

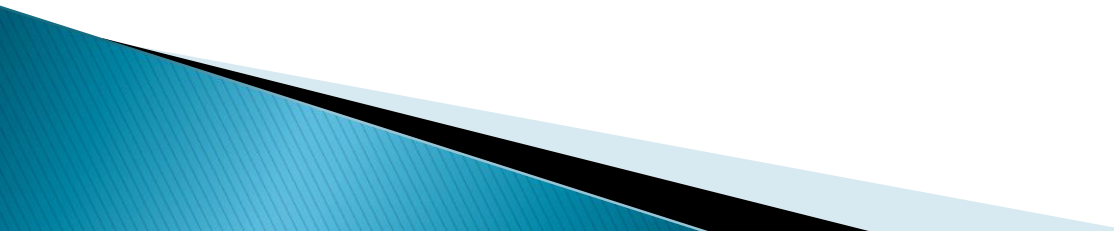
Conflict of Interest Training for LMSC Leaders

Jim Miller, MD – USMS Past President
Patty Miller – USMS Legal Counsel

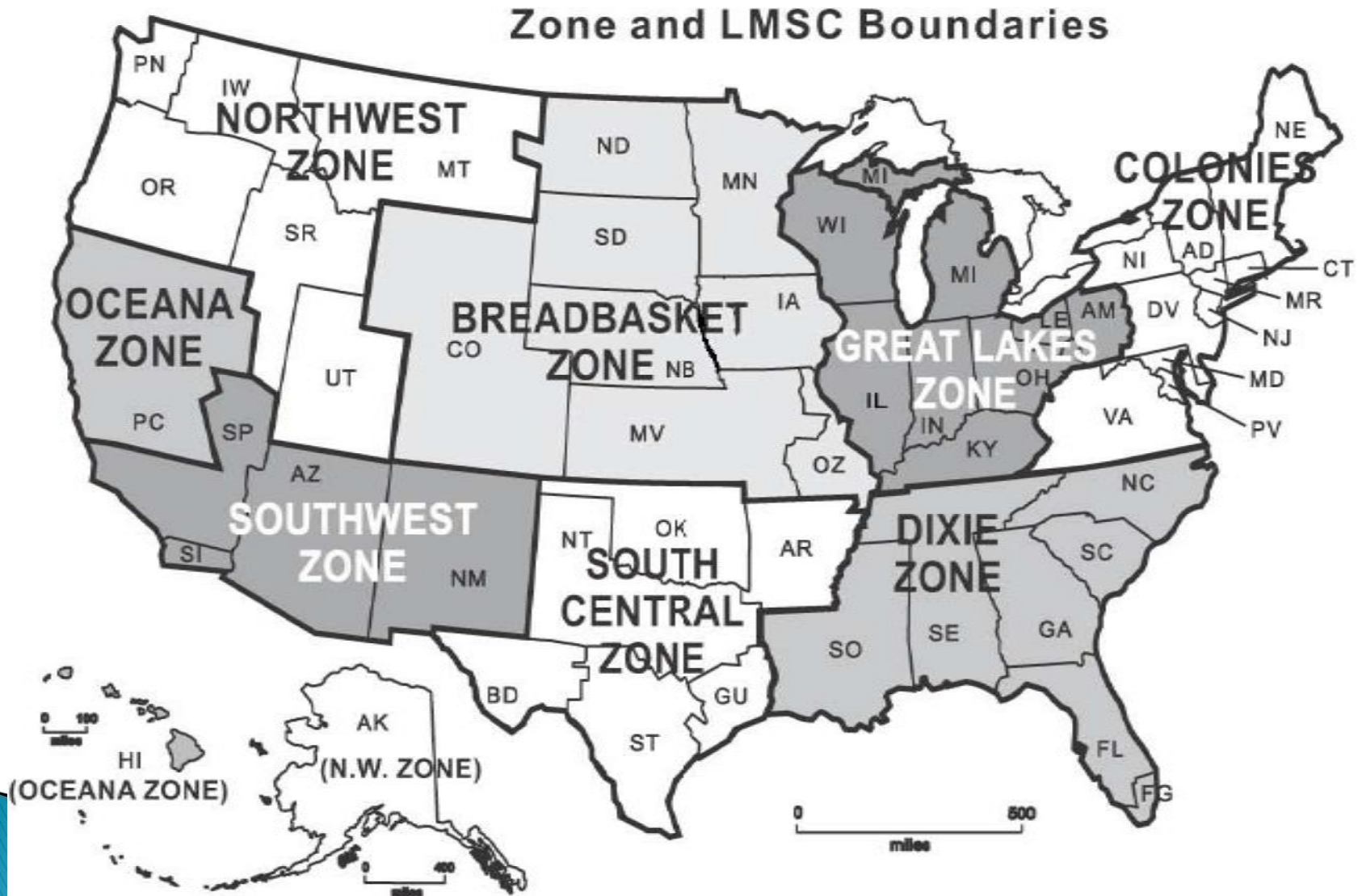


**U.S. MASTERS
SWIMMING**

Conflict of Interest Training

- ▶ Your role(s)
 - ▶ What is conflict of interest?
 - ▶ Managing conflicts of interest
 - ▶ Scenarios
- 

Who Are You?



