

**CONFLICT OF INTEREST POLICY
OF THE
NEW YORK COUNTY LAWYERS ASSOCIATION**

Purpose

The purpose of this conflict of interest policy (this “Policy”) is to protect the interests of the New York County Lawyers Association (“NYCLA”) when it is contemplating entering into a transaction or arrangement that might benefit the private interests of a director, officer, employee, Key Person, or Affiliate of NYCLA or might result in a possible excess benefit transaction (as defined in the Internal Revenue Code of 1986, as amended, the “Code”).¹ This Policy is intended to supplement, but not replace, any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations. A director, officer, employee, Key Person, or Affiliate of NYCLA, when acting on behalf of NYCLA, must comply with the law, act in an ethical manner, and avoid conflicts of interest or the appearance of conflicts of interest. Specific guidance applicable to financial matters and employees may also be contained in other policies of NYCLA. This Conflict of Interest Policy applies to directors, officers, employees, Key Persons, and Affiliates of NYCLA.

Definitions

Affiliate. A person or entity that is, directly or indirectly through one or more intermediaries, controlled by, in control of, or under common control with NYCLA.

Board. The board of directors of NYCLA.

Financial Interest. The interest of a director, officer, employee, Key Person, Affiliate, or Relative of a director, officer, employee, Key Person, or Affiliate who has, directly or indirectly:

- i. an ownership or investment interest in any entity with which NYCLA has a transaction or arrangement,
- ii. a compensation arrangement with NYCLA or with any entity or individual with which NYCLA has a transaction or arrangement,
- iii. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which NYCLA is negotiating a transaction or arrangement,
- iv. a material financial interest in, or is engaged in some capacity by, a business or enterprise that competes with NYCLA, or
- v. received gifts, favors, gratuities or entertainment from a party who might be inferred to have provided such gifts, favors, gratuities or entertainment to influence the recipient in the performance of his or her duties (which does not include the acceptance of gifts, favors, gratuities or entertainment of nominal or insignificant value that are not related to any particular transaction of NYCLA).

For the purposes of this definition of Financial Interest, compensation includes direct and indirect remuneration, as well as, gifts or favors that are substantial.

¹ All capitalized terms have the meanings defined in this Policy.

Independent Director. A member of the Board who:

- i. has not been a NYCLA employee, Key Person, or Affiliate within the last three years;
- ii. does not have a Relative who has been a NYCLA employee, Key Person, or Affiliate within the last three years;
- iii. has not received and does not have a Relative who has received more than \$10,000 in compensation directly from NYCLA or an Affiliate in any of the last three years (not including reasonable compensation or reimbursement for services as a director, as set by NYCLA);
- iv. does not have a substantial Financial Interest in and has not been an employee of, and does not have a Relative who has a substantial Financial Interest in or was an officer of, any entity that has made payments to or received payments from, NYCLA or an Affiliate in excess of the lesser of: (a) \$25,000 or (b) 2% of NYCLA's consolidated gross revenue over the last three years (payment does not include charitable contribution);
- v. is not in an employment relationship under control or direction of any Related Party and does not receive payments subject to approval of a Related Party; and
- vi. does not approve a transaction providing economic benefits to any Related Party who in turn has approved or will approve a transaction providing economic benefits to the director.

Key Person. Any person, other than a director or officer, whether or not a NYCLA employee, who (i) has responsibilities or exercises powers or influence over NYCLA as a whole similar to the responsibilities, powers, or influence of directors and officers; (ii) manages NYCLA or a segment of NYCLA that represents a substantial portion of the activities, assets, income or expenses of NYCLA; or (iii) alone or with others controls or determines a substantial portion of NYCLA's capital expenditures or operating budget.

Other Interest. A conflict of interest, other than a Financial Interest, which includes, but is not limited to, an interest where a Related Party:

- i. uses his or her position or activities for NYCLA, or could be perceived to be using his or her position or activities for NYCLA, to further the interests of a client or other person;
- ii. advocates a position (by speaking or voting for the position) that the Related Party knows would benefit a client without disclosing such fact (but not necessarily the name of the client) in accordance with the rules of professional conduct; or
- iii. has, directly or indirectly, a perceived conflict of interest in which such Related Party's interests may be viewed as competing with those of NYCLA;

provided that, with respect to a potential "Other Interest" in a situation involving an "other person," such situation will constitute an "Other Interest" for purposes of the provisions set forth under "Review and Voting" in this Policy only if, following disclosure of such situation by the Related Party in accordance with the provisions set forth under "Related Party Transactions and Duty to Disclose" in this Policy, it is determined that the Related Party has a fiduciary duty to such "other person."

