



FRAUD POLICY

Approved by HAB 03/22/2017
Approved by USDA 05/12/2017

I. INTRODUCTION

The Hass Avocado Board (HAB) Fraud Policy is established to facilitate the development of controls that will aid in the detection and prevention of fraud against the HAB. It is the intent of HAB to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

II. SCOPE OF POLICY

This policy applies to any irregularity, or suspected irregularity, involving employees as well as Associates, which includes all Board members, alternates, officers, committee members, consultants, vendors, and contractors (Associates) of HAB, along with outside agencies doing business with Associates and/or any other parties that have a business relationship with HAB.

Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to HAB.

III. POLICY

HAB management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Fraud is defined as the intentional, false representation, or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the HAB management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and will be alert for any indication of irregularity.

Any irregularity that is detected or suspected must be reported immediately to the Executive Director, who coordinates all investigations with USDA's Office of General Counsel (OGC). Where fraud involves the Executive Director, the Chairperson of the Board shall be consulted with guidance from USDA's OGC prior to action being taken.

IV. ACTIONS CONSTITUTING FRAUD

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

- Any dishonest or fraudulent act.
- Misappropriation of funds, securities, supplies, or other assets.
- Impropriety in the handling or reporting of money or financial transactions.
- Profiteering as a result of insider knowledge of HAB activities.
- Disclosing confidential and proprietary information to outside parties.
- Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to HAB. Exception: Gifts less than \$50 in value.
- Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment; and/or
- Any similar or related irregularity.

V. OTHER IRREGULARITIES

Irregularities concerning an Associate’s moral, ethical, or behavioral conduct should be resolved by the Executive Director. If there is any question as to whether an action constitutes fraud, USDA’s OGC shall be contacted for guidance.

VI. INVESTIGATION RESPONSIBILITIES

The Executive Director has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. If the suspected fraudulent act involves the Executive Director, the Chairperson of the Board shall have the responsibility of the investigation. If the investigation substantiates that fraudulent activities have occurred, a report will be issued to the Chairperson of the Board. The Chairperson will bring it to the attention of the Finance Committee and if appropriate and based on any confidentiality issues final notification should be given to the members of the Board.

VII. CONFIDENTIALITY

All information received shall be held in strict confidence except where disclosure is expressly permitted by provisions of this policy or required by law. Any Associate who suspects dishonest or fraudulent activity will notify the Executive Director immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see **Reporting Procedure** section below).

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect HAB from potential civil liability.

VIII. AUTHORIZATION FOR INVESTIGATING SUSPECTED FRAUD

The Executive Director may appoint an Investigation Team that will have:

- free and unrestricted access to all HAB records and premises, whether owned or rented; and
- the authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation.

IX. REPORTING PROCEDURES

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way. An Associate who discovers or suspects fraudulent activity will contact the Executive Director immediately. The complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her or representative, or any other inquirer should be directed to the Executive Director or legal counsel.

No information concerning the status of an investigation will be given out. The proper response to any inquiries is, "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference.

The reporting individual should be given the following direction:

- 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 *anyone* unless specifically asked to do so by the Executive Director or legal counsel.

X. TERMINATION

If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed by legal counsel before any such action is taken. The Executive Director does not have the authority to terminate an employee in such a situation without first seeking legal advice and counsel. In the case of Board members or alternates, the Board will recommend to the Secretary removal for dishonest or willful misconduct.

XI. ADMINISTRATION

The Executive Director is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed annually and revised as needed.



HASS AVOCADO BOARD FRAUD POLICY

ACKNOWLEDGMENT OF RECEIPT

I hereby acknowledge that I have received a copy of the Hass Avocado Board's (HAB's) Fraud Policy (Policy). I have read and familiarized myself with the contents and I understand that I will be responsible for adhering to this Policy. I agree to abide by the rules and procedures as outlined in the Policy and I understand that violations are subject to disciplinary action, up to and including termination.

Name: _____
(Print)

Title: _____

Address: _____

Signature: _____

Date: _____