



BOARD OF DIRECTORS

## RESOLUTION

### ADOPTING A REVISED CONFLICTS OF INTEREST POLICY

**WHEREAS**, by Resolution #2008-007, the Legal Services Corporation (“LSC” or “Corporation”) Board of Directors (“Board”) adopted the *Code of Ethics and Conduct* (“Code of Conduct”) to provide guidance to Board members, officers, and employees regarding the Corporation’s expectations for standards of ethics and conduct;

**WHEREAS**, Management has reviewed the conflicts of interest provision in the Code of Conduct; and

**WHEREAS**, Management has determined that the Corporation will benefit from a more comprehensive conflicts of interest policy that provides greater clarity and guidance to the Directors, officers, and employees regarding conflicts of interest and recommends adoption of the attached Conflicts of Interest Policy;

**NOW, THEREFORE, BE IT RESOLVED THAT**, the Board of Directors adopts the attached Conflicts of Interest Policy and directs that the new Policy supersede any prior existing conflicts of interest policies.

**Adopted by the Board of Directors**

On October 22, 2013

A handwritten signature in black ink, appearing to read "John G. Levi", written over a horizontal line.

**John G. Levi**

Chairman

**Attest:**

A handwritten signature in black ink, appearing to read "Ronald S. Flagg", written over a horizontal line.

**Ronald S. Flagg**

Vice President for Legal Affairs,  
General Counsel & Corporate Secretary

## CONFLICTS OF INTEREST POLICY

### 1. Purpose

The purposes of this policy are to protect the Legal Services Corporation (“LSC”) and to provide guidance to LSC’s Board of Directors, officers, and employees in identifying and handling any conflicts and potential conflicts of interest affecting the interests of LSC.

### 2. Statement of Policy

Members of the Board of Directors (“Directors”), officers, and employees are to avoid legal, financial, personal, or other conflicts and potential conflicts of interest involving LSC, to disclose any such conflicts that arise, and to remove themselves from a position of decision-making authority or influence on decisions or actions with respect to any conflict situation involving LSC.

In accordance with § 1005(c) of the LSC Act and Section 3.05 of the LSC Bylaws, Directors may not participate in any decision, action, or recommendation with respect to any matter which directly benefits such Director or pertains specifically to any firm or organization with which such Director is then associated or has been associated within a period of two years.

### 3. Scope

This policy applies to all LSC Directors, officers, and employees acting in their official capacity. Employees of the Office of Inspector General (“OIG”) are covered by this policy, except as otherwise indicated herein. This policy also applies to non-Director members of committees of the Board of Directors. Any reference to “Directors” in this policy includes non-Director members of Board committees with respect to their participation in, and any action they may take in connection with, LSC-related activities. Depending on the nature of the conflict or potential conflict, this policy may also apply to immediate family members of LSC Directors, officers and employees. This policy applies to all LSC matters, including but not limited to grants, contracts, purchases, leases, investments, or other commitments of LSC resources, and personnel matters.

### 4. Definitions

Abuse: Abuse involves behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances. Abuse also includes misuse of authority or position for one’s personal financial interests or those of an immediate family member or business associate. Abuse does not necessarily involve fraud or violation of laws, regulations or provisions of a contract or grant agreement.

Conflict of Interest: A conflict of interest exists when an outside interest, activity, or relationship influences or appears to influence the ability of a Director, officer, or employee to exercise objectivity, or impairs or appears to impair his/her ability to perform his/her responsibilities as a Director, officer, or employee impartially and in the best interests of LSC. A conflict of interest occurs when:

- The Director, officer, employee, or any immediate family member has the opportunity to influence LSC's grant-making, business, administrative, or other decisions or actions in a manner that could lead to personal gain or advantage;
- The Director's, officer's, or employee's impartiality or duty of loyalty to LSC is impaired or appears to be impaired by the existence of a relationship with another person or entity; or
- The Director, officer, or employee, or any immediate family member has a potential or existing financial or other interest which impairs or appears to impair independence in the discharge of responsibilities to LSC.

Fraud: A false representation of a material fact, whether by words or by conduct, by false or misleading allegations, or by concealment of that which should have been disclosed, which deceives another so that s/he acts, or fails to act, to her/his detriment.

Immediate Family Member: For purposes of this policy, the term "immediate family member" includes spouse, domestic partner, parents, children and their spouses, siblings and their spouses, and any members of the household. Also included are persons in those categories as step-relations.

