



REVIEW OF POTENTIAL CONFLICT OF INTEREST IN PARTNERSHIP AGREEMENT

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Case Number: HQ-17-0338-O

Web Summary: OIG-WS-2019-302

We identified a potential conflict of interest issue involving a former member of the Amtrak Board of Directors who had previously been a management official at another company within the transportation industry. Specifically, Amtrak and this company developed a partnership agreement while the former Board member was still actively serving on the Amtrak Board. Our review sought to determine whether the agreement complied with applicable ethics standards.

We determined that the Board member did not violate any applicable laws in this matter, and we did not find evidence that the member directly benefited from the partnership agreement. However, our review found the Board was not well-served by the company's processes designed to identify and mitigate potential conflicts of interest.

In particular, we found that the Board had no meaningful visibility into Amtrak's developing partnership with this company, and thus had no opportunity to mitigate any potential conflict of interest by a fellow Board member. Instead, the Board learned of the partnership decision at the same time the public did and immediately inherited the risks associated with a potential conflict of interest.

As a result, we found opportunities to improve the process for preventing actual or apparent conflicts of interest for Board members, including the following:

- requiring the company to communicate to the Board on business matters that may raise conflict of interest issues with particular Board members;
- better adhering to the company's oversight procedures for Board members' self-disclosure; and
- providing personalized ethics training for Board members.

In response to our review, the Board and company have taken various actions and made significant changes to Board procedures and ethics training, such as adopting revised Corporate Governance Guidelines and the Board of Directors Code of Business Conduct and Ethics, as well as establishing appropriate departmental trainings on the topics addressed in our review, and providing a new process for the individual orientation and training session for each newly appointed Director.