



CONFLICT OF INTEREST POLICY

Finalized and enacted May 15, 2024

Purpose

The purpose of this policy is to inform Board Members about what constitutes a conflict of interest, assist them in identifying and disclosing actual and potential conflicts, and help them to avoid harmful conflicts of interest.

This policy and disclosure statements ensure open and honest deliberation, and are critical to making good decisions, avoiding legal problems, and remaining focused on the National Association of Federal Equity Receivers' (hereinafter referred to as, "Association"), mission.

Policy

In their capacity as directors and officers, the Members of the Association's Board must always act in the best interests of the Association. The Association is a nonprofit organization, exempt from taxation under Section 501(c)(6) of the Internal Revenue Code. The IRS Form 990 tax return filed annually by the Association asks whether it maintains a written conflict of interest policy.

Definition of Conflict of Interest

A conflict of interest may arise when a Board Member has some other interest that might suggest divided loyalty on the part of the Board Member between obligations to the Association, on one hand, and to some other organization, cause, or interest, on the other. The "other interest" may arise from a transaction between the Association and a third party, or a Board Member concurrently having other business, professional, or personal interests that may or could influence the ability of the Board Member to exercise objectivity in the decision-making process on the issue or could impair the Board Member's ability to otherwise perform his or her volunteer responsibilities to the Association in the Association's best interests. Examples of such conflict of interests could include, but are not limited to, the following:

- A. Making use of an opportunity arising from your volunteer service to the Association for personal, family or business/professional gain or promotion.
- B. Speaking with authority as representing the Board without the authority to do so.
- C. Serving in a paid or volunteer capacity in a position which directly competes with the Board Member's service to the Association or for an organization which directly competes with the Association.
- D. Using proprietary information, or commercial or financial information regarding NAFER that is privileged or intended to remain confidential ("Confidential Information"), for the benefit of any



person or entity besides NAFER, or the disclosure of Confidential Information to persons beyond the Board without Board authority to do so.

Disclosure Form and Annual Review:

To proactively address any potential conflicts of interest, each Board Member is required to annually complete and submit a Conflicts of Interest Questionnaire and Disclosure Form detailing any such “other interests,” as well as to disclose such “other interests” to the Association Executive Director if and when they arise during the course of each year.

On an annual basis, all Board Members shall be provided with a copy of this policy and required to complete and sign the acknowledgment and disclosure form below. All completed disclosure forms will be provided to the Board for review on an annual basis. The Board retains the right to act on any conflict as it deems necessary.

Duty to Disclose

Any Board Member who has a potential Conflict of Interest in any matter involving NAFER shall disclose the nature and extent of such interest to the Chairperson of the NAFER Board.

Any Board Member who has engaged in the disclosure of Confidential Information shall immediately report the nature and extent of such disclosure to the Chairperson of the NAFER Board or in any case, within ten (10) days of the disclosure of Confidential Information.

Every Board Member shall be provided a copy of NAFER’s Conflict of Interest Policy, and upon receipt, every Board Member shall complete and sign an Acknowledgement/Conflict of Interest Disclosure Statement in the form attached hereto.

Duty to Abstain

Any Board Member having a potential Conflict of Interest must disclose the Conflict of Interest at the earliest opportunity and must abstain from participating in the deliberations and voting on any actions to be taken by the Board relating in any way to any matter unless the Board, following such disclosure, determines that a Conflict of Interest does not exist or is of such a nature that the Board believes the disclosing Board Member should nevertheless participate in deliberations and/or voting on said matter.

The following procedure shall be employed for voting conflicts. Any NAFER Board Member who, in the discharge of his or her official duties, would be required to vote on a matter that would result in a Conflict of Interest shall abstain from voting and, prior to the vote being taken, announce and disclose the nature of his or her interest; provided, however, that if the NAFER Board would be unable to take any action on a matter before it because the number of Members required to abstain from voting makes the majority or other legally required vote of approval unattainable, then such Members shall be



permitted to vote if such a vote comports with applicable laws and if disclosures are made as otherwise provided herein.

The minutes of any meeting of the Board in which a Board Member has disclosed the existence of a potential Conflict of Interest shall state that such disclosure has been made, whether the Board determined that such disclosure related to an actual Conflict of Interest, and, if applicable, that such Member did not participate in discussion of the matter in which he or she has a Conflict of Interest and did not vote on such matter.

In addition, any Officer or Director having a potential Conflict of Interest must disclose it to the Chairperson of the Board at the earliest opportunity and, unless the Chairperson of the Board determines that such actions or interests disclosed do not constitute an actual Conflict of Interest, the Officer or Director must abstain from participating in any discussions, review, or deliberations on any actions to be taken by the Board relating in any way to the matter in which such Officer or Director has a Conflict of Interest.

The Board retains discretion to determine whether to exclude the disclosing Board Member, Officer or Director from being present during the deliberations and/or any vote related thereto.

Procedures for Administration of Policy

This Policy shall be administered and enforced by the Chairperson of the Board. In the event that the Chairperson of the Board must disclose a Conflict of Interest in which he or she is involved, then the Immediate Past President be responsible for the administration of this Policy. In the event that the Immediate Past President also has a potential Conflict of Interest or is unwilling, unable or unavailable to administer the policy in connection with a potential Conflict of Interest involving the Chairperson, then the next most recent past president shall administer it.

The Chairperson of the Board shall take any action that is necessary or appropriate in light of the facts revealed by any disclosure in order to assure that any Conflict of Interest is administered in accordance with the terms of this Policy. The Chairperson shall advise the full Board of any disclosure of a Conflict of Interest that he or she may receive.

If, after it has been advised of a disclosure of a possible Conflict of Interest, the Board determines a conflict exists or a transaction violates this Policy, it may take appropriate disciplinary or corrective action as it determines is in the best interests of NAFER.

Similarly, if, after it has been advised of a disclosure of Confidential Information, the Board determines the disclosure violates this Policy, it may take appropriate disciplinary or corrective action as it determines is in the best interests of NAFER.

Failure to disclose any Conflict of Interest may be grounds for disciplinary action by NAFER against the Director, Officer, or Board member, which disciplinary action may include, but is not limited to, removal



or dismissal, and is grounds for disapproval of any action of the Board which has been affected by the Conflict of Interest.

The Chairperson shall also investigate any matter in which he or she has reasonable cause to believe that any Director, Officer, or Board member has failed to disclose an actual or possible Conflict of Interest, or is in violation of this Policy. In such case, the Chairperson shall inform the person in writing of the basis for such belief and afford the person an opportunity to explain the alleged conflict and failure to disclose or other prohibited practice.