

USA SWIMMING
STATEMENT OF PRINCIPLES ON ETHICAL BEHAVIOR AND CONFLICT OF INTEREST

SECTION 1. PURPOSE:

The USA Swimming, Inc. (USA Swimming) board of directors, officers, committee members and employees have the responsibility of administering the affairs of USA Swimming honestly and prudently, and of exercising their best care, skill, and judgment for the sole benefit of USA Swimming. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with USA Swimming or knowledge gained therefrom for their personal benefit. The interests of the organization must be the first priority in all decisions and actions.

USA Swimming requires that its directors, officers, committee members and employees recognize and avoid activities or investments that involve, might appear to involve, or could result in a potential conflict of interest.

SECTION 2. PERSONS CONCERNED:

This statement is applicable to all USA Swimming directors, officers, committee members and employees.

SECTION 3. AREAS IN WHICH CONFLICT MAY ARISE:

Conflicts of interest may arise in the relations of directors, officers, committee members and employees with any of the following third parties:

1. Persons and firms supplying goods and services to USA Swimming.
2. Persons and firms from whom USA Swimming leases property and equipment.
3. Persons and firms with whom USA Swimming is dealing or planning to deal in connection with the gift, purchase or sale of real estate, securities or other property.
4. Competing or affinity organizations.
5. Donors and others supporting USA Swimming.
6. Agencies, organizations, and associations which affect the operations of USA Swimming.
7. Family members, friends, and other employees.

SECTION 4. NATURE OF CONFLICTING INTEREST:

A conflicting interest may be defined as an interest, direct or indirect, with any persons or firms mentioned in Section 3. Such an interest might arise through:

1. Owning stock or holding debt or other proprietary interests in any third party dealing with USA Swimming.
2. Holding office, serving on the board, participating in management, or being otherwise employed (or formerly employed) with any third party dealing with USA Swimming.
3. Receiving remuneration for services with respect to individual transactions involving USA Swimming.
4. Using USA Swimming's time, personnel, equipment, supplies, or goodwill for anything other than USA Swimming-approved activities, programs, and purposes.
5. Receiving personal gifts or loans from third parties dealing or competing with USA Swimming. Receipt of any gift is disapproved except gifts of a value less than \$50, which could not be refused without discourtesy. No personal gift of money should ever be accepted.

SECTION 5. INTERPRETATION OF THIS STATEMENT OF POLICY:

The areas of conflicting interest listed in Section 3, and the relations in those areas which may give rise to conflict, as listed in Section 4, are not exhaustive. Conflicts might arise in other areas or through other relations. It is assumed that directors, officers, committee members and employees will recognize such areas and relation by analogy.

The fact that one of the interests described in Section 4 exists does not necessarily mean that a conflict exists, or that the conflict, if it exists, is material enough to be of practical importance, or if material, that upon full disclosure of all relevant facts and circumstances it is necessarily adverse to the interests of USA Swimming. However, it is USA Swimming's policy that the existence of any of the interests described in Section 4 shall be disclosed before any transaction is consummated. It shall be the continuing responsibility of the board, officers, committee members and employees to scrutinize their transactions and outside business interests and relationships for potential conflicts and to immediately make such disclosures.

Additional guidelines intended to assist individuals when making personal decisions relating to ethical behavior and conflict of interest include:

1. The business of USA Swimming is to be conducted in observance of both the spirit and letter of applicable federal and state laws.
2. USA Swimming properties, services, opportunities, authority and influence are not to be used for private benefit.
3. Expenses incurred in furtherance of USA Swimming business are to be reasonable, necessary and substantiated.
4. All are expected to exhibit honesty, loyalty, candor and professional competence in their relationships with USA Swimming and with each other.
5. Each individual has the responsibility to maintain the confidentiality of the organization. This includes both proprietary and sensitive information.

SECTION 6. DISCLOSURE POLICY AND PROCEDURE:

Transactions with parties with whom a conflicting interest exists may be undertaken only if all of the following are observed:

1. The conflicting interest is fully disclosed;
2. The person with the conflict of interest is excluded from the discussion and approval of such transaction;
3. A competitive bid or comparable valuation exists; and
4. The board or committee has determined that the transaction is in the best interest of the organization.

Disclosure involving directors and officers should be made to the board Chairperson (or if he or she is the one with the conflict, then to the Administration Vice Chair) who shall bring the matter to the attention of the board.

Disclosure involving employees should be made to the General Counsel (or if he or she is the one with the conflict, then to the Chief Executive Officer) who shall bring the matter to the attention of the board, as appropriate.

Disclosure involving committee members should be made to the committee Chairperson (or if he or she is the one with the conflict, to another committee member) who shall bring the matter to the attention of the committee.

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the board or committee meeting (as applicable) while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

SECTION 7. PROCEDURES FOR ADDRESSING POSSIBLE CONFLICTS OF INTEREST:

In the event a possible conflict of interest exists, the proposed transaction shall be addressed as follows:

1. An interested person may make a presentation at the board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
2. The Chairperson of the board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
3. After exercising due diligence, the board or committee shall determine whether USA Swimming 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 board or committee shall determine by a majority vote of the disinterested members whether the transaction or arrangement is in USA Swimming's best interest, for its own benefit, 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.

SECTION 8. VIOLATIONS OF THE CONFLICTS OF INTEREST POLICY:

1. If the board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
2. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

SECTION 9. RECORDS OF PROCEEDINGS:

The minutes of the board and committee meetings shall contain:

1. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the board's or committee's decision as to whether a conflict of interest in fact existed.
2. 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.

SECTION 10. ANNUAL STATEMENTS:

Each director, officer, committee member and employee shall annually sign a statement which affirms such person:

1. Has received a copy of the conflicts of interest policy,
2. Has read and understands the policy,
3. Has agreed to comply with the policy, and
4. Understands that USA Swimming is a charitable organization and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

The disclosure statements shall be reviewed by the Chairperson of the board and USA Swimming's General Counsel. Any issues not previously disclosed shall be referred by him or her to the board or appropriate Committee. The disclosure statements shall be retained in the files of the General Counsel.