Waste: Waste involves not receiving reasonable value for money, or the dissipation of assets or resources, in connection with any Corporation-funded activities due to an inappropriate act or omission by persons with control over or access to Corporation resources. Waste does not necessarily involve a violation of law, and can arise from mismanagement, inappropriate or irresponsible actions, and the failure to exercise reasonable care and prudence in dealing with corporate assets and activities.

## **5. Examples of Conflict of Interest Activities and Relationships to be Avoided**

The following activities and relationships illustrate the types of conflicts or potential conflicts of interest that should be avoided and disclosed, as applicable, in accordance with this policy. This list is representative only, and is intended to provide guidance. It is not all-inclusive.

- *Self-benefit*: A Director, officer, or employee using his/her position or relationship within LSC to promote his/her own interests or those of immediate family member(s). This includes use of confidential or privileged information gained in the course of employment with, or as a Director of, LSC for personal benefit or gain or for the personal benefit or gain of immediate family member(s).

- *Other business relationships and dealings:* Participating in deliberations or actions resulting in the approval of a grant or contract with an organization in which a Director, officer, or employee or immediate family member(s) has a financial or other interest or relationship, including an organization with whom the Director, officer or employee or immediate family member(s) is negotiating over prospective employment or has an arrangement regarding prospective employment.
- *Other organizational relationships and dealings:* Participating in deliberations or actions regarding policy proposals or advocacy positions advanced by organizations in which a Director, officer, or employee is an active participant (e.g., serving as an official of the organization, as a committee or subcommittee chairperson, as a spokesperson, or in another capacity going beyond mere membership) or with respect to proposals or positions advanced by an outside organization that the Director, officer, or employee has been involved in preparing.
- *Use of LSC property for personal advantage:* Using or taking LSC resources, including facilities, equipment, personnel, and supplies, for private use (except as allowed under LSC policy for *de minimis* or emergency purposes) or other unauthorized activities.
- *Matters involving grantees, subgrantees, and grant applicants:* A Director, officer, or employee who has a position or association with, or connection to, a grantee, subgrantee, or grant applicant, or had such a position within the past three (3) years, participating in discussions or decisions relating to the grantee or grant applicants, about topics such as grant applications, reviews, questioned cost proceedings, personnel decisions, sanctions, or program performance evaluations. Possible positions, associations, or connections may include, but are not limited to: serving on a board or committee; serving as a former staff member or consultant; any financial ties to a program or a staff member; being or having been privy to confidential or other non-public information regarding LSC grantees; or having a significant, personal relationship with a member of program staff.
- *Gifts:* Personally accepting anything of value from an organization or individual that has a grant application, policy proposal, advocacy position paper, or contract proposal pending before LSC, or currently has a grant or contract from LSC, or has received a grant or contract from LSC within the preceding five years. (Items having a value of less than \$20.00 are excepted in accordance with the provisions of the Employee Handbook.)
- *Influence peddling:* A Director, officer, employee, or immediate family member(s) soliciting a benefit from an outside organization in exchange for using influence to affect the interests of that organization within LSC.
- *Property transactions:* Directly or indirectly leasing, renting, trading, or selling real or personal property to or from LSC, or benefitting from such a transaction.
- *Recording or reporting false information:* Misrepresenting, withholding, or falsifying relevant information required to be reported to external parties or used internally for decision-making purposes, in order to derive personal benefits.

## 6. Reporting Requirements and Procedures

Reporting requirements are different for: (1) LSC officers and employees; (2) OIG officers and employees; and (3) Directors.

### LSC Officers and Employees

Any officer or employee who has or believes he/she has a conflict or potential conflict, or who becomes aware of a conflict or potential conflict of interest involving another individual, must promptly disclose it to his/her supervisor, the LSC Ethics Officer, or one of the following individuals within LSC: the General Counsel, the Director of Human Resources, the Vice President for Grants Management, or the Inspector General.<sup>1</sup> The supervisor, or any of the other individuals identified above, shall promptly notify the Ethics Officer of any conflicts or potential conflicts as well as any actions taken to resolve the issues. Officers or employees who believe it is not possible to avoid a conflict of interest must make full written disclosure of the pertinent circumstances to their supervisor or any of the other individuals identified above, who shall bring it to the attention of the Ethics Officer. The Ethics Officer shall notify the OIG of reported conflicts or potential conflicts of interest involving an officer of the Corporation or an office director, and of any conflicts or potential conflicts that involve violations of laws, rules, or regulations, fraud, waste, abuse, or mismanagement, or other serious wrongdoing.

