

# Board of Ethics



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## ANNUAL REPORT 2000-2001

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City of Chicago  
Richard M. Daley, Mayor

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Dorothy J. Eng, Executive Director  
Board of Ethics



# BOARD MEMBERS

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**DARRYL L. DEPRIEST**

**Chair**

General Counsel, American Bar Association

Appointed 1990

**ANGELES L. EAMES**

**Vice Chair**

President, EquiPoise, Inc.

Appointed 1987

**MARK E. CHRISTENSEN**

Partner, Christensen and Ehret

Appointed 1999

**EILEEN CORCORAN**

Senior Manager, Ernst & Young (Retired)

Appointed 1996

**MICHAEL F. QUIRK**

President, De La Salle Institute

Appointed 1996

**JOSEPH E. SAMSON**

Manager, Ernst & Young

Appointed 1998

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**Steven I. Berlin and Michael Haggerty**

Deputy Directors

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Legal Counsel

**Kenneth Kopicki and Mary Rose Silva**

Attorney/Investigators

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**Jacinta Wong**

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The past reporting year was both a successful and a challenging one for the agency. The close reader of our Annual Reports will notice positive trends in the yearly statistical summaries of our enforcement actions (for example, a 90% decrease in the number of cases the Board was required to open involving potential violations by contributors of the campaign financing laws, and a 56% decrease in cases required to be opened against late filers of Statements of Financial Interests). Likewise, the number of registered lobbyists continues to increase, albeit incrementally.

As the Board enters its fifteenth year as a City agency, it faces definite challenges. Most are the same ones faced by other government agencies, namely, providing more information and more services, and providing them more rapidly, efficiently and accurately, without increasing expenditures. However, others are particular to this agency: for example, ensuring that the maximum number of City employees and officials receive ethics training, educating those who lobby City government about the lobbyist provisions and the Board's aggressive enforcement of those provisions, and encouraging City employees, officials and citizens to contact the Board for guidance and to bring to potential violations to the Board's attention. In addition, given this important milestone in the Board's history, it is important that the Board revisit the essential mission expressed in the Governmental Ethics Ordinance and the role of the agency within City government, and rededicate itself and its personnel toward achieving that mission.

The dedication of the Board's members and staff, all of whom are named in this annual report, will enable this agency to meet its challenges. The staff continues to act on the Board's behalf with the highest level of professional integrity. It is the staff that translates the Board's mission into action. Their dedication will, during the next fifteen years, enable the Board to meet and exceed the level of trust and responsibility placed on this agency by the City, its citizens and the law.

I am honored to present this Fifteenth Annual Report of the City of Chicago Board of Ethics.

Respectfully submitted,

Darryl L. DePriest, Chair



## **A Brief History**

The City Council established the Board of Ethics in 1987 with a mission: to administer and enforce the City's Governmental Ethics and Campaign Financing Ordinances, and to conduct programs consistent with the policy and purpose of these laws. In fact, the introduction to the original version of the Governmental Ethics Ordinance, adopted in August 1987, read:

In order to ensure the proper operation of representative government, it is essential that public officials be impartial and independent; that public office not be used for personal gain; that the public has confidence in the integrity of its government; and that governmental policy and decisions be made in the proper channels of the government structure.

Though the Ordinance has been amended six times since 1987 (most recently in May 2000), the mission of the Board which administers and enforces it has remained unchanged.

The Board strives to accomplish its mission by educating City employees, officials, lobbyists, vendors and the public about the requirements of these laws, by providing guidance to those who request it, by regulating the conduct of certain City employees and officials, lobbyists, contractors and campaign contributors through the review of disclosure forms they file, and by receiving and investigating complaints alleging violations of these laws.

## **Board Personnel**

The Board's members and its Executive Director are appointed by the Mayor and confirmed by City Council. The Board meets each month and its members serve without pay. It also employs a staff of twelve employees.

