



# RMBS Conflict of Interest Policy

## Overview

**Purpose:** The purpose of this Conflict of Interest Policy is to protect RMBS's interests when considering taking an action or entering into a transaction that might benefit the private interests of an RMBS member, result in the payment of excessive compensation to an RMBS member or **relative**<sup>1</sup>; or otherwise violate state and federal laws governing conflicts of interest applicable to nonprofit organizations.

**Background:** As a nonprofit, charitable organization, RMBS is accountable to both government agencies and members of the public for responsible and proper use of its resources. Board members have a duty to act in RMBS's best interests and may not use their positions for their own financial or personal benefit.

Conflicts of interest must be taken very seriously since they can damage RMBS's reputation and expose both RMBS and affiliated individuals to legal liability if not managed appropriately. Even the appearance of a conflict of interest should be avoided, as it could undermine public support for RMBS.

**Responsible persons:** This policy applies to all RMBS board members individually and collectively as a Board of Directors. In addition, it applies to any RMBS member performing a role for the board including but not limited to the education programs, the annual show, and the holiday party. In the remainder of this document all persons this applies to are referred to as Governed Person(s).

## Identifying Conflicts of Interest

### What is a conflict of interest?

A potential conflict of interest arises when a Governed Person

- stands to gain financial benefit from an action RMBS takes or a transaction into which RMBS enters.
- has another interest that impairs, or could be seen to impair, the independence or objectivity of the Governed Person in discharging their duties to RMBS.

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<sup>1</sup> **Relative** means a person's spouse or domestic partner, ancestors, siblings, children, grandchildren, great-grandchildren, and spouses or domestic partners of siblings, children, grandchildren, and great-grandchildren.

## What are examples of potential conflicts of interest?

It is impossible to list all the possible circumstances that could present conflicts of interest. Potential conflicts of interest include situations in which a **Governed Person**:

- has an ownership or investment interest in any third party that RMBS deals with or is considering dealing with; (RMBS board members who own or are a partner in a business RMBS may do business with. A bonsai supply or a catering business are examples)
- serves on the board of, participates in the management of, or is otherwise employed by or volunteers with any third party that RMBS deals with or is considering dealing with; (RMBS board members who are on the board or a member of another bonsai club)
- receives or may receive compensation or other benefits in connection with a transaction which RMBS enters.
- receives or may receive personal gifts or loans from third parties dealing with RMBS.
- has a close personal or business relationship with a participant in a transaction being considered by RMBS.
- would like to pursue a transaction being considered by RMBS for their personal benefit.

## Disclosing Potential Conflicts of Interest

**Governed Persons** must disclose to the best of their knowledge all potential conflicts of interest as soon as they become aware of them and always before any actions involving the potential conflict are taken. Disclosure requires that they notify the President of RMBS of the potential conflict.

- They must disclose a potential conflict of interest at the time of their election to the board or appointment by the board to a role approved by the board.
- They must disclose a potential conflict of interest that was not previously disclosed prior to any board discussion or decision.

## Determining Whether a Conflict of Interest Exists

After the disclosure of a potential or actual conflict has been reported to the President, the President may invest in another board member the responsibility to gather all relevant information and report the findings to the President, who will then present those findings to the board.

In determining whether a conflict of interest exists, the RMBS board shall consider whether such a conflict would cause a transaction entered into by RMBS to raise questions of bias, inappropriate use of the RMBS's assets, or any other impropriety.

The board shall also seek relevant information from the **Governed Person** who is party to the potential conflict prior to beginning deliberations and reaching a decision on the matter.

In a manner designed to efficiently resolve the matter in real time, being either an in-person meeting or a meeting online, the board will examine all available information and determine whether a conflict of interest exists. A simple majority of a quorum of the board will be sufficient to confirm that a conflict of interest exists. The **Governed Person** who is party to the conflict

shall not be present for deliberation or vote on the matter and must not attempt to influence improperly the determination of whether a conflict of interest exists.

Keeping in mind that RMBS may not enter into a transaction with a conflict of interest unless, after good faith disclosure of the material facts by the **Governed Person**, the board or a committee authorized by the board may determine that the transaction is fair, reasonable and in the RMBS's best interest at the time of such determination.

As board meetings are open to all RMBS members, discussions of conflict of interest shall be in a closed session called by the President for this purpose.

### **Procedures for Addressing a Conflict of Interest**

If the board determines that a conflict of interest exists, it shall recommend a resolution to be voted on by the board.

The primary consideration for proceeding when a conflict of interest has been identified is whether the transaction is of benefit to the club and no alternative of equal or greater benefit is available.

If the **Governed Person** with the conflict of interest has a substantial financial interest in the matter at hand, the board shall:

- prior to entering into the transaction, consider alternative transactions to the extent available.
- by a simple majority a quorum of the board shall approve the transaction.
- and document in writing the basis for its approval, including its consideration of any alternative transactions.

### **Minutes and Documentation**

The minutes of any closed session of a board meeting at which a matter involving a conflict of interest or potential conflict of interest was discussed or voted upon shall be kept separately by the Secretary and not disclosed in the minutes of other RMBS regular business, except that the specific action taken in closed session shall be disclosed, including:

1. The name of the Governed Person and the nature of the interest.
2. The decision as to whether the interest presented a conflict of interest.
3. Any alternatives to a proposed contract or transaction considered by the board.
4. And if the transaction was approved, the basis for the approval.

*Approved 10/25/2025*

*Please note that information in this policy is the most current instruction and guidance. This policy supersedes any previous related policy and is expected to be accurately followed by all RMBS members.*