Related Party. A person with a relationship to NYCLA that includes:

- i. NYCLA directors, officers, employees, Key Persons, or Affiliates, or any member of a committee of NYCLA with Board-delegated powers;

- ii. Relatives of NYCLA directors, officers, employees, Key Persons, or Affiliates, or any member of a committee of NYCLA with Board-delegated powers;
- iii. any entity in which a person in clause (i) or (ii) above (1) is an officer, director, trustee, member, or employee, (2) has a 35% or greater ownership or beneficial interest or, (3) in the case of a partnership or professional corporation, has a direct or indirect ownership interest in excess of 5%;
- iv. any non-stock entity controlled by one or more NYCLA directors, officers, employees, Key Persons, or Affiliates, or members of committees of NYCLA with Board-delegated powers; or
- v. any other person in a position to exercise substantial influence over NYCLA's affairs.

Related Party Transaction. Any transaction, agreement or any other arrangement with NYCLA or an Affiliate in which a Related Party has a Financial Interest or an Other Interest. Any Related Party Transaction will be considered a conflict of interest for purposes of this Policy; *provided, however,* that a transaction, agreement or any other arrangement between NYCLA and the New York County Lawyers Association Foundation, Inc. will not be considered a "Related Party Transaction" for purposes of this Policy.

Relative. An individual's brothers and sisters (whether by the whole or half blood or adoption), spouse or domestic partner, spouses or domestic partners of brothers or sisters (whether by whole or half blood or adoption), ancestors, children (including a legally adopted child), grandchildren, great-grandchildren, and spouses of children, grandchildren and great-grandchildren (whether by whole or half blood or adoption).

Related Party Transactions and Duty to Disclose

A Related Party Transaction is not necessarily prohibited. Under this Policy, if NYCLA contemplates entering into a Related Party Transaction, the Board (or an authorized Board committee) must determine if the transaction is fair, reasonable, and in the best interests of NYCLA at the time of such determination.

As applicable, if in the judgment of an authorized Board committee, a Related Party Transaction is of a magnitude that would otherwise require Board approval, such committee shall submit such Related Party Transaction to the Board for consideration, provided it recommends approval of it.

If at any time during his or her term of service, a Related Party acquires any Financial Interest or Other Interest or when any matter for decision or approval in which a Related Party has a Financial Interest or an Other Interest comes before the Board or the authorized Board committee, the material facts of that Financial Interest, Other Interest or potential Related Party Transaction must be promptly disclosed in writing by the Related Party to the Chair of the Board or authorized Board committee and each member of the Board. The Board or the authorized Board committee, as the case may be, will then follow the procedures set forth in this Policy.

Any failure by a Related Party to disclose to the Board a known Financial Interest, a known Other Interest or a known potential Related Party Transaction may be grounds for removal of such person from the Board and/or his or her termination from NYCLA.

Review and Voting

Non-Participation and Review. All transactions, agreements or any other arrangements between NYCLA and a Related Party, and any other transactions that may involve a potential conflict of interest, shall be reviewed by the Independent Directors. All Related Parties with a Financial Interest or an Other Interest shall leave the room in which such deliberations are conducted. Nothing in this Policy shall prohibit the Board or authorized Board committee from requesting that the person with a Financial Interest or Other Interest present information as background or answer questions of the Board or authorized Board committee prior to the commencement of deliberation or voting on the matter giving rise to such conflict. The Independent Directors will then determine whether the contemplated Related Party Transaction is fair, reasonable and in the best interests of NYCLA at the time of such determination. NYCLA will not enter into any Related Party Transaction unless it is determined to be fair, reasonable and in the best interest of NYCLA at the time of such determination.

Consideration of Alternate Transactions and Comparability Data. If the contemplated Related Party Transaction pertains to compensation for services or the transfer of property or other benefit to a Related Party, the Independent Directors must determine that the value of the economic benefit provided by NYCLA to the Related Party does not exceed the value of the consideration received in exchange by obtaining and reviewing appropriate comparable data prior to entering the transaction. In those instances where the contemplated Related Party Transaction does not involve compensation, transfer of property or benefits to a Related Party, the Independent Directors must consider alternative transactions to the extent possible, prior to entering into such transaction.

Comparability Data. When considering the comparability of compensation, for example, the relevant comparability data that the Independent Directors may consider includes, but is not limited to (i) compensation levels paid by similarly situated organizations, both exempt and nonexempt; (ii) the availability of similar services within the same geographic area; (iii) current compensation surveys compiled by independent firms; and (iv) written offers from similar institutions competing for the same person's services.

