

FIDUCIARY RESPONSIBILITIES OF CBODN DIRECTORS

The fiduciary responsibilities (legal duties) of CBODN board members are threefold: the duty of care, the duty of loyalty and the duty of obedience.

THE DUTY OF CARE

The duty of care requires the director to do what would be expected of any prudent person in the same position. It requires the board member to read relevant documents, prepare carefully for board meetings, pay attention to what is going on and ask questions to clarify actions that are being taken. The duty of care permits the delegation of certain responsibilities to the experts, staff, committees and their task forces, but requires the director to stay informed of their activities and take appropriate action when indicated.

THE DUTY OF LOYALTY

The duty of loyalty requires the board member to give undivided allegiance to the organization of which he or she is a director, without regard to personal interest, business interest or the interest of any other region or organization.

Furthermore, it is a breach of the duty of loyalty for a board member to use inside information gained in the performance of his or her responsibilities for personal benefit or to benefit his or her region, business or any other organization. This constitutes conflict of interest and is cause for removal from office.

THE DUTY OF OBEDIENCE

The duty of obedience requires the board member to act within the scope of legal authority, including the organization's Articles of Incorporation, By-Laws and mission.

CBODN will generally hold its board members harmless from lawsuits as long as they operate within the legal bounds of their fiduciary responsibilities, e.g., the duty of care, the duty of loyalty and the duty of obedience.

Board members are subject to lawsuits if they fail to observe their fiduciary responsibilities.

NOTE: This is for information purposes only and does not purport to be legal advice. Consult your own attorney for specific application of the laws of fiduciary responsibility in your own state.

THE IMPORTANCE OF CONFIDENTIALITY

As a board member of CBODN, in the normal course of business, you must treat as confidential all matters involving CBODN until and unless there has been a general public disclosure, or the information is a matter of public record or common knowledge. You are not a spokesperson for CBODN!

Accordingly, disclosure to the public of CBODN activities as discussed at the CBODN board of directors meetings should be made only through a CBODN-designated spokesperson, typically the board President or other Officers. For all practical purposes, this presumption of confidentiality should apply to ALL current information about board and CBODN activities.

Board meetings may be open to CBODN members and invited guests. On occasion, however, the board may be required to go into a closed session to discuss certain matters. During a closed session, all guests and CBODN members typically are excused.

Should you have any questions or concerns about the confidentiality of any particular action taken or to be taken, please discuss your concerns with the current President of CBODN.