



STEVE CLARK
ATTORNEY GENERAL

STATE OF ARKANSAS
OFFICE OF THE ATTORNEY GENERAL
201 EAST MARKHAM STREET
HERITAGE WEST BUILDING
LITTLE ROCK, ARKANSAS 72201

(501) 371-2007

Opinion No. 86-156

July 22, 1987

Senator Bill Walters
P.O. Box 280
Greenwood, Arkansas 72936

Dear Senator Walters:

This is in response to your opinion request wherein you question whether there would be any conflict of interest if an employee of a company that has supplied material to a suburban water improvement district serves on the board of said water improvement district.

Ark. Stat. Ann. §20-703(c) in part, provides that:

No Commissioners, nor the Board of Commissioners, shall be financially interested, directly or indirectly, in any firm, corporation or association from which any property, services, materials or facilities are purchased, acquired, or received by donation for the District; unless such is first submitted to and approved by the court having original jurisdiction under which the District was organized; nor shall any Commissioners, or the Board of Commissioners, enter into any contract with, or accept a donation of property or facilities from, any person or persons with whom they are directly or indirectly engaged in business without court approval as aforesaid.(Emphasis added)

A similar conflict of interest provision pertaining to county officials, Ark. Stat. Ann. §17-4208, was the subject of Arkansas Attorney General's Opinion No. 85-101 (1985), which is attached hereto and should be read with reference to this opinion. We view Ark. Stat. Ann. §20-703(c) as we did Ark. Stat. Ann. §17-4208 in the aforementioned opinion,

The Honorable Bill Walters
Opinion No. 86-156
July 22, 1987
Page 2

in that it is not only directed at dishonor but also conduct that tempts dishonor. A situation of this nature is fraught with temptation. An impairment of impartial judgment can occur in even the most well-meaning person whether that person's interest in the contract made by the board is direct or indirect.

By the terms of Ark. Stat. Ann. §20-703(c), and the facts presented to us in your opinion request, it is our opinion that a conflict of interest does exist.

However, provided for in §20-703(c) is a procedure in which approval can be issued regarding the specific transaction in question by the court having original jurisdiction under which the District was organized. For your information I have attached a copy of said procedure as set out in the above-mentioned statute.

The foregoing opinion, which I hereby approve, was prepared by Assistant Attorney General C. Kent Jolliff, .

Sincerely,



STEVE CLARK
Attorney General

JSC:CKJ:pfr