

**NOTE TO ALL COMMITTEE MEMBERS & COMMITTEE CHAIRS:  
YOU ARE EACH ASKED TO READ THIS POLICY, BUT ONLY LSA BOARD  
MEMBERS ARE REQUIRED TO SIGN AND RETURN THE AFFIRMATION  
STATEMENT AT THE END OF THE DOCUMENT.**

**Law and Society Association  
Conflict of Interest Policy**

**Article I – Purpose**

The purpose of the conflict of interest policy is to protect the interests of the Law and Society Association (“LSA”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an LSA officer, other elected or appointed volunteer, or employee; might benefit the interest of another organization to which that officer, volunteer, or employee also owes a duty of loyalty; or might result in what the IRS calls an “excess benefit” transaction (where an individual or entity is receiving more benefit from LSA than is reasonable under the circumstances of the transaction or arrangement).

The IRS currently recommends that all tax-exempt organizations adopt a conflict of interest policy that addresses direct **financial conflicts** (for example, if the organization were considering buying a piece of real estate that was owned by one of its board members). At LSA, we seldom encounter this type of conflict. Instead, potential **positional conflicts** are more likely at LSA, in which, for example, a member of the LSA Board of Trustees is also on the board of another organization with similar goals, projects, funders, or constituencies. These overlaps are often beneficial to the LSA, and in the vast majority of cases no problematic conflict arises. Occasionally, however, these positional overlaps may create conflicts. Therefore, both “financial” and “positional” conflicts are addressed by this policy. This policy is intended to supplement, but not to replace, any state and federal laws governing conflicts of interest that are applicable to nonprofit and charitable organizations.

**Article II – Definitions**

**1. Interested Person**

Any elected or appointed volunteer, officer or employee who has a direct or indirect **financial** or **positional** interest, as defined below, is an interested person.

**2. Financial Interest**

A person has a financial interest if the person, or a member of his or her immediate family, or a personal partner, or a business or investment over which he or she has control:

- a.** owns, contemplates owning, has invested in, or contemplates investing in, an entity with which LSA has, or with which LSA is negotiating, a transaction or arrangement; or
- b.** has an existing or potential compensation arrangement with:
  - i.** LSA; or
  - ii.** an entity or individual with whom LSA has, or with whom LSA is negotiating, a transaction or arrangement.

Compensation, as used above, includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. It does not include routine reimbursements or payment for expenses --

such as for attendance at meetings -- required to do the work of the Association. Ownership and investment, as used above, do not include ownership or investment of less than five percent of the entity's total value.

### **3. Positional Interest**

A person has a positional interest if the person has, through business, family or personal partner relationships, or through service on another corporate board (whether for-profit or nonprofit):

- a. a duty of loyalty to another entity that does work related to LSA's work; or
- b. the potential to use confidential or privileged information about LSA projects, plans, or programs in a way that would divert opportunities, including publicity or prestige, away from LSA; or
- c. a duty of loyalty to an individual or entity which has an interest in a lawsuit, contract dispute, or other matter which is or might become adverse to LSA's interest.

Members of the Board of Trustees, employees of the Association, and members of Association committees may serve on the boards of other organizations that work in areas in which LSA works or might work. In some cases, these organizations will have joint transactions or arrangements with LSA, or may have competing goals or interests with LSA, or both. While these multiple memberships are often beneficial to the LSA, each member of the Board of Trustees, employee of the Association, and member of Association committees who serves simultaneously in that position and on the board of another nonprofit organization that does LSA-related work should be aware of potential or actual conflicts of interest.

### **4. Potential Conflicts and Actual Conflicts**

It must be stressed that financial and positional interests do not necessarily create a conflict of interest. A financial or positional interest that an interested person discloses may or may not be adverse to LSA's interest, and therefore constitutes merely a "potential" conflict, unless a majority of the non-interested members of the relevant committee, or in the case of a financial conflict, the Executive Committee, determines that there is an actual conflict of interest.

## **Article III – Procedures**

### **1. Duty to Disclose**

#### **a. Duty to Disclose Financial Interests**

In connection with any actual or potential financial conflict of interest, an interested person must disclose to the relevant committee, or in the case of a financial conflict, the Executive Committee, the existence of the interest and any material facts whenever a transaction or arrangement is under consideration that would pose an actual or potential conflict.

#### **b. Duty to Disclose Positional Interests**

Because the overlap in board positions is generally of mutual benefit to LSA and other organizations, there is ordinarily no conflict of interest arising from mere membership on another board. Therefore, once a member of the Board of Trustees, employee of the Association, or member of an Association committee discloses his or her membership on another nonprofit board that does work related to LSA's, they will not have to subsequently disclose each instance in which a potential conflict arises from that board membership. However, if a member or employee believes that there is an actual conflict

that arises from a particular action that the LSA is contemplating, he or she should again disclose that conflict.

## **2. Determining Whether an Actual Conflict of Interest Exists**

The existence of a conflict of interest shall be presumed to exist if a member believes he or she has a conflict or if the existence of a conflict is determined by a majority vote of the non-interested members of the relevant committee.

## **3. Procedures for Addressing the Conflict of Interest**

If it is determined that an actual conflict of interest exists, the interested person shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the actual conflict of interest.

## **4. Violations of the Conflict of Interest Policy**

- a.** If the relevant committee, or in the case of a financial conflict, the Executive Committee, has reasonable cause to believe a member of the Board of Trustees, employee of the Association, or member of an Association committee has failed to disclose an actual or potential conflict of interest, it shall inform the person of the basis for such belief and afford them an opportunity to explain the alleged failure to disclose.
- b.** If, after hearing the individual's response and after making further investigation as warranted by the circumstances, the relevant committee, or in the case of a financial conflict, the Executive Committee, determines the member or officer has failed to disclose an actual or possible conflict of interest, it shall take action as they deem appropriate.

## **5. Reporting**

Committee votes about conflicts of interest shall be reported to the Executive Committee.

### **Article IV – Records of Proceedings**

The minutes of the Executive Committee shall contain:

- a.** The names of the persons who disclosed or otherwise were found to have an actual or potential financial or positional conflict of interest, the nature of the financial or positional interest, any action taken to determine whether a conflict of interest existed, and the committee's decision as to whether a conflict of interest in fact existed.
- b.** The names of the persons who were present for discussions and for votes relating to the transaction or arrangement, and a record of any votes taken in connection with the proceedings.

### **Article V -- Compensation**

Any member of the LSA and its committees, or LSA employee, who receives compensation, directly or indirectly, from LSA for services is precluded from voting on matters pertaining to his or her compensation.

### **Article VI – Notice**

Each Member of the Board of Trustees and each employee of the Association shall sign a form at the assumption of his/her official position and annually thereafter which identifies any actual or potential financial or positional conflicts and affirms that he or she:

- a.** has received a copy of this conflict of interest policy
- b.** has read and understands the policy
- c.** has agreed to comply with the policy
- d.** understands that LSA is a charitable organization and in order to maintain its federal tax exemption must engage primarily in activities that accomplish one or more of its tax-exempt purposes
- e.** will report any conflict of interest or potential conflict of interest that may arise in the future.
- f.** understands that if there is any doubt about whether something may constitute a conflict of interest, it should be disclosed.

Should a Member of the Board of Trustees or an employee of the Association report that he or she has an actual conflict, the interested person shall not participate in discussion of or voting on the matter in which the conflict arises, as per III. 3. above.

In addition, all chairs and members of LSA committees will be provided a copy of the statement and unless they state otherwise, it will be assumed that they agree to be bound by it. However, to reduce administrative burden, chairs and committee members will not be required to formally acknowledge receipt.