Except as otherwise provided herein, the Ethics Officer will make a determination as to whether a conflict or potential conflict of interest exists and what actions, if any, are necessary to resolve the issue. In the event that the officer or employee wishes to appeal the Ethics Officer's decision, he/she may submit a written appeal to the LSC President within ten (10) business days of receiving the Ethics Officer's written decision.

Conflicts or potential conflicts of interest involving the LSC Ethics Officer must be disclosed to the LSC President, who will make a determination as to whether a conflict or potential conflict of interest exists and what, if any, actions are necessary to resolve the issue. The Ethics Officer may appeal the President's decision to the Board of Directors.

The LSC President shall disclose any conflict or potential conflict of interest involving the President to the Ethics Officer for determination and resolution; the Ethics Officer shall render a written decision and report his/her decision to the Board. The LSC President may submit a written appeal to the Board of Directors within ten (10) business days of receiving the

---

<sup>1</sup> Directors, officers, and employees should report fraud, waste, abuse, and violations of LSC laws or regulations to the OIG. The OIG maintains a hotline to receive reports of suspected fraud, waste, or abuse. More information for the OIG Hotline is available at <http://www.oig.lsc.gov/org/hotline.htm>. Reports to the OIG Hotline can be made via:

- Telephone: 1-800-678-8868 or 202-295-1670
- E-mail: [hotline@oig.lsc.gov](mailto:hotline@oig.lsc.gov)
- Online: Form is available at <http://www.oig.lsc.gov/hotlineform/hotline.aspx>
- Fax: 202-337-7155
- Write: PO Box 3699, Washington, DC 20027-0199

Ethics Officer's written decision. The Ethics Officer will be notified of the Board's decision and any action taken for purposes of record-keeping.

OIG Officers and Employees

Any OIG officer or employee who has or believes he/she has a conflict or potential conflict, or becomes aware of a conflict or potential conflict of interest involving another individual, must promptly disclose it to his/her supervisor, the OIG Ethics Officer, or other appropriate individual within the OIG (e.g., an Assistant Inspector General). The supervisor or other individual referenced above shall promptly notify the OIG Ethics Officer of any conflicts or potential conflicts as well as any actions taken to resolve the issues. Employees who believe it is not possible to avoid a conflict of interest must make full written disclosure of the surrounding circumstances to their supervisor or any of the other individuals identified above, who shall bring it to the attention of the OIG Ethics Officer. The OIG Ethics Officer will make a determination as to whether a conflict or potential conflict of interest exists and what actions, if any, are necessary to resolve the issue. In the event the OIG officer or employee wishes to appeal the OIG's Ethics Officer's decision, he/she may submit a written appeal to the Inspector General within ten (10) business days of receiving the OIG Ethics Officer's decision.

Conflicts or potential conflicts of interest involving the OIG Ethics Officer must be disclosed to the Inspector General, who will make a determination as to whether a conflict or potential conflict of interest exists and what, if any, actions are necessary to resolve the issue.

Directors

Any Director who has or believes he/she has a conflict or a potential conflict of interest, or who becomes aware of a conflict or potential conflict of interest within LSC, shall promptly bring it to the attention of the Ethics Officer who will make a determination as to whether a conflict or potential conflict of interest exists and what actions, if any, are necessary to resolve the issue, including abstaining from discussion and voting on the matter. If a Director wishes to appeal the Ethics Officer's written decision, he/she may submit a written appeal to the Board of Directors within ten (10) business days. Any matter involving a conflict or potential conflict of interest shall be approved only when a majority of disinterested Directors determine that it is in the best interest of LSC to do so. The minutes of the meetings at which such votes are taken shall record such disclosure, abstention, and voting results.

If a Director becomes aware of a personal affiliation or involvement (including seeking future employment) with an organization applying for or receiving an LSC grant or contract otherwise seek LSC business, or any such affiliation or involvement of an immediate family member of the Director, the Director must fully disclose the nature of such affiliation or involvement in writing to the Ethics Officer and the Board of Directors. The Ethics Officer, in conjunction with the Board of Directors, shall make a determination about any appropriate limitations on the Director's involvement in any decision related to the LSC grant or business.

The Ethics Officer and Inspector General shall be notified of any reported conflict or potential conflict of interest involving a Director.