Voting. The Independent Directors after considering alternate transactions and/or comparability data shall determine in good faith whether the transaction or arrangement is fair, reasonable and in the best interest of NYCLA at the time of such decision. Any such transaction shall be approved by not less than a majority vote of the Independent Directors present at the meeting of the Board or authorized Board committee, as the case may be. The Independent Directors shall make their decision as to whether to enter into the transaction or arrangement and shall contemporaneously document the meeting in accordance with this Policy.

All Related Parties with a Financial Interest or an Other Interest must not be present for deliberations and voting on the transaction or arrangement in which he or she has a Financial Interest or an Other Interest. Nothing in this Policy shall prohibit the Board or authorized Board Committee from requesting that the person with a Financial Interest or Other Interest present information as background or answer questions of the Board or authorized Board committee prior to the commencement of deliberation or voting on the matter giving rise to such conflict. Only Independent Directors shall vote on Related Party Transactions. No Related Party shall vote, act or attempt to influence improperly the deliberations on any matter in which he or she has been

determined by the Board or authorized Board committee, as the case may be, to have a Financial Interest or an Other Interest. Any attempt to vote, act, or improperly influence deliberations by a Related Party on any matter with which such person has a Financial Interest or an Other Interest may be grounds for such person's removal from the Board or termination from NYCLA, as applicable.

Compensation. A voting member of the Board or an officer who receives compensation directly or indirectly from NYCLA for services or a director serving as a voting member of any authorized Board committee whose jurisdiction includes compensation matters is precluded from voting or acting on matters pertaining to that director's or officer's compensation. A voting member of the Board (or of any authorized Board committee) whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from NYCLA, either individually or collectively, may provide information to the Board or any authorized Board committee regarding compensation.

Records and Proceedings

The minutes of all meetings of the Board or authorized Board committee, as the case may be, at which a Related Party Transaction is considered shall contain:

- i. The names of the persons who disclosed or otherwise were determined to have a potential or actual Financial Interest, Other Interest and/or conflict of interest, the nature of the potential or actual Financial Interest, Other Interest and/or conflict of interest, any action taken to determine whether a Financial Interest, Other Interest or conflict of interest exists, and the Board's or authorized Board committee's decision as to whether a Financial Interest, Other Interest and/or conflict of interest exists.
- ii. The names of the persons who were present for discussions and votes relating to any determinations under clause (i) above, including whether the Related Party and any Board members not considered to be Independent Directors left the room during any such discussions, the content of such discussions, including discussion of alternative transactions, and whether or not the transaction with the Related Party was approved by the Board or authorized Board committee, as the case may be.
- iii. The minutes shall be documented contemporaneously to the decision and discussion regarding the Financial Interest, Other Interest or conflict of interest.

Misuse of Confidential Information of NYCLA

Except with disclosure to and consent from NYCLA or in furtherance of NYCLA activities in which he or she is authorized to act, a NYCLA director, officer employee, Key Person, or Affiliate shall not reveal to any third person or use for his or her own purposes any of NYCLA's proprietary business or financial information, records, results, work product or other information acquired in connection with such director's, officer's, employee's, Key Person's, or Affiliate's NYCLA activities that is not generally available.

Legal Obligations of Directors and Officers

The obligations of directors and officers to NYCLA are governed by New York's Not-for-Profit Corporation Law ("NPCL") as well as precedents long established by the New York courts. The

statutes and legal precedents establish that the directors and officers owe a fiduciary duty to NYCLA, including the duty of care, the duty of loyalty, and the duty of obedience. Nothing in this Conflict of Interest Policy is intended to reduce the duties of disclosure contained in NPCL §715.

The duty of care owed by a director or officer to a non-profit organization requires that a director or officer shall discharge the duties of his or her respective position in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

The duty of loyalty owed by a director or officer to a non-profit organization requires that the director or officer act in a manner that does not harm the organization. The duty of loyalty requires the faithful pursuit by the director or officer of the interests of the organization rather than the financial or other interests of the director or another organization he or she serves. It further requires a director or officer to avoid using his or her position to obtain improperly a personal benefit or advantage that might more properly belong to the organization. To satisfy the duty of loyalty, the director or officer must act in good faith and in a manner he or she reasonably believes to be in the best interests of the organization.

To the extent not otherwise specified herein, the provisions of NPCL §715-a(b) and (c) are incorporated by reference herein.

A director shall abstain from voting on any matter in which he or she has a Financial Interest or Other Interest. No director shall participate in or be present at any meeting of the Board on a matter in which he or she has a Financial Interest or Other Interest.

