

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS FOUNDATION

CONFLICT OF INTEREST

I. POLICY

It is the policy of the California State University, Dominguez Hills Foundation ("Foundation") that, with respect to Conflict of Interest, all members of the Foundation Board of Directors and employees of the Foundation shall strictly adhere to the provisions of California Education Code, Section 89006 (employees) and Sections 89906, 89907, 89908 and 89909 and to the provisions of the California Corporations Code, Section 5233 (Board of Directors). See copy of Codes in Exhibit A.

II. PROCEDURES

Procedures to implement and monitor the policy on Conflict of Interest are the following:

- A. At the beginning of each fiscal year, all members of the Foundation Board of Directors shall be required to sign a Conflict of Interest Statement (see copy of Statement in Exhibit B).
- B. At the beginning of each fiscal year, all Foundation employees in the Central Office and all Campus Dining managers and supervisors shall be required to sign a Conflict of Interest Statement. Also, at the time of hire, all employees are referred to the Conflict of Interest section of the Foundation's Employee Handbook and to the Conflict of Interest Policy contained in the Personnel Policies and Procedures Manual, Section 8.6, to ensure that they are familiar with, and comply with, the Conflict of Interest Policy of the Foundation. Principal Investigators working on grants and contracts are required to sign Conflict of Interest Statements at the beginning and at the end of each grant. These statements are maintained by the Office of Research and Funded Projects.
- C. The Executive Director of the Foundation shall be responsible for compliance with the Conflict of Interest Policy and Procedures.

POLICY AND PROCEDURES APPROVED AND IMPLEMENTED



Mary Ann Rodriguez
Executive Director

3-28-12
Date

CALIFORNIA EDUCATION CODE

Financial Interest Prohibited

89906. No member of the governing board of an auxiliary organization shall be financially interested in any contract or other transaction entered into by the board of which he is a member, and any contract or transaction entered into in violation of this section is void.

Exception

89907. No contract or other transaction entered into by the governing board of an auxiliary organization is void under the provisions of Section 89906, nor shall any member of such board be disqualified or deemed guilty of misconduct in office under said provisions, if the circumstances specified in the following subdivisions exist:

(a) The fact of such financial interest is disclosed or known to the governing board and noted in the minutes, and the governing board thereafter authorizes, approves, or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such financially interested member or members, and

(b) The contract or transaction is just and reasonable as to the auxiliary organization at the time it is authorized or approved.

Certain Provision Not Applicable

89908. The provisions of Section 89907 shall not be applicable if the circumstances specified in any of the following subdivisions exist:

(a) The contract or transaction is between an auxiliary organization and a member of the governing board of that auxiliary organization.

(b) The contract or transaction is between an auxiliary organization and a partnership or unincorporated association of which any member of the governing board of that auxiliary organization is a partner or in which he is the owner or holder, directly or indirectly, of a proprietorship interest.

(c) The contract or transaction is between an auxiliary organization and a corporation in which any member of the governing board of that auxiliary organization is the owner or holder, directly or indirectly, of a proprietorship interest.

(d) A member of the governing board of an auxiliary organization is interested in a contract or transaction within the meaning of Section 89906, and without first disclosing such interest to the governing board at a public meeting of the board, influences or attempts to influence another member or members of the board to enter into the contract or transaction.

Unlawful to Utilize Nonpublic Information for Personal Pecuniary Gain.

89909. It is unlawful for any person to utilize any information, not a matter of public record, which is received by him by reason of his membership on the governing board of an auxiliary organization, for personal pecuniary gain, regardless of whether he is or is not a member of the governing board at the time such gain is realized.

CALIFORNIA CORPORATIONS CODE

5233 (a) *** a self-dealing transaction means a transaction to which the corporation as a party and in which one or more of its directors has a material financial interest ***

(h) If a self-dealing transaction has taken place, the interested director or directors shall do such things and pay such damages as in the discretion of the court will provide an equitable and fair remedy to the corporation, taking into account any benefit received by the corporation and whether the interested director or directors acted in good faith and with intent to further the best interest of the corporation. Without limiting the generality of the foregoing, the court may order the director to do any or all of the following:

(1) Account for any profits made from such transaction, and pay them to the corporation;

(2) Pay the corporation the value of the use of any of its property used in such transaction; and

(3) Return or replace any property lost to the corporation as a result of such transaction, together with any income or appreciation lost to the corporation by reason of such

transaction, or account for any proceeds of sale of such property, and pay the proceeds to the corporation together with interest at the legal rate. The court may award pre-judgment interest to the extent allowed in Section 3287 or 3288 of the Civil Code. In addition, the court may, in its discretion, grant exemplary damages for a fraudulent or malicious violation of this section.

CONFLICT OF INTEREST
CALIFORNIA EDUCATION CODE

89006 It is unlawful for any person to utilize any information, not a matter of public record, that is received by that person by reason of his or her employment by, or contractual relationship with, the trustees, the California State University, or an auxiliary organization of the California State University, for personal pecuniary gain, not contemplated by the terms of the employment contract, regardless of whether the person is or is not so employed or under contract at the time the gain is realized.

An actual or potential conflict of interest occurs when an employee is in a position to influence a decision, which may result in a personal gain for that employee or a relative as a result of the Foundation's business activities.