

Arizona Democratic Party Conflict of Interest Policy

Adopted: July 28, 2018

Article I **Purpose**

The purpose of the conflict of interest policy is to protect Arizona Democratic Party (ADP) interests when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, Executive Board member, Executive Committee member, relevant staff, or member of a committee with Chair-delegated powers or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to 527 political organizations.

Article II **Definitions**

1. Interested Person

Any ADP officer, Executive Board member, Executive Committee member, relevant staff, or member of a committee with Chair delegated powers on financial matters who has a direct or indirect financial interest, as defined below, is an interested person.

2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the ADP has a transaction or arrangement,
- b. A compensation arrangement with the ADP or with any entity or individual with which the ADP has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the ADP is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest.

3. Family

Family includes parents, siblings, spouse or life partner, mother-in-law, father-in-law, children and spouses or life partners of children, grandchildren and spouses or life partners of grandchildren.

4. Relevant Staff

This includes any ADP employee who is involved in financial decision-making, including procurement, contracts, and any other expenditure of funds.

Article III **Procedures**

1. Duty to Disclose and Recuse

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Chair (in the case of relevant staff), the Executive Board (in the case of the Chair or any Executive Board member), the Executive Committee (in the case of Executive Committee members), and members of committees with Chair-delegated powers on financial matters (in the case of said committee members), considering the proposed transaction or arrangement. In all instances, the Executive Board shall be advised of the disclosure of any and all actual or possible conflicts of interest.

After disclosure of the financial interest, and after any discussion with the interested person, s/he shall recuse themselves from any and all discussions and decision making regarding the transaction or arrangement and shall leave the meeting while the transaction or arrangement is being decided upon. Any individual who has a personal reason s/he believes creates a conflict with participation in discussions and decisions regarding a transaction may recuse themselves from said decision-making process without disclosing the reason.

Appendix B of this policy outlines suggested procedures for decision making on transactions or financial expenditures where a conflict of interest exists.

2. Determining Whether a Conflict of Interest Exists

Should any State Committee member has reasonable cause to believe the Chair, an Executive Board member, an Executive Committee member, a member of a committee with Chair-delegated powers on financial matters, or a relevant staff person, has failed to disclose actual or possible conflicts of interest, that member shall inform the Executive Board of the basis for such belief. The Executive Board will then review the matter for final determination

A person with an actual or possible conflict of interest may make a presentation to the Executive Board of all relevant facts, but after the presentation, s/he shall leave the meeting during the discussion of and the vote on the matter. The Executive Board may investigate and seek additional facts from pertinent sources to assist its deliberations. The Executive Board shall then, by majority vote of those present, decide on whether a conflict of interest exists or existed.

3. Violations of the Conflicts of Interest Policy

If, after hearing the relevant staff person or member's response and after making further investigation as warranted by the circumstances, the Executive Board determines the member or relevant staff person has failed to disclose an actual or possible conflict of interest, the Executive Board will consider appropriate disciplinary and corrective action, including provisions contained in Article II, Section 4(A4) of the ADP Bylaws. In the case of a relevant staff person, the Chair shall make the determination of disciplinary action.

Article IV **Records of Proceedings**

The minutes of Executive Board, Executive Committee, and all committees with Chair delegated powers on financial matters shall contain:

- a. The names of the persons who disclosed real or potential conflicts of interest, and the nature of the financial interest. In the case of Executive Board review of conflicts of interest, minutes shall include the above, as well as any action taken to determine whether a conflict of interest was present, and the Executive Board's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.
- c. In the case of Chair determinations of relevant staff conflicts of interest, the above items ('a' and 'b') shall be recorded in a memorandum to the Executive Board.

Article V **Compensation**

- a. A voting member of the Executive Board who receives compensation, directly or indirectly, from the ADP for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the ADP for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the Executive Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the ADP, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI
Annual Statements

In the first quarter of each year, each Executive Board member, Executive Committee member, members of committees with Chair delegated powers on financial matters, and relevant staff shall complete and submit a Conflict of Interest Disclosure Questionnaire (Appendix A). This statement shall also affirm such person:

- a. Has received a copy of the conflicts of interest policy,
- b. Has read and understands the policy, and
- c. Has agreed to comply with the policy.

Article VII
Periodic Reviews

To ensure the ADP operates in a manner consistent with this policy, periodic reports summarizing: 1) contracts and related procedures; 2) expenditures; and 3) any and all real or potential conflicts of interest shall be presented to the Executive Board. A summary of findings shall be presented at each State Committee Meeting.

Article VIII
Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the Executive Board may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Executive Board of its responsibility for ensuring periodic reviews are conducted.

**APPENDIX A
ANNUAL DISCLOSURE QUESTIONNAIRE
ARIZONA DEMOCRATIC PARTY**

This information is requested yearly to facilitate compliance with the Conflict of Interest Policy and to act in accordance with governance best practices. Please answer each of the questions below, providing explanations as required, with regard to the **previous calendar year**. We greatly appreciate your cooperation and time.

| ANNUAL DISCLOSURE QUESTIONS | |
|---|----------------------------|
| 1. Did you or any family member receive any compensation from ADP for service as an employee, director or officer? | YES NO (circle one) |
| 2. Did you or any family members, as an independent contractor, receive any payments from ADP? | YES NO (circle one) |
| 3. Do you have a material financial interest in any entity doing business with ADP not otherwise disclosed in response to the prior questions? | YES NO (circle one) |
| 4. Are you aware of any relationship or transaction not otherwise disclosed that constitutes or could constitute an actual or apparent conflict of interest between you and financial decisions of ADP? | YES NO (circle one) |
| 5. Because of a conflict or potential conflict of interest, have you recused yourself from meetings or discussions that concerned business or potential business with ADP? | YES NO (circle one) |

If you answered “YES” to any question, please provide explanation below. Attach additional pages, if needed.

AFFIRMATION AND SIGNATURE

By signing below, you confirm that (i) you have received, read in full, and understand ADP's Conflict of Interest Policy; (ii) you agree to comply with the Conflict of Interest Policy; (iii) the disclosure above is accurate and complete; and (iv) you will notify ADP if you become aware of any error or change in the information you have disclosed on this form.

Signature

Title

Printed Name

Date

Compensation includes all forms of cash and non-cash payments or benefits provided in exchange for services or materials or real property.

Family member includes parents, siblings, spouse or life partner, mother-in-law, father-in-law, children and spouses or life partners of children, grandchildren and spouses or life partners of grandchildren.

Appendix B

Suggested procedures for decision making on transactions or financial expenditures where a conflict of interest exists

1. A person with a conflict of interest may make a presentation to the decision-making body of all relevant facts, but after the presentation, s/he shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement in question. The decision-making body may investigate and seek additional facts from pertinent sources to assist its deliberations.
2. The decision-making body shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
3. After exercising due diligence, the decision-making body shall determine whether the ADP can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
4. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the decision-making body shall determine by a majority vote of the disinterested members whether the transaction or arrangement is in the ADP's best interest and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.