Preservation of Tax Exemption

NYCLA directors, officers, employees, Key Persons, and Affiliates should be aware that NYCLA is a charitable organization and that, in order to maintain its federal tax exemption, (i) no substantial part of the NYCLA's activities shall be the carrying on of propaganda, or otherwise attempting to influence legislation, as determined under the Code and Treasury regulations thereunder, and (ii) NYCLA shall not participate in, or intervene in, whether by publication or distribution of statements or otherwise, any political campaign on behalf of any candidate for public office, as determined under the Code and Treasury regulations thereunder. NYCLA directors, officers, employees, Key Persons, and Affiliates shall ensure that their conduct on behalf of NYCLA conforms with the requirements of the Code necessary to preserve NYCLA's federal tax exemption as a public charity under section 501(c)(3) of the Code.

NYCLA and its Board shall not be bound by any political statements or activity of any NYCLA director, officer, employee, Key Person, or Affiliate. No NYCLA director, officer, employee, Key Person, or Affiliate who makes a political statement or engages in political activity shall state or imply that such statement or activity is on behalf of NYCLA.

Administration of the Conflict of Interest Policy

If a NYCLA director, officer, employee, Key Person, or Affiliate has reason to believe that another NYCLA director, officer, employee, Key Person, or Affiliate has an undisclosed Financial Interest or Other Interest or other violation of this Conflict of Interest Policy, he or she should disclose the reason for such belief to the Chair of the Board or authorized Board

committee, who will advise the Board of the existence of an alleged violation.

Initial and Annual Written Disclosures

Prior to a director's initial election to the Board, or an officer's, employee's, Key Person's or Affiliate's employment or relationship with NYCLA, and thereafter on an annual basis, all NYCLA directors, officers, employees, Key Persons, and Affiliates shall disclose in writing to the Secretary of NYCLA:

- i. any entity of which such director, officer, employee, Key Person, or Affiliate (or a Relative of such director, officer, employee, Key Person, or Affiliate) (1) is an officer, director, trustee, member, or employee, (2) has a 35% or greater ownership or beneficial interest or, (3) in the case of a partnership or professional corporation, has a direct or indirect ownership interest in excess of 5% and, in each case, with which NYCLA has a relationship;
- ii. any Financial Interest or Other Interest such director, officer, employee, Key Person, or Affiliate (or a Relative of such director, officer, employee, Key Person, or Affiliate) may have in any corporation, organization, partnership or other entity that provides professional or other goods or services to NYCLA for a fee or other compensation; and
- iii. any position or other material relationship such director, officer, employee, Key Person, or Affiliate (or a Relative of such director, officer, employee, Key Person, or Affiliate) may have with any not-for-profit corporation with which NYCLA has a business relationship.

Each NYCLA director, officer, employee, Key Person, and Affiliate shall annually sign and submit to the Secretary of NYCLA (or other compliance officer designated by the Board) a statement in the form of Exhibit A that affirms such person: (a) has received a copy of this Policy, (b) has read and understands this Policy, and (c) has agreed to comply with this Policy. If applicable, the Secretary of NYCLA (or other compliance officer designated by the Board) shall provide a copy of all completed statements to the chair of the authorized Board committee.

**CONFLICT OF INTEREST ANNUAL STATEMENT
OF THE
NEW YORK COUNTY LAWYERS ASSOCIATION**

The following statement is designed to help facilitate compliance by all directors, officers, employees, and Key Persons of the New York County Lawyers Association (“NYCLA”) with its conflict of interest policy. Please answer the following questions to the best of your ability. Please contact the General Counsel with any questions about this statement or the conflict of interest policy.

Please list any entity of which you (or a Related Party to you) (1) is an officer, director, trustee, member, or employee, (2) have a 35% or greater ownership or beneficial interest or, (3) in the case of a partnership or professional corporation, have a direct or indirect ownership interest in excess of 5% and, in each case, with which NYCLA has a current, pending, or possible relationship.

Please list any Financial Interest or Other Interest that you (or a Related Party to you) may have in any corporation, organization, partnership or other entity that provides or may provide professional or other goods or services to NYCLA for a fee or other compensation.

Please list any position or other material relationship that you (or a Related Party to you) may have with any not-for-profit corporation with which NYCLA has a current, pending, or possible business relationship.

Please list any other situation where you or a Related Party to you may have a perceived Financial Interest or Other Interest, including any transaction or arrangement in which your interests (including the interests of a Related Party) may be viewed as competing with those of NYCLA.

I hereby certify that I have received a copy of NYCLA's conflict of interest policy, have read and understand the policy, and agree to comply with the policy. I understand NYCLA is charitable and in order to be granted and maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes. I am currently in compliance with the policy, and I will promptly update this statement, as necessary, over the course of the year.

Signature: _____

Name: _____

Title: _____

Date: _____