from Friends; *and*
- under circumstances where it might be inferred that such action was intended to influence or possibly would influence the Responsible Person in the performance of his or her duties.

• This Conflict of Interest Policy does not preclude the acceptance of items of nominal or insignificant value or entertainment of nominal or insignificant value that are not related to any particular transaction or activity of Friends.

• Nothing in this Conflict of Interest Policy precludes any Responsible Person from receiving compensation from entities or individuals with which the Friends has no Agreement or Transaction, or precludes any member of the board of directors of Friends from serving on any other non-profit or charitable board.

Part 3. Procedures and Duty to Disclose.

• Before board or committee action on an Agreement or Transaction involving a Conflict of Interest, a director or committee member having a Conflict of Interest and who attends the meeting shall disclose all facts material to the Conflict of Interest. Such disclosure shall be reflected in the minutes of the meeting.

• A director or committee member who plans not to attend a meeting at which he or she has reason to believe that the board or committee will act on a matter in which the person has a Conflict of Interest shall disclose to the chair of the meeting all facts material to the Conflict of Interest. The chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.

• A Responsible Person who has a Conflict of Interest shall not participate in or be permitted to hear the board's or committee's discussion of the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting.

• A Responsible Person who has a Conflict of Interest with respect to an Agreement or Transaction that will be voted on at a meeting shall not be counted in determining the presence of a quorum for purposes of the vote. The person having a Conflict of Interest may not vote on the Agreement or Transaction and shall not be present in the meeting

room when the vote is taken, unless the vote is by secret ballot. Such person's ineligibility to vote shall be reflected in the minutes of the meeting.

- Responsible Persons who are not members of the board of directors of Friends, or who have a Conflict of Interest with respect to an Agreement or Transaction that is not the subject of board or committee action, shall disclose to the Chair or the Chair's designee any Conflict of Interest that such Responsible Person has with respect to an Agreement or Transaction. Such disclosure shall be made as soon as the Conflict of Interest is known to the Responsible Person. The Responsible Person shall refrain from any action that may affect Friends' participation in such Agreement or Transaction.
- In the event it is not entirely clear that a Conflict of Interest exists, the individual with the potential conflict shall disclose the circumstances to the Chair or the Chair's designee, who shall determine whether there exists a Conflict of Interest that is subject to this policy.
- The chair of the board or committee shall, if appropriate in the discretion of the board or committee, appoint an individual who does not have a Conflict of Interest or a committee comprised of individuals who do not have a Conflict of Interest to investigate alternatives to the proposed Agreement or Transaction.
- After exercising due diligence, including a review of appropriate data as to comparability, the board or committee shall determine whether Friends can obtain with reasonable efforts a more advantageous Agreement or Transaction from a person or entity that would not give rise to a Conflict of Interest.
- If a more advantageous Agreement or Transaction not producing a Conflict of Interest is not reasonably possible under circumstances, the board or committee shall determine whether the Agreement or Transaction is in the Friends' best interest, for its own benefit, and whether it is fair and reasonable. The board or committee shall decide by a majority vote of the directors or committee members then in office, as applicable, without counting the vote of any person with a Conflict of Interest, whether to enter into the Agreement or Transaction in conformity with such determination.
- A member of the board of directors of Friends shall not vote on his or her own election as an officer or re-election as a member of the board of directors.

Part 4. Confidentiality.

Each Responsible Person shall exercise care not to disclose confidential information acquired in connection with such status or information the disclosure of which might be adverse to the interests of Friends. Furthermore, a Responsible Person shall not disclose or use information relating to the business of Friends for the personal profit or advantage of the Responsible Person or a Family Member or the Responsible Person's company.

Part 5. Review of Policy.

- Each new Responsible Person shall be required to review a copy of this policy and to acknowledge in writing that he or she has done so.
- Each Responsible Person shall annually complete a disclosure form identifying any relationships, positions, or circumstances in which the Responsible Person is involved that he or she believes could contribute to a Conflict of Interest arising. Such relationships, positions, or circumstances might include ownership of or Material Financial Interest in a business that might provide goods or services to Friends. Each Responsible Person should also disclose to the board of directors any potential Conflict of Interest that may arise during the course of the year between the submission of annual disclosure forms. Any such information regarding business interests of a Responsible Person or a Family Member shall be treated as confidential and shall generally be made available only to the Chair, the Executive Director, and any committee appointed to address Conflicts of Interest, except to the extent additional disclosure is necessary in connection with the implementation of this policy.
- This policy shall be reviewed annually by each member of the board of directors. Any changes to the policy shall be communicated immediately to all Responsible Persons.

Friends of the Los Angeles County Law Library
Conflict of Interest Form Acknowledgement

Name: _____

Date: _____