

**TITLE**

**CONFLICT OF INTEREST  
AZTEC SHOPS BOARD OF DIRECTORS**

**SUBJECT**

**POLICIES AND PROCEDURES REGARDING  
BOARD OF DIRECTORS CONFLICT OF INTEREST**

**GENERAL DESCRIPTION**

The purpose of this policy is to ensure that members of the Board of Directors and Management act, and are perceived to act in a manner that precludes both actual and perceived conflicts of interest.

The Education Code section 89906 states that 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/she is a member, and any contract or transaction entered into in violation of this section is void.

Title 5 sections 42401, 42402, 42500 and Education Code section 89900 establish a responsibility to operate in accordance with sound business practices in the interest of the campus. Sound business practice mandates the establishment of conflict-of-interest policies and procedures to implement Education Code section 89906 and other similar provisions to prevent imprudent or improper decisions by auxiliary board and management members.

Aztec Shops intent in this policy is to err on the side of caution when assessing whether a transaction or relationship represents a conflict of interest.

**DEFINITION**

A “Conflict of Interest”, in the case of Aztec Shops, is defined as a relationship, transaction or other circumstance that enables, potentially enables, or appears to enable an individual to personally benefit from his/her association with Aztec Shops Ltd.

**AVOIDING POTENTIAL CONFLICTS**

In order to avoid situations which potentially give rise to a conflict of interest, Directors and Officers shall not engage in any of the following activities, except as authorized by a prior, written resolution of the Board of Directors following full disclosure by the affected Director or Officer:

- Use their position as Director or Officer, or any knowledge or information obtained therefrom, for personal gain, except as they are otherwise compensated by Aztec Shops Ltd.
- Directly or indirectly engage in any activity (whether as Director, officer, principal, employee, agent, or consultant) or directly or indirectly own an ownership interest in any entity (whether as shareholder, member, partner, or sole proprietor) which competes with the existing, planned or potential business of Aztec Shops Ltd.
- Own any ownership interest either directly (whether as a shareholder, member, partner or sole proprietor) or indirectly (whether through an immediate family member, trust or other arrangement) in any entity which supplies goods or services to Aztec Shops Ltd.; provided, however, that stock ownership in a publicly traded corporation shall be permitted if the ownership does not exceed five percent of the outstanding stock of the corporation.
- Accept any gift of goods or services which is intended to, or which may, influence or affect the judgment of the Director or Officer concerning Aztec Shops Ltd. affairs.
- Engage in any other activity, or take any other action not enumerated herein where the interests of the Director or Officer may compete or conflict with the interest of Aztec Shops Ltd.

In order to avoid the misconception that it would be acceptable for an individual to pass on knowledge to others so that they might benefit the term “personally benefit” shall include any Aztec Shops employee or Board members family or friends.

While it is acknowledged that much of Aztec Shops business information is public, it is submitted that the timing and breadth of the dissemination of that information to the public, if it occurs at all, most often lags Board or Management awareness. Therefore, because the Board or Management member would obtain a benefit not available to the general public, a transaction involving that information would be considered a conflict of interest.

## **RESPONSIBILITY AND ACTION**

### **GENERAL**

Transactions and/or relationships that are by definition conflicts and those that may be vulnerable to public perception of a conflict of interest are to be deemed reportable.

It is the duty of each Director, Officer, or member of Management to disclose to the Board, verbally and in writing, any incident he/she believes to be a conflict of interest.

### **CHAIR OF THE BOARD OF DIRECTORS**

In December of each calendar year, the Chair of the Board of Directors shall send to all Directors and Officers, a copy of the Conflict of Interest Policy Statement. All Directors and Officers are required to provide a written acknowledgement of the receipt of the policy. By signing the statement, the member acknowledges that they have read and fully understand the responsibility for compliance with its terms by returning the signed acknowledgment to the Chair of the Board of Directors by January 31 of the new calendar.

At the first Board meeting of the new calendar year, the Chair will announce for the record whether Shops or any Board member has engaged in any new activities which may entail a conflict of interest for its members. If no activities were reported, the Chair will announce the receipt of all written acknowledgements from the Board. If any Board member has had a conflict of interest, the matter will be disclosed in the Board minutes.

Should the Conflict of Interest policy be revised, all Board members will immediately receive a copy of the revised policy and will be required to submit a signed acknowledgement within thirty (30) days of receipt.

### **BOARD OF DIRECTORS**

The Board of Directors, having the responsibility for the interpretation and enforcement of this policy, is authorized to take whatever action it deems appropriate in its sole discretion to resolve potential or actual conflicts of interest, to resolve appearances of impropriety, and to address intentional or unintentional violations of this policy including, but not limited to the following procedures:

- Prohibiting the affected Director or Officer from participating in any Aztec Shops discussions or decisions involving the conflict of interest;
- Modifying or redefining the duties and responsibilities of the affected Director or Officer; or
- Requiring the resignation of the affected Director or Officer.

If the Board members deem it appropriate they may solicit the assistance of outside experts in the field to review and help determine whether the reported accusations qualify as a conflict of interest.

The Board shall insure that a written record is maintained of all the proceedings relative to a possible or actual conflict of interest commencing from the initial disclosure to the Board.

In the event that an actual conflict of interest has occurred the members of the Board shall determine by vote the requirement for and amount of any compensation to be paid by the member found guilty of a conflict of interest.

### **EFFECTIVE DATE**

This policy shall become effective upon its adoption and will apply to all current and future Directors and Officers. No activity, action or state of affairs of any Director or Officer in existence at the time this policy is adopted shall be considered exempt from, or “Grandfathered,” by this policy.

### **REPORTS**

Reports of conflicts of interest shall be forwarded to:

Tom McCarron  
Vice President  
Business and Financial Affairs  
San Diego State University  
5500 Campanile Drive  
San Diego CA 92182-1620

With a copy to the SDSU Audit and Tax Director.

In the event that there are no conflicts of interest the Board shall report to the above persons that there were no conflicts of interest for the calendar year just ended.

Reporting for conflicts of interest (including identified, potential or perceived) is to be on an as-occurring basis and is to include a management plan for handling the conflict.



SAN DIEGO STATE  
UNIVERSITY

AZTEC SHOPS

## BOARD OF DIRECTORS

### Conflict of Interest

I acknowledge that I have read and received a copy of Aztec Shops, Ltd. "Conflict of Interest" policy dated 9/13, that I fully understand it, and that as a member of Management or the Board of Directors, I agree to comply with its terms.

I hereby certify for the record that I have no conflict of interest with any contract or transaction entered into by Aztec Shops.

NAME: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_