

## **ASSISTANCE LEAGUE® of the FOOTHILL COMMUNITIES SELF-DEALING POLICY**

Each Assistance League chapter is a public benefit corporation. All donations to the chapter are received from the public with the intent that they will be used to enhance the charitable service of the organization and not provide an advantage or gain for an individual member of the organization. A charitable organization's purpose must be to benefit the community or society as a whole, not the organization's members, their families or other select individuals.

This document provides an outline to ensure that all member volunteers operate in a way consistent with our chapter's mission and according to the laws that govern nonprofit organizations.

**Definition of Self-Dealing:** Self-dealing is the conduct of a volunteer that consists of taking advantage of their position in a transaction for their own interest rather than the interest of the beneficiaries or clients of the organization. Self-dealing is **illegal** whether the transaction results in a benefit or a detriment to the chapter. As we are a member-run organization, we cannot be seen or give the perception that we are taking "advantage" of our membership in any way. Making purchases prior to the public being able to do so is certainly an advantage and one we must be aware of. The perception that members in the back room might price an item to later buy the item for themselves, is an example that gives rise to a perception of self-dealing.

All volunteers with Assistance League of the Foothill Communities are expected to act with "good faith", which is defined as the honest intent to act without taking unfair advantage of another person.

### **Prohibited Acts of Self-Dealing:**

- Members may not take items home from the shop floor or marking rooms on approval.
- Merchandise may not be bought out of the back room before it goes out on the floor.
- Members working the marking area should not purchase items they personally marked or assisted in marking until the public has had the opportunity to purchase the item.
- No volunteer may purchase or put on hold any item while volunteering at the Thrift Shop, which is defined as working a shift on the sales floor and/or working the back room. A purchase may occur before or after a work shift during normal hours of operation.
- **Aprons and nametags may not be worn while shopping.**
- There should be no special sales days, events or hours that permit members only to shop.
- Volunteers may not ring up their own purchases at the cash register.
- Volunteers may not negotiate a lower price for Thrift Shop merchandise for themselves or others.
- Volunteers may not put an item on hold for other people while working a shift at the Thrift Shop before the items are placed on the sales floor for sale to the public.
- Members may not make purchases for others who are currently working the Thrift Shop shift.
- Members may shop any day after 11:00 a.m. when the shop is open for three (3) hours and after 12:00 noon when the shop is open six (6) hours, in order to allow the public first access to the merchandise.
- **All of these prohibited acts of self-dealing pertain to members, Assisteens®, substitute workers, and the Thrift Shop employees.**

**Reporting and Violation:** Self-enforcement of our policies is the expectation of all members of Assistance League. However, internal reporting of self-dealing is critical to supporting our chapter's culture of integrity, and our duty to our donors, supporters and those we serve. Members are encouraged to report suspected self-dealing.

Section 4941 of the Internal Revenue Code imposes an excise tax on acts of self-dealing. Acts of self-dealing lead to severe penalties to the self-dealer and any chapter knowingly involved in the transaction and is measured as a percentage of the amount involved. In addition to paying the tax, the self-dealer must correct (undo) the transaction to the extent possible. Excise taxes to the volunteer may increase by up to 200 percent of the amount involved. Taxes must be paid to the IRS by the individual. The chapter itself is not assessed for a violation of the self-dealing rules.