

# Conflict of Interest Training for LMSC Leaders

Jim Miller, MD – USMS Past President

Patty Miller – USMS President, Past Legal  
Counsel



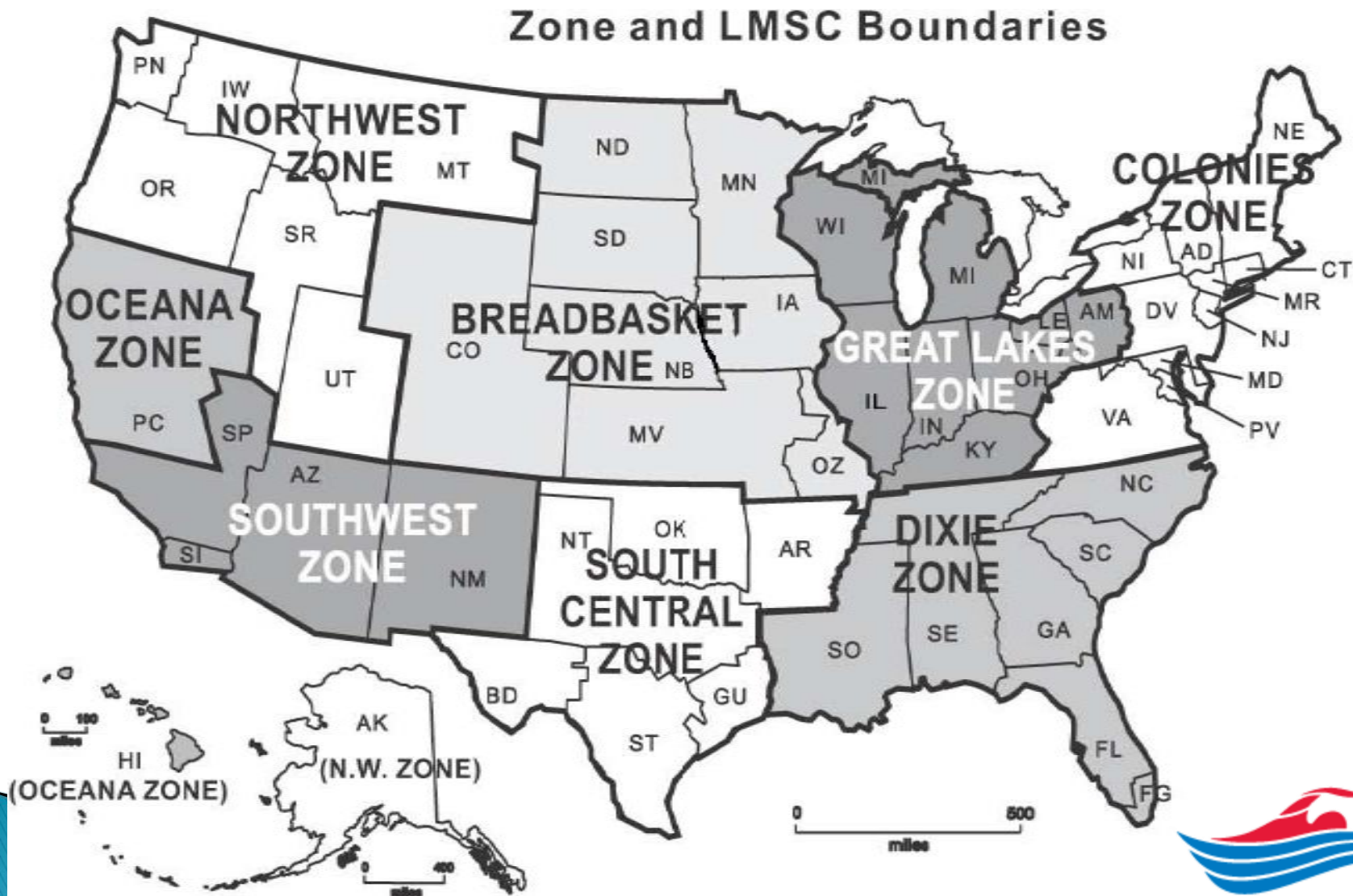
**U.S. MASTERS  
SWIMMING**

# Conflict of Interest Training (overview)

- ▶ Your role(s)
- ▶ What is conflict of interest?
- ▶ Managing conflicts of interest
- ▶ Scenarios



# Who Are You?



# Who Are You?

USMS  
President

Jim  
Miller's  
Wife

VMST  
Member

Breastroker!

