

BACKGROUND ON CONFLICT OF INTEREST POLICY

An effective Conflict of Interest policy is essential to the smooth operation of an association's foundation such as the AAPD Foundation (AAPDF), both for member satisfaction (that decisions have been fairly reached) and for risk management (to show that various boards and committees have operated in a good faith manner and upheld their fiduciary duty to the AAPD Foundation).¹ The summary below explains the rationale behind the policy and need for a disclosure statement.

Members serving as officers, board, committee members, consultants, etc. to AAPD Foundation should be sensitive to any conflicting interest they may have in decisions to be made. As noted in our conflict form, it is critical that disclosure be made prior to such an issue being discussed by a board or committee. Declaring that one has a conflict and absenting oneself from the room during discussion of the issue would be appropriate steps for members that find themselves with a conflict of interest.

In order to insure uniform adherence to the policy, it is important for all relevant individuals fill out conflict of interest disclosure forms when each new member joins the AAPDF Board of Trustees, or other committees. An oral reminder of the need to be aware of conflicts of interest should be given at the beginning of all board and committee meetings.

It is not unusual or necessarily problematic for an individual with active commitments in the dental field to have occasions where the duty to the AAPD Foundation as a director, officer, committee member, etc., may be affected by personal obligations to some other person or entity. It is important is to have a process in place that informs of potential conflicts initially and is followed properly when conflicts arise. Conflicts might include but are not limited to:

- AAPDF actions that would materially benefit the particular individual's state or district society to the exclusion of other such entities, such as in the awarding of a contract or selection of a consultant; and
- AAPDF actions that would benefit a corporation in which a board member has a consulting relationship, or ownership of stock, such as a joint public relations efforts between the AAPDF and a corporation.

All members of the AAPDF Board of Trustees and committee members should fill out the attached disclosure form. We appreciate your cooperation in this important safeguard for AAPD Foundation. For any questions please contact C. Scott Litch, AAPD Deputy Executive Director and General Counsel, at 800-544-2174 ext. 29 or slitch@aapd.org.

¹In the event of a transaction where no appropriate disclosure of a conflict was made, the burden of proof in case of litigation would be on non-disclosing directors, and perhaps even disinterested directors who supported the transaction, to prove fairness. Therefore, non-disclosing directors expose him or herself and the board to substantial risks. Judicial deference to good faith board decisions does not apply in such situations.



**CONFLICT OF INTEREST
DISCLOSURE STATEMENT**

In accordance with the AAPD Foundation conflict of interest policy, I, _____, declare that I have no past or present professional, proprietary, financial, or other personal interest of any nature or kind related to the AAPD or the AAPD Foundation, either directly or indirectly, that could give rise to the possibility of a conflict of interest, except the following:

I declare that neither my spouse, children, nor other family members have professional, proprietary, or financial interests which may conflict with the interests of AAPD or the AAPD Foundation, except the following:

I certify that the above information is correct to the best of my knowledge. I further understand that if, during my service as an appointed or officer or representative of the AAPD Foundation, or as committee member, advisor or consultant, individually or through group or committee assignments in the AAPD Foundation, I undertake new employment or gain a new financial, proprietary, or other personal interest in which there may arise a potential conflict of interest, I must promptly file an amended disclosure statement with the Executive Director.

NAME _____

AAPD FOUNDATION OFFICER, BOARD MEMBER, COMMITTEE MEMBER, OR
CONSULTANT STATUS

SIGNATURE _____

DATE _____