

FRAUD PREVENTION POLICY

SECTION I PURPOSE

The purpose of this Policy is to insure that employees and members of the Carthage Industrial Development Corporation avoid fraud or related misconduct and continue to conduct themselves in accordance with high ethical standards in reporting, investigating and resolving fraud or related misconduct as defined in this Policy.

SECTION II DEFINITIONS

Corporation means the Carthage Industrial Development Corporation, a corporation organized and existing under the laws of the State of New York.

Board of Directors. Board of Directors shall mean those duly appointed and acting corporate directors of the Corporation.

Employee means the Executive Director of the Corporation and any employees of the Corporation.

Fraud. Fraud is defined as a willful or deliberate act with the intention of obtaining an unauthorized benefit, such as money or property, by deception or other unethical means. All fraudulent acts or related misconduct are included under this policy and include, but are not limited to, such activities as:

- Embezzlement, theft, misappropriation or other financial irregularities.
- Forgery or alteration of documents (checks, time sheets, contractor agreements, purchase orders, other financial documents, electronic files).
- Improprieties in the handling or reporting of financial transactions.
- Misappropriation of funds, securities, supplies, inventory or any other asset (such as furniture, fixtures, equipment, materials), including assets of the Corporation, suppliers, or others with whom the Corporation has a business relationship.

- Authorizing or receiving payment for goods not received or services not performed.
- Authorizing or receiving payments for hours not worked or expenses not accrued and documented.

Member means any duly appointed and acting member of the Board of Directors of the Carthage Industrial Development Corporation.

SECTION III FRAUD PROHIBITED

- A. Employees and Members who have been found to have participated in Fraud will be subject to removal or termination of employment.
- B. Any Member or Employee who knows or has reason to know of Fraud shall report to the president of the Board of Directors such knowledge. If the president of the Board of Directors is alleged to be involved in such Fraud, then and in that event, the report shall be made to the Executive Director of the Corporation. If both the President and the Executive Director of the Corporation are alleged to be involved in such Fraud, then such report shall be made to the Vice-President of the Board of Directors of the Corporation.
- C. The Member or official to whom such a report is made shall promptly notify the members of the Board of Directors of such allegations. An *ad hoc* committee shall be formed consisting of three board members who are not alleged to have been involved in such Fraud.
- D. Such *ad hoc* investigative committee shall be empowered to review any and all records necessary to determine the truth or falsity of such allegations of Fraud and shall be empowered to interview the Members or Employees who are alleged to have been involved in such Fraud, and to take such statements, whether in written or oral form from the complaining party concerning such Fraud and/or statements from any witness, or from any person accused of such Fraud.

E. Upon investigating such allegations of Fraud to the satisfaction of such *ad hoc* committee, a report shall be made to the full Board of Directors. Such report shall be made in executive session, and the minutes of such report shall not be taken, nor any information concerning such investigation made public unless and until the full Board of Directors shall meet in regular session to determine:

1. If Fraud has been committed;
2. The identities of parties responsible for such Fraud;
3. The applicable disciplinary action for such Fraud, whether discharge from employment or removal from the Board of Directors;
4. Whether such Fraud shall be reported to the appropriate law enforcement entities;
5. Whether such fraud shall be disclosed to the auditors of the Corporation;
6. Designating a spokesperson for any media release of the results of the investigation of such Fraud. Such spokesperson shall be the sole person authorized to speak on behalf of the Corporation to the news media concerning such Fraud.
7. Designating a member of the Board of Directors of an Employee to report such Fraud and discuss such Fraud with law enforcement officials. Only the Board Member or Employee designated by the Board of Directors under this Section shall be authorized to make the report required by the Board of Directors to the appropriate law enforcement official.

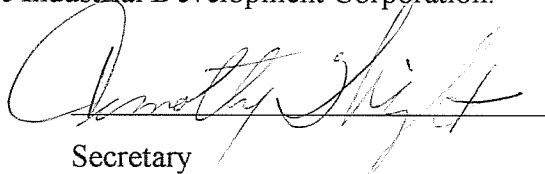
F. The Board of Directors shall take such steps as shall be necessary to prevent the occurrence of the Fraud complained of in the future.

SECTION IV

FORMATION OF STANDING COMMITTEE

- A. A standing committee of the Board of Directors consisting of three Members shall be appointed at the annual meeting to review from time to time the policies of the Corporation in an attempt to put in place sufficient oversight procedures and regulations to prevent Fraud and to allow for clear oversight of financial aspects of the Corporation by the Board of Directors.
- B. The Fraud Committee (Governance Committee) shall from time to time report to the Board of Directors with recommendations for preventing Fraud.

The foregoing Fraud Policy was duly adopted at a regular meeting of the Board of Directors of the Carthage Industrial Development Corporation.


Secretary