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**Western States Seismic Policy Council**

**Conflict of Interest Policy**

**Article I. Purpose**

The purpose of the Conflict of Interest Policy is to protect the interests of the Western States Seismic Policy Council (WSSPC), a 501(c)(3) tax exempt organization, when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a director, officer, or key employee of WSSPC. In order to deal openly and fairly with actual and potential conflicts of interest that may arise as a consequence of this involvement, WSSPC adopts the following Conflict of Interest Policy.

**Article II. Policy**

Directors, officers, and key employees are expected to use good judgment, to adhere to high ethical standards, and to conduct their affairs in such a manner as to avoid any actual or potential conflict between the personal interests of a director, officer, or key employee and those of WSSPC. A conflict of interest exists when the loyalties or actions of a director, officer, or key employee are divided between the interests of WSSPC and the interest of the director, officer, or employee. Both the fact and the appearance of a conflict of interest should be avoided.

**Article** **III. Definitions**

*Interested person.* Any director, officer, or key employee who has a direct or indirect financial interest. In addition, an interested person shall include subcontractors.

*Financial interest*. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

1. An ownership or investment interest in any entity with which WSSPC has a transaction or arrangement,
2. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which WSSPC is contemplating a transaction or arrangement.
3. A compensation arrangement with WSSPC, or with any entity or person with which WSSPC has a transaction or arrangement.

A financial interest is not necessarily a conflict of interest. Under Article IV, Section 2, a person who has a financial interest may have a conflict of interest only if the WSSPC Board of Directors decides that a conflict of interest exists.

*Family*. Family includes spouses/domestic partners, ancestors, siblings, step-siblings, children, grandchildren, greatgrandchildren, and the spouses/domestic partners of ancestors, siblings, step-siblings, children, grandchildren, and greatgrandchildren.

*Key Employee.* A key employee is an employee whose total annual compensation (including benefits) from WSSPC is greater than $150,000 **and** who (a) has responsibilities or influence over WSSPC similar to that of officers or directors, **or** (b) manages a program that represents 10% or more of the activities, assets, income, or expenses of WSSPC, **or** (c) has or shares authority to control 10% or more of WSSPC’s capital expenditures, operating budget, or compensation for employees.

**Article IV. Procedures**

1. Duty to Disclose

An interested person must disclose the existence of any actual or possible conflict of interest and be given the opportunity to disclose all material facts to the WSSPC Board of Directors considering the proposed transaction or arrangement.

1. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts at a Board meeting, the director, officer, or key employee shall leave the meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board members shall determine if a conflict of interest exists.

1. Procedures for Addressing the Conflict of Interest

An interested person may make a presentation at the WSSPC Board meeting, but after the presentation, the person shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

The WSSPC Chair shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

After exercising due diligence, the WSSPC Board of Directors shall determine whether WSSPC can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the WSSPC Board shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in WSSPC’s best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

1. Violations of the Conflict of Interest Policy

If the WSSPC Board has reasonable cause to believe a director, officer, or key employee has failed to disclose actual or possible conflicts of interest, it shall inform that person of the basis for such belief and afford the member as opportunity to explain the alleged failure to disclose.

If, after hearing the person’s response and after making further investigation as warranted by the circumstances, the WSSPC Board determines the person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

**Article V. Records of the Proceedings**

The minutes of the WSSPC Board shall contain the names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the WSSPC Board’s decision as to whether a conflict of interest in fact existed.

In addition, the minutes shall contain the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

The Executive Director shall report to the FEMA Project Officer in writing any real or potential conflict of interest as defined by Federal, California, or local statutes, regulations or policies which may arise during the administration of the federal award.

The Executive Director shall report to the FEMA Project Officer within five days of learning of the family, business, or professional conflict of interest.

**Article VI. Annual Statements**

Each director, officer, and key employee shall sign an Annual Disclosure Statement which affirms that the person has received a copy of this Conflict of Interest Policy, has read and understood the Policy, has agreed to comply with the Policy, and discloses any direct or indirect financial interest.

All Annual Disclosure Statements shall be submitted to the Secretary of WSSPC and filed with the minutes of the first meeting of the Board of Directors held each year.

**Article VII. Periodic Reviews**

To ensure that WSSPC operates in a manner consistent with its charitable purposes and its status as an organization exempt from federal income tax, the WSSPC Board shall authorize and oversee a periodic review of the administration of this Conflict of Interest Policy. The review may be written or oral. The review shall consider the level of compliance with the Policy, the continuing suitability of the Policy, and whether the Policy should be modified and improved.

**Article VIII. Use of Outside Experts**

When conducting periodic reviews as provided in Article VII, WSSPC may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the WSSPC Board of its responsibility for ensuring periodic reviews are conducted.

**Director, Officer, and Key Employee**

**Annual Conflict of Interest Statement**

1. Printed Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

2. Position:

Are you a voting Director? Yes No

Are you an Officer? Yes No

If you are an Officer, which position do you hold: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Are you a Key Employee? Yes No

Are you a subcontractor? Yes No

3. I affirm the following:

I have received a copy of the WSSPC Conflict of Interest Policy. \_\_\_\_\_\_\_\_\_ (initial)

I have read and understand the policy. \_\_\_\_\_\_\_\_\_ (initial)

I agree to comply with the policy. \_\_\_\_\_\_\_\_\_ (initial)

I understand that WSSPC is a charitable organization and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of tax-exempt purposes. \_\_\_\_\_\_\_\_\_ (initial)

4. Disclosures:

a. Do you have a financial interest (current or potential), including a compensation arrangement, as defined in the Conflict of Interest policy with WSSPC? Yes No

i. If yes, please describe it: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

ii. If yes, has the financial interest been disclosed, as provided in the Conflict of Interest policy? Yes No

b. In the past, have you had a financial interest, including a compensation arrangement, as defined in the Conflict of Interest policy with WSSPC? Yes No

i. If yes, please describe it, including when (approximately):

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

ii. If yes, has the financial interest been disclosed, as provided in the Conflict of Interest policy? Yes No

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date of Review by Board of Directors: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_