



WRSC

West River Sailing Club
Galesville, Maryland

Fraud Policy

January 2009

Purpose

The purpose of the fraud policy is to provide a clear definition of fraudulent actions and non-fraud irregularities. In addition, this policy establishes the actions that the Executive Board (Executive Board) of West River Sailing Club and membership shall follow in the cases where fraudulent activities have been identified.

Introduction

The Executive Board is responsible for detecting defalcation, misappropriation, and other irregularities. Each member of the Executive Board should be familiar with the types of improprieties that might occur within his or her area of responsibility and be alert for any indication of irregularity. Any irregularity detected or suspected must be reported immediately to any member of the Executive Board. When an individual board member has been notified of an irregularity, that member should then inform the entire Board immediately.

Scope of Policy

The conditions of this policy apply to any irregularity, or suspected irregularity, involving employees, club members, vendors, outside agencies doing business with club members or employees who represent WRSC, and unknown parties. Any investigative activity will be conducted without regard to the suspected wrongdoer's length of service, position, title, or relationship.

Actions Constituting Fraud

The terms defalcation, misappropriation, and other fiscal irregularities refer to, but are not limited to:

- Any dishonest or fraudulent act
- Forgery or alteration of any document or account belonging to WRSC
- Forgery or alteration of a check, bank draft, or any other financial document
- Misappropriation of funds, securities, supplies, or other assets

- Impropriety in the handling or reporting of money or financial transactions
- Accepting or seeking anything of material value from vendors or persons providing services or materials to WRSC (exception: perishable gift less than \$50 in value intended for a group of employees or members, such as candy, flowers)
- Destruction or disappearance of records, furniture, fixtures, or equipment
- Similar or related irregularities unique to WRSC, such as removal of license plates from a club owned trailer for use on a privately owned trailer.

Non-Fraud Irregularities

Identification or allegations of personal improprieties or irregularities whether moral, ethical, or behavioral, should be resolved by the Executive Board as appropriate.

Responsibility for Investigation

The WRSC Executive Board has the primary responsibility for investigating allegations of fraud. If an investigation reveals that fraudulent activities have occurred, the Executive Board will prepare a report as appropriate for release to the general membership. Decisions to prosecute or turn matters over to appropriate law enforcement and/or regulatory agencies for independent investigation will be made based on the circumstances of the case.

Confidentiality

The Executive Board will accept relevant information on a confidential basis from an employee or member who suspects dishonest or fraudulent activity. Employees or members should contact the Executive Board immediately, and should not attempt personally to conduct investigations or interviews/interrogations related to suspected frauds (see Reporting Procedure section below).

The results of investigations conducted by the Executive Board will not be disclosed or discussed with anyone other than those persons associated with WRSC who have a legitimate need to know in order to perform their duties and responsibilities. Maintaining confidentiality is important in order to avoid damaging the reputations of persons suspected, but subsequently found innocent of wrongful conduct, and to protect WRSC from potential civil liability.

Authorization for Investigating Suspected Fraud

In those instances in which it is believed to be in the best interests of WRSC, the Executive Board may:

- Take control of, and/or gain full access to, all club premises, whether owned or rented.
- Examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the club premises without prior knowledge or consent of any individual who may use or have custody of any such items or facilities.

Reporting Procedure

Great care must be taken in the investigation of suspected improprieties or irregularities to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

An employee or club member who discovers or suspects fraudulent activity should contact the Executive Board immediately. All inquiries from the person who is suspected of committing the fraud should be directed to the Executive Board.

The reporting individual must adhere to the following restrictions:

- Do not contact the suspected individual in an effort to determine facts or demand restitution.
- Do not discuss the case, facts, suspicions, or allegations with any outside entity unless specifically asked to do so by the Executive Board.
- Do not discuss the case with other employees or club members.

Termination/Dismissal

If an investigation results in a recommendation to terminate an employee, the recommendation will be reviewed for approval by the Executive Board, and if necessary, by outside counsel before any such action is taken.

If an investigation results in a recommendation to terminate club membership, the recommendation will be reviewed for approval by the Executive Board before any such action is taken. Policies will be followed in club by-laws as appropriate for the dismissal of club members who have violated club policies with regard to fraudulent behavior.

Administration

The Executive Board of West River Sailing Club is responsible for the administration, interpretation, and application of this policy.