

half of the agency in such transaction, providing criminal penalties for failure to make the required disclosure of such interest, establishing procedures for avoidance of transactions consummated in violation of this Article, and defining certain terms contained herein.

SECTION 1. *Be it enacted by the General Assembly of Maryland,* That a new Article be and it is hereby added to the Annotated Code of Maryland (1957 Edition), said new Article to be known as Article 19A, to be entitled "Conflicts of Interest", to follow immediately after Article 19 of said Code, and to read as follows:

Article 19A

CONFLICTS OF INTEREST

1. Direct Interest of Members, Agents or Employees in Transactions. It shall be unlawful for any member, agent or employee of any Department, Board, Commission, Authority or other public agency of the State of Maryland to have any direct financial interest in any transaction in which such agency is or may be in any way concerned, in which he knows, or may reasonably be expected to know, that he has such a direct interest; provided, however, that when there has been compliance with the disclosure and disqualification requirements of Sections 2 and 3 hereof, this section shall not apply to:

(i) contracts entered into with such agency which are awarded as a result of competitive bidding, and where it is no part of the responsibility of such interested member, agent or employee to formulate, approve, or participate in the formulation of the specifications therefor or in the award of such contract;

(ii) transactions between such agency and public utilities for the rendition of public utility services; ~~or~~

(III) DEPOSITS BY SUCH AGENCY IN ANY BANKING INSTITUTION.

~~*(iii)*~~ *(IV) transactions entered into with such agency for the purpose of composing threatened or actual litigation.*

2. Indirect Interest of Members, Agents of Employees in Transactions. It shall be unlawful for any member, agent or employee of any Department, Board, Commission, Authority or other public agency of the State of Maryland to have any indirect financial interest in any transaction in which such agency is or may BE in any way concerned, in which he knows, or may reasonably be expected to know, that he has such indirect interest, unless he shall make prompt written disclosure of such interest to the agency of which he is a member and to the Board of Public Works.

3. Disqualification. Every member, agent or employee of any Department, Board, Commission, Authority or other public agency of the State of Maryland who knows, or may reasonably be expected to know, that he has any financial interest of any kind, either direct or indirect, in any transaction in which the agency of which he is a member is or may be in any way concerned, shall disqualify him-