What are Conflicts of Interest?

• Director or insider takes advantage of position for personal or professional benefit

• Often arise from violation of fiduciary duty

• Not inherently bad, illegal, or unlawful
Example

- Contracts and compensation

- Less common examples:
  - Serving on two boards with similar purposes
  - Relatives of ED hold important staff positions
  - Board member is parent of client or beneficiary of organization
Avoid violations

• Conflict of interest policy
• Conflict of interest disclosure
• Rebuttable Presumption
• Disclosure becomes normal practice
The Rebuttable Presumption

- Create rebuttable presumption
  - Disclose
  - Obtain independent information
  - Recuse
  - Discuss
  - Vote
  - Record decision
Consequences of Conflicts

501c3 tax exempt organization
   Excess benefit
   Intermediate Sanctions and/or
   Revoke tax exemption

501c6 tax exempt organization
   Revoke tax exemption

Illinois Attorney General
Takeaways

• Have a conflict of interest policy
• Have a disclosure form
• Annually review and update each
• Create the rebuttable presumption
• Create culture of disclosure
Conflicts of Interest

- Community Law Project
- Chicago Lawyers’ Committee for Civil Rights
- [www.clccrul.org/community-law-project/](http://www.clccrul.org/community-law-project/)
- 312 939-3638
- clp@clccrul.org

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Thank you for watching!

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