Who Are You?

USMS
Legal
Counsel

VA LMSC
Chair

Jim
Miller's
Wife

Breastroker!

VMST
Member

Competitive
Swimmer

Altria
Client
Services
Employee

USA
Swimming
BOD



Board Member's Legal Duties

▶ Duty of Care

- Exercise reasonable care when making decisions for the organization (Be informed and prepared; Be involved; Manage finances responsibly; Reveal conflicting interests; Help create a structure to manage conflicts)

▶ Duty of Loyalty

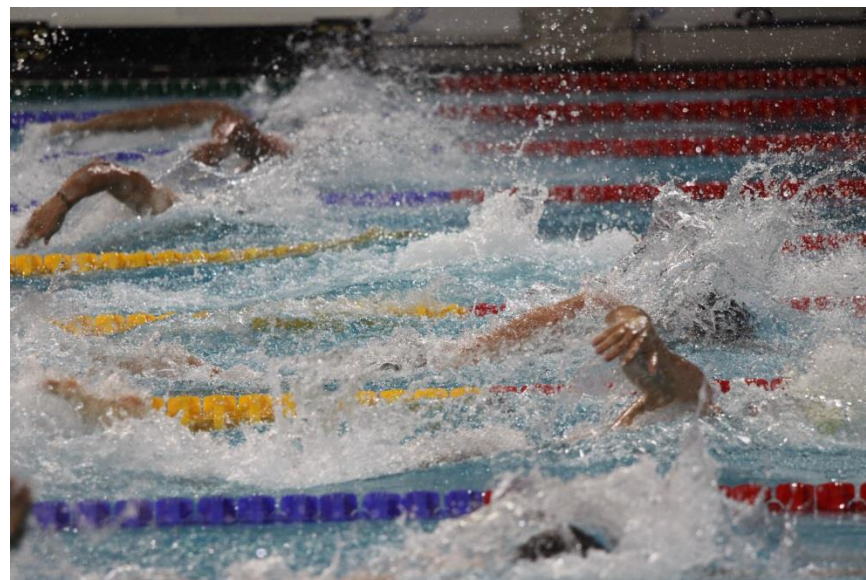
- Act in the organization's best interest, not one's own personal interests or the interests of another organization

▶ Duty of Obedience

- Understand and be faithful to the organization's mission

USMS Mission Statement

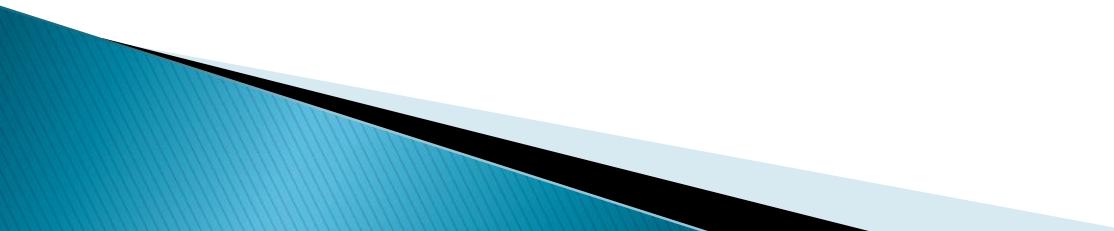
To promote health, wellness, fitness and competition for adults through swimming.



Conflict of Interest Defined

- ▶ “A conflict of interest exists when a board member, officer, or management employee has a personal interest that is in conflict with the interests of the organization, such that he or she may be influenced by this personal interest when making a decision for the organization.”*

*Managing Conflicts of Interest: The Board’s Guide to Unbiased Decision Making;
2013 BoardSource



Types of Potential Conflicts



- Not all potentially conflicting interests are “wrong” (e.g. bias)
- But conflict of interest involving financial benefit should always be addressed

Potential Conflicts?

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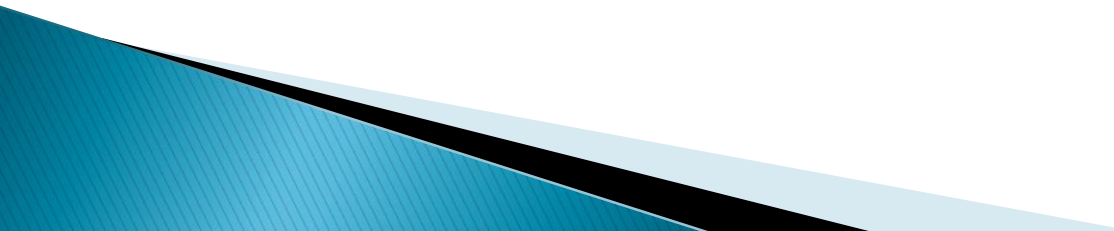
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Managing Conflicts of Interest

▶ Environment

- Establish an environment that encourages transparency and accountability by board members, as well as open discussion of issues

▶ Regulation

- Have a policy to manage conflict of interest
 - Policy should address who is covered, what should be disclosed, procedure upon disclosure
 - Develop USMS policy template for LMSCs?
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Managing Conflicts of Interest

▶ Disclose

- Annually in disclosure statement (e.g. interest in entities doing business with the LMSC)
- At the beginning of meetings based on the agenda
- As issues arise

▶ Address

- Determine whether interested person should exit for discussion and voting
- Record resolution in the minutes

Range of Options – Hypothetical Example (all fictional)

The LMSC needs to hire a printing company to produce its monthly newsletter. Susanna, LMSC Board Secretary, is married to Speedy, who owns a printing company, *Gold Medal Printing*.