## **7. Confidentiality**

Reports of conflicts or potential conflicts of interest may be submitted on a confidential basis and will be kept confidential to the extent practicable. Identity or other information will be disclosed only as reasonably necessary for purposes of this policy or when legally required; however, confidentiality is not guaranteed.

## **8. No Retaliation**

LSC will not discharge, threaten, or discriminate against any Director, officer, or employee in any manner for reporting conflicts or potential conflicts of interest involving another Director, officer, or employee in good faith. Any such act of retaliation shall be reported immediately to the Inspector General. The Ethics Officer (or the OIG Ethics Officer for OIG employees) will also be informed.

## **9. Violations of Policy**

Violation of this policy will be treated as serious misconduct. Please notify the Ethics Officer should you have a question or wish to report a potential or actual conflict of interest. Misinterpretation of this policy or lack of knowledge regarding its scope or applicability will not excuse a violation.

## **10. Outside Employment and Volunteer Activities of Officers and Employees**

In an effort to prevent conflicts or potential conflicts of interest and ensure that outside commitments do not infringe on any officer's or employee's official LSC duties and responsibilities, an employee paid in Band 3 or above may engage in outside employment or in volunteer activities relating to the provision of legal services only upon written notification to his/her supervisor and the approval of the Ethics Officer, or of the OIG Ethics Officer for OIG employees. The Ethics Officer may engage in outside employment or in volunteer activities relating to the provision of legal services subject to the approval of the President. The OIG Ethics Officer may engage in outside employment or in volunteer activities relating to the provision of legal services subject to the approval of the Inspector General. LSC employees paid in Band 2 or below may engage in outside employment or in volunteer activities relating to the provision of legal services only if they notify their supervisor. Any notifications under this section should include the organization for which the work will be done, the nature of the work, the expected time commitment and remuneration, if any, to be received, as well as an evaluation of any potential conflicts of interest that could arise with LSC as a result of the officer's or employee's engagement in such activity. The supervisor must consult with the Ethics Officer (or the OIG Ethics Officer for OIG employees) for a determination as to whether a conflict of

interest or potential conflict of interest exists with respect to the outside employment or volunteer activities relating to legal services of an employee paid in Band 2 or below. If a conflict of interest or potential conflict of interest exists, then the employee may engage in such outside employment or activities only upon the approval of the Ethics Officer. Please refer to § 5.4 of the LSC Employee Handbook (Outside Employment Policy) for further guidance on outside employment, and § 5.3 (LSC Property and Services) on using LSC assets for personal benefit. OIG employees may be subject to additional requirements or limitations on outside employment or activities.

In accordance with § 1005(a) of the LSC Act, LSC officers may not receive any salary or other compensation for services from any source other than the Corporation, except as authorized by the Board.

### **11. Use of LSC Property and Services**

Directors, officers, and employees should not use LSC property and services, or allow their use, for personal benefit. LSC property and services should only be used for purposes related to the performance of a Director, officer, or employee's official duties, for limited (*de minimis*) personal uses, or for emergency situations. Please refer to § 5.3 of the Employee Handbook (LSC Property and Services) for further guidance on using property and assets for personal benefit.

### **12. Conflict of Interest Questionnaire**

#### Officers and Employees

Upon commencement of employment and annually thereafter, all officers and employees must complete a "Conflict of Interest Questionnaire." Officers and employees are required to update the Conflict of Interest Questionnaire promptly whenever there has been a change in the employee's affiliations or responses to questions. Officers and employees must disclose all of their affiliations, as requested by the form, even if there is no current conflict of interest. OIG employees may be subject to a separate or additional conflicts review process.

#### Directors

In accordance with § 3.05 of the LSC Bylaws and *Guidelines on the Annual Disclosure of Outside Interests of the LSC Board of Directors*, upon assuming office and annually thereafter, Directors must file a disclosure statement identifying any firm or organization with which he/she is or has been within the prior two years associated and the nature of the association. In the event the association is a result of a financial or ownership interest, that fact must be reflected in the disclosure statement, but the Director need not reveal the amount of financial interest.

### **13. Interpretation**

This policy cannot describe all conflicts of interests that may arise involving LSC. LSC Directors, officers, and employees must use good judgment to avoid any conflicts or appearances of impropriety. If you have any questions about this policy or its application, please promptly seek advice from the appropriate Ethics Officer.