

WHISTLEBLOWER AND FRAUD REPORTING POLICY

THE SANTA FE RAILYARD COMMUNITY CORPORATION (SFRCC)

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General

The objectives of the Whistleblower and Fraud Reporting Policy ("Policy") are to establish policies and procedures for:

- Reporting concerns regarding
 - questionable accounting or auditing matters,
 - violation of a state or federal statute,
 - violation or noncompliance with a state or federal rule or regulation,
 - violation of SFRCC's policies and procedures, or
 - unsafe working conditions or work practices in the exercise of SFRCC's business, either at the offices of the SFRCC or elsewhere
- Receipt, retention, and treatment of complaints received by the organization regarding such concerns
- Protection of employees, directors, volunteers, and other stakeholders reporting concerns from retaliatory actions

Internal Controls

Internal controls are those mechanisms that are in place to either prevent errors from entering the process or detecting errors. There are three basic types of internal control:

- Operational controls pertain to the effectiveness and efficiency of an operation.
- Compliance controls apply to the ability of the organization to continue operations and the reputation of the entity in the marketplace; and
- Financial controls concentrate on the reliability and integrity of the financial information.

The Santa Fe Railyard Community Corporation's internal controls and operating procedures are intended to detect and to prevent or deter improper activities. However, even the best systems of control cannot provide absolute safeguards against irregularities. Intentional and unintentional violations of laws, regulations, policies, and procedures may occur.

Santa Fe Railyard Community has a responsibility to investigate and report to appropriate parties, allegations of suspected improper activities and the actions taken by the Santa Fe Railyard Community Corporation. To accomplish this, all issues will be referred to the Finance Committee which will also serve as the "Audit Committee". Those Board members with legal, fiduciary, corporate or governmental administrative experience would be most desirable as candidates for this Committee. The Attorney to the Board should serve in advisory capacity to this group.

A "whistleblower" is a person or entity making any good faith communication that discloses, or demonstrates an intention to disclose, information that may evidence an improper activity or condition. The whistleblower's role is as a reporting party. The whistleblower is not an investigator or factfinder, nor do they determine the appropriate corrective or remedial action that may be warranted.

Reporting Responsibility

Each director, employee, volunteer, or other stakeholder of the Santa Fe Railyard Community Corporation has an obligation to report questionable or improper accounting or auditing matters, or other violations as described above. Reports of allegations of suspected improper activities are encouraged to be made in writing so as to assure a clear understanding of the issues raised. Such reports should be factual rather than speculative or conclusory and contain as much specific information as possible to allow for proper assessment of the nature, extent and urgency of preliminary investigative procedures.

Reports of allegations of suspected improper activities may be given to the Board President or to any member of the Audit Committee. Any reports will be forwarded, in their entirety, to the Chairperson of the Audit Committee. Protection of a whistleblower's identity will be maintained to the extent possible within the legitimate needs of the investigation and the law. Should the whistleblower self-disclose his or her identity, SFRCC will no longer be obligated to maintain such confidence.

Should any allegation involve a member of the Audit/Finance Committee, that Board Member shall be recused from the investigation.

Anonymous whistleblowers must provide sufficient corroborating evidence to justify the commencement of an investigation. An investigation of unspecified wrongdoing or broad allegations will not be undertaken without verifiable evidentiary support. Because investigators are unable to interview anonymous whistleblowers, it may be more difficult to evaluate the credibility of the allegations and therefore, less likely to cause an investigation to be initiated.

Authority of Finance Committee

All reported issues will be forwarded to members of the Finance Committee in accordance with the procedures set forth in this Policy. The Finance Committee will be responsible for investigating all reported concerns and making appropriate recommendations regarding those issues.

No Retaliation

This Policy is intended to encourage and enable directors, employees, volunteers, and other stakeholders to raise concerns within SFRCC for investigation. No director, employee, volunteer, or stakeholder who reports a concern in good faith shall be subject to retaliation or, in the case of an employee, adverse employment consequences. Any volunteer or employee who retaliates against someone who has reported a concern in good faith is subject to discipline up to and including dismissal from the volunteer position or termination of employment.

Reporting Concerns – Procedures

General

The Whistleblower and Fraud Reporting Policy and a current list of the Finance Committee members will be maintained by the staff of the Santa Fe Railyard Community Corporation and will be filed electronically on its web site (www.sfrailyard.org)

Employees

If appropriate, an employee should first discuss his/her concern with the Board President. If, after that discussion, the individual continues to have reasonable grounds to believe the concern is valid, he or she should report the concern by a telephone call to the Chairperson of the Audit Committee. If the Chairperson is unavailable, any member of the committee may be contacted.

If the employee is uncomfortable speaking with his or her supervisor, or the supervisor is the subject of the concern, he/she should report the concern directly to an Audit Committee member. Concerns may be submitted anonymously in writing or via voice mail to an Audit Committee member.

Directors, Volunteers, and Other Stakeholders

Directors, volunteers, and other stakeholders should submit concerns in writing to the Chairperson of the Finance Committee.

Handling of Reported Violations

The Finance Committee shall promptly investigate all reported Concerns. The Chair of the Finance Committee shall immediately notify the Finance Committee and the Board President (unless he or she is involved in the concern).

In the case of non-anonymous reports, the Chair of the Finance Committee will notify the sender and acknowledge receipt of the concern within five business days. If warranted, the Finance Committee will recommend corrective action to the Board of Directors. Any actions taken must include follow-up with the complainant.

The Finance Committee has the authority to retain outside legal counsel, accountants, private investigators, or any other resource deemed necessary to conduct a full and complete investigation of the allegations.

Acting in Good Faith

Anyone reporting a concern must act in good faith and have reasonable grounds for believing the information disclosed indicates an improper accounting or auditing practice or a violation of the policies and procedures of the SFRCC. The act of making allegations that prove to be unsubstantiated, and that prove to have been made maliciously, recklessly, or with the foreknowledge that the allegations are false, will be viewed as a serious disciplinary offense and may result in discipline, up to and including dismissal from the volunteer position or termination of employment. Such conduct may also give rise to other actions, including civil lawsuits.

Confidentiality

Reports of concerns, and investigations pertaining thereto, shall be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation. Disclosure of reports of concerns to individuals not involved in the investigation will be viewed as a serious disciplinary offense and may result in discipline, up to and including termination of employment. Such conduct may also give rise to other actions, including civil lawsuits. Should an anonymous whistleblower self-disclose his or her identity, the SFRCC will no longer be obligated to maintain such confidence.

Policy Distribution

This policy will be distributed to all employees, directors, volunteers, and other stakeholders of the SFRCC and will be available on the SFRCC web site (www.sfrailyardcc.org).