Range of Options

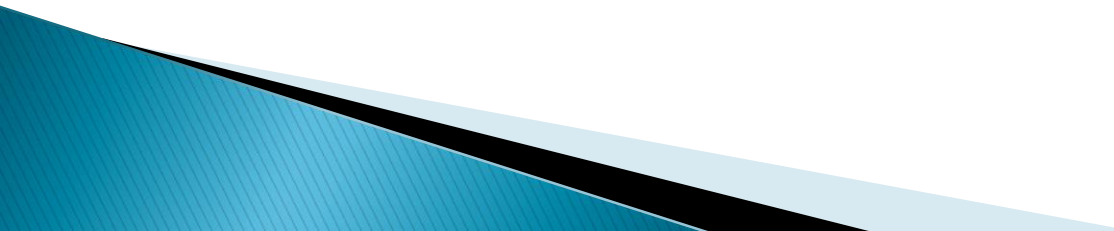
- ▶ Susanna doesn't reveal relationship to Gold Medal; votes to hire Gold Medal
- ▶ Susanna discloses relationship to Gold Medal; votes to hire Gold Medal
- ▶ Susanna discloses relationship to Gold Medal; doesn't participate in vote on printing company, but actively pitches for Gold Medal to get the work
- ▶ Susanna discloses relationship to Gold Medal; doesn't participate in vote; but stays in the room for the board discussion
- ▶ Susanna discloses relationship to Gold Medal; doesn't participate in vote; leaves the room for board discussion

Case Studies

- ▶ Is there a conflict of interest?
- ▶ If so, how should it be handled?

Case studies assume that you are an LMSC board member

Case Study #1

- ▶ LMSC board is deciding whether to provide a grant to a specific club to host a coaching clinic – you are a member of that club
 - ▶ Variation: You are the coach-owner of that club and hope to generate revenue from the clinic
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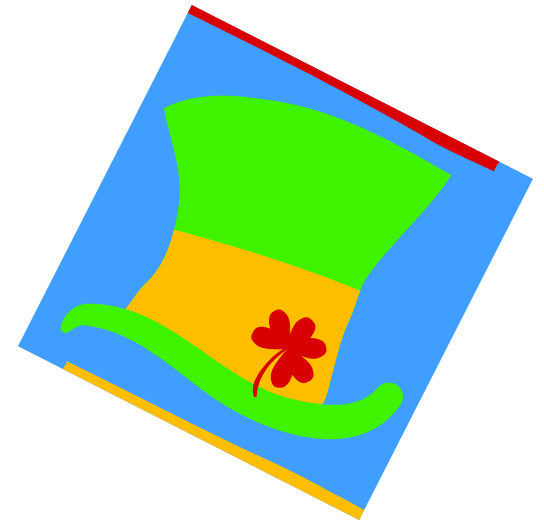
Case Study #2

LMSC Board has identified a potential sponsor for its state meet. You are on the organizing committee for an upcoming triathlon and would like to approach that sponsor for the triathlon as well.

Case Study #3

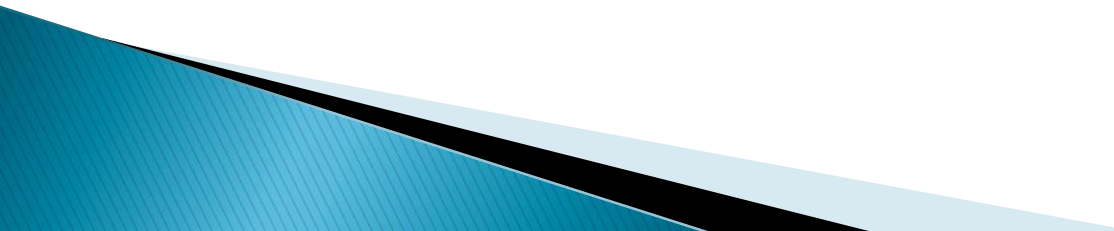
The LMSC has a scholarship program and your daughter is eligible for and has applied for that scholarship.

How many hats do you wear?





Key Points

- ▶ Be aware of how conflicts may arise
 - ▶ Recognize your own conflicts
 - ▶ Establish a process to manage conflict of interest
 - ▶ Disclosure is key
 - ▶ Foster open discussion on your LMSC board
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Recommended Reading/Reference

- ▶ BoardSource, *Managing Conflicts of Interest: The Board's Guide to Unbiased Decision Making*, S. Paul and D. Kurtz (Third Edition, 2013)



Thank you for your attention,
interest and time.



Questions?????