## **Board Programs**

The Board's work is divided into four major program areas:

- Educating and training** City employees and officials, persons who have or seek City contracts, persons who lobby City government, and the public, on the standards of conduct contained in the City's Governmental Ethics and Campaign Financing Ordinances.
- Advising and counseling** City employees and officials, persons who have or seek City contracts, persons who lobby City government, and the public, about the standards of conduct contained in these Ordinances.



- ❑ **Regulating and enforcing by:**
  - distributing, collecting and reviewing approximately 7,000 Statements of Financial Interests filed yearly by certain City employees and officials;
  - collecting and reviewing certain conflict of interest disclosures filed by aldermen;
  - publishing, distributing and reviewing disclosure statements filed by married employees as required by Mayoral Executive Order 97-1;
  - monitoring contributions made to elected City officials and candidates for elected City office to ensure that contributors comply with the limitations imposed by the Campaign Financing Ordinance;
  - distributing, collecting and reviewing registration statements and activity reports filed by certain persons who lobby City government; and
  - receiving and investigating complaints of alleged violations of the Ordinances in accordance with legally mandated procedures, and recommending or taking appropriate corrective action and/or sanctions.
  
- ❑ **Maintaining and making available for public inspection, in accordance with City and state law, advisory opinions, Statements of Financial Interests, aldermanic disclosures, and information filed by registered lobbyists.**



## A. Advice and Counseling

Much of the Board's daily work involves responding to requests for information or guidance from City employees and officials, the press, the public, and individuals from other governmental entities. These requests arrive by telephone, fax, email, letter or in person. Depending on the nature of the request, it is classified as either an "inquiry" or a "case."

### 1. Inquiries and Casework

**Inquiries** If a person asks the Board a question but does not request a written response, the Board handles the matter as an inquiry. This past reporting year, the Board handled nearly 1,400 inquiries from individuals seeking general information or professional advice. They included City employees, officials, the public, the press and representatives from over 30 non-City government or municipal agencies. Most persons asked whether and how the Ordinances applied to specific situations. Board staff provided general information or advice, or, where appropriate, specific guidance based on previously rendered written Board advisory opinions. The Board handles all inquiries in accordance with the confidentiality provisions of the Governmental Ethics and Campaign Financing Ordinances.

**Table I**  
**Subject Matter of**  
**Inquiries/Yearly**  
**Comparisons**

Table I shows the number and subject matter of inquiries received and handled this reporting year as well as the reporting years ending July 31, 1999 and 2000.

Subject Matter	Inquiries received and handled for years ending July 31, 1999, 2000 and 2001		
	1999	2000	2001
Outside Employment	62	56	44
Post-Employment	49	26	29
Gifts/Travel/Honoraria	121	105	79
Interest in City Business	27	35	25
Campaign Financing	173	58	43
Lobbying Activity/Disclosure	111	227	293
Financial Interest Disclosure	795	275	454
Political Activity	26	13	10
City Property	11	15	13
Fiduciary Duty	4	40	14
Conflicts/Improper Influence	50	34	37
Money for Advice	4	1	22
Representation	4	10	10
Employment of Relatives	29	23	15
Confidential Information	1	1	10
General Information	73‡	166	55
No Jurisdiction†	54	79	31
Prohibited Conduct	—‡	—‡	0
Other	—‡	77‡	54
Classes/Education	—‡	23	152
Freedom of Information	—‡	66	7

† Where possible the Board refers these matters to other City, governmental, or private agencies.

‡ For the reporting year ending July 31, 1999, "General Information" included "Prohibited Conduct," "Other," "Classes/Education" and "Freedom of Information." For the year ending July 31, 2000, "Other" included "Prohibited Conduct."





## A. Advice and Counseling

**Casework** When a person requests written Board advice or a written Board opinion, raises complex legal issues the Board has not addressed, or files a complaint, the Board may, as appropriate, render a written opinion or formally approve advice given orally, dismiss the complaint, or conduct an investigation and issue a report containing its determinations and recommendations. All of these matters constitute the Board's casework. Written opinions are used by staff in handling related future inquiries.

