



Fraud & Theft Policy
(for all clients of Berkeley Property Management, LLC)
Originally Effective: January 1, 2009

Reconfirmed, Edited & Officially Published: November 12, 2017

Berkeley Property Management, LLC has a strict no fraud and theft policy for all our HOA clients, as well as all Berkeley employees. Specifically, no fraud and/or theft is tolerated by Berkeley ownership as it relates to any of our HOA clients and/or any Berkeley employees, contractors and/or vendors.

The Berkeley Property Management, LLC fraud policy is established to facilitate the development of controls that will aid in the detection and prevention of fraud against any of our HOA clients. It is the intent of Berkeley to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

This policy applies to any irregularity, or suspected irregularity, involving employees as well as owners, shareholders, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with Berkeley. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to Berkeley.

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 management team will 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 that is detected or suspected must be reported immediately to the Tony Smith (Owner of Berkeley) who coordinates all investigations with the Legal Department and other affected areas, both internal and external.

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 company activities • Disclosing confidential and proprietary information to outside parties • Disclosing to other persons securities activities engaged in or contemplated by the company • Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to the Company. 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

INVESTIGATION RESPONSIBILITIES

Tony Smith (Owner of Berkeley) has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. If the investigation substantiates that fraudulent activities have occurred, Tony Smith will issue reports to appropriate designated personnel and, if appropriate, to the Board of Directors of the appropriate HOA. Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel, as will final decisions on disposition of the case.

CONFIDENTIALITY

Berkeley treats all information received confidentially. Any person who suspects dishonest or fraudulent activity will notify Tony Smith at (919) 357-8091 or smitha61@gmail.com immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see REPORTING PROCEDURE 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 the Company from potential civil liability.

AUTHORIZATION FOR INVESTIGATING SUSPECTED FRAUD

Tony Smith will have:

- Free and unrestricted access to all 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.

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. Any persons who discovers or suspects fraudulent activity will contact Tony Smith immediately. Tony's contact information is (919) 357-8091 and smitha61@gmail.com. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to Tony Smith. 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 informed of the following:

- 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 Tony Smith.

TERMINATION AND/OR CRIMINAL PROSECUTION

If an investigation results in a recommendation to terminate and/or prosecute criminally an individual, the recommendation will be formally reviewed by outside counsel, before any such action is taken.