Competitive  
Swimmer

Altria  
Client  
Services  
Employee



# Board Member's Legal Duties

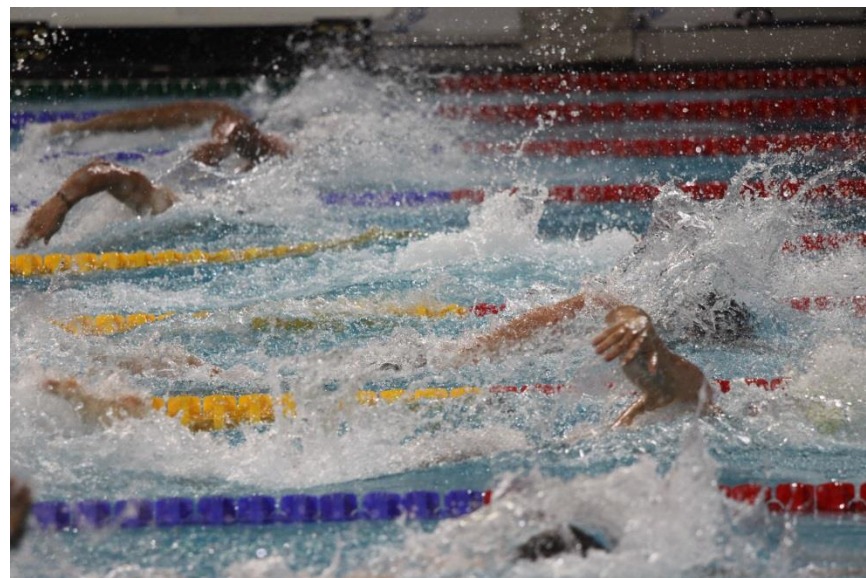
- ▶ **Duty of Care**
  - Exercise reasonable care when making decisions for the organization (Be informed and prepared; Be involved; Manage finances responsibly; Reveal conflicting interests; Help create a structure to manage conflicts)
- ▶ **Duty of Loyalty**
  - Act in the organization's best interest, not one's own personal interests or the interests of another organization
- ▶ **Duty of Obedience**
  - Understand and be faithful to the organization's mission





# USMS Mission Statement

*To promote health, wellness, fitness and competition for adults through swimming.*



# Conflict of Interest Defined

- ▶ “A conflict of interest exists when a board member, officer, or management employee has a personal interest that is in conflict with the interests of the organization, such that he or she may be influenced by this personal interest when making a decision for the organization.”\*

\*Managing Conflicts of Interest: The Board’s Guide to Unbiased Decision Making;  
2013 BoardSource



# Types of Potential Conflicts



- Not all potentially conflicting interests are “wrong” (e.g. bias)
- But conflict of interest involving financial benefit should always be addressed
- Perception matters





# Potential Conflicts?

USMS  
President

Jim  
Miller's  
Wife

Breaststroker

VMST  
Member



Altria  
Client  
Services  
Employee

Competitive  
Swimmer



# Managing Conflicts of Interest

## ▶ Environment

- Establish an environment that encourages transparency and accountability by board members, as well as open discussion of issues

## ▶ Regulation

- Have a policy to manage conflict of interest
- Policy should address who is covered, what should be disclosed, procedure upon disclosure



# Managing Conflicts of Interest

## ▶ Disclose

- Annually in disclosure statement (e.g. interest in entities doing business with the LMSC)
- At the beginning of meetings based on the agenda
- As issues arise

## ▶ Address

- Determine whether interested person should exit for discussion and voting
- Record resolution in the minutes



# Range of Options – Hypothetical Example (all fictional)

The LMSC needs to hire a printing company to produce its monthly newsletter. Susanna, LMSC Board Secretary, is married to Speedy, who owns a printing company, *Gold Medal Printing*.



# Range of Options

- ▶ Susanna doesn't reveal relationship to Gold Medal; votes to hire Gold Medal
- ▶ Susanna discloses relationship to Gold Medal; votes to hire Gold Medal
- ▶ Susanna discloses relationship to Gold Medal; doesn't participate in vote on printing company, but actively pitches for Gold Medal to get the work
- ▶ Susanna discloses relationship to Gold Medal; doesn't participate in vote; but stays in the room for the board discussion
- ▶ Susanna discloses relationship to Gold Medal; doesn't participate in vote; leaves the room for board discussion



# Case Studies

- ▶ Is there a conflict of interest?
- ▶ If so, how should it be handled?

Case studies assume that you are an LMSC board member





# Case Study #1

- ▶ LMSC board is deciding whether to provide a grant to a specific club to host a coaching clinic – you are a member of that club
- ▶ Variation: You are the coach-owner of that club and hope to generate revenue from the clinic



# Case Study #2

LMSC Board has identified a potential sponsor for its state meet. You are on the organizing committee for an upcoming triathlon and would like to approach that sponsor for the triathlon as well.

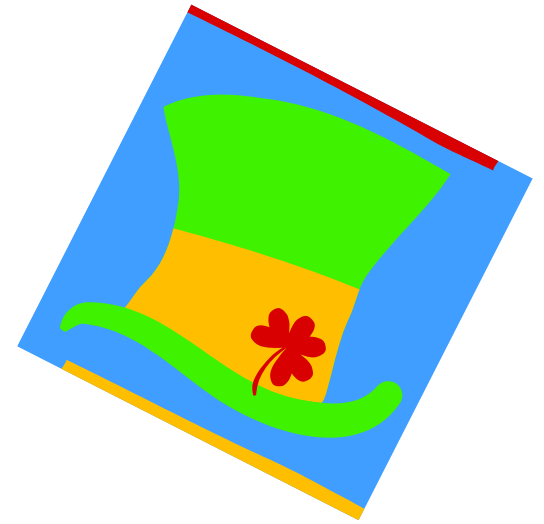


# Case Study #3

The LMSC has a scholarship program and your daughter is eligible for and has applied for that scholarship.



# How many hats do you wear?





# Key Points

- ▶ Be aware of how conflicts may arise
- ▶ Recognize your own conflicts
- ▶ Establish a process to manage conflict of interest
- ▶ Disclosure is key
- ▶ Foster open discussion on your LMSC board





# Recommended Reading/Reference

- ▶ BoardSource, *Managing Conflicts of Interest: The Board's Guide to Unbiased Decision Making*, S. Paul and D. Kurtz (Third Edition, 2013)





Thank you for your attention,  
interest and time.





**Questions?????**