All advisory opinions, complaints filed with the Board, and Board investigations and recommendations are confidential in accordance with the Ordinances.

This past reporting year, the Board approved oral or issued written advice in 27 cases, and issued 25 reports containing determinations or recommendations resulting from investigations. See Section III.C.4, on page 18, for more information on complaints and Board investigations.

**Table II**  
**Subject Matter**  
**of Cases/Yearly**  
**Comparisons**

Table II shows the number and subject matter of the cases resolved by the Board for this reporting year as well as the reporting years ending July 31, 1999 and 2000.

Subject Matter	Cases resolved for years ending July 31, 1999, 2000, and 2001		
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	1999	2000	2001*
Outside Employment	11	38	8
Post-Employment	11	2	7
Gifts/Travel/Honoraria	9	1	7
Interest in City Business	4	3	4
Campaign Financing	21	5	18
Lobbying Activity/Disclosure	1	0	2
Financial Interest Disclosure	49	10	8
Political Activity	2	6	0
City Property	3	0	1
Fiduciary Duty	1	1	0
Conflicts/Improper Influence	1	2	0
Money for Advice	0	0	0
Representation	1	0	1
Employment of Relatives	7	5	5
Confidential Information	0	0	0
General Information	0	0	0
No Jurisdiction†	11	14	5
Prohibited Conduct	0	0	1
Other	0	0	0
Classes/Education	0	0	0
Freedom of Information	0	0	0

\* Note that, for the reporting year ending July 31, 2001, these figures include all cases in which oral or written advice or opinions were issued, as well as requests for written advice that were withdrawn, complaints that were referred to other agencies or dismissed before investigations were commenced or concluded (a total of 15), and the 25 cases in which the Board issued written reports resulting from concluded investigations. See Table V, on page 19, for more specific information on complaints received and investigations commenced and concluded during this reporting year.

† Where possible the Board refers these matters to other City, governmental, or private agencies.

## A. Advice and Counseling

### 2. Summaries of Selected Advisory Opinions and Inquiries

The following summaries are based on actual inquiries received and Board opinions rendered. They are included for educational purposes only and are not intended to constitute legal advice. No persons should rely on Board opinions, except those persons involved in the specific situations described in the opinions, or in situations that are materially indistinguishable from them. Those with questions about specific situations should contact the Board for personal guidance.

The Board can render advisory opinions when requested in writing by officials, employees or any persons directly and personally involved. Board opinions concern only the application of the City's Governmental Ethics and Campaign Financing Ordinances to the facts presented in the opinion, and do not include analysis of other rules or laws that may apply.

The Board handles all inquiries in accordance with the confidentiality requirements of the Ordinances. Copies of Board opinions, with identifying and other confidential information removed, are available on request. To the extent that these summaries differ from the language of the Ordinances or Board opinions, the language in the Ordinances and opinions controls.

### Representation of Other Persons

The Governmental Ethics Ordinance prohibits a City employee from having an "economic interest" in the representation of any person in any judicial or quasi-judicial proceeding before any administrative agency or court if the City is a party to the proceeding and has interests adverse to the person the employee represents. The Ordinance defines economic interest as "any interest capable of valuation in monetary terms."

**Situation 1** A City employee is also an attorney licensed to practice law in Illinois. She serves as an officer in a collective bargaining unit (labor union). She asks whether the Ordinance prohibits her from representing the union's members (including, possibly, herself) as an attorney by filing a class action lawsuit on their behalf against the City in Cook County Circuit Court.

**Resolution** Here, the lawsuit is clearly a judicial proceeding before a court, and the City is clearly an adverse party in the proceeding. Therefore (absent superseding authority, such as, possibly, a collective bargaining agreement), this employee would be in violation of the Ordinance if she receives, in addition to her City salary and benefits, any compensation or other interest capable of being valued in money for her representation of the class of union members in this lawsuit. Note that the Ordinance does not prohibit her from representing herself and/or other union members in this litigation, or from receiving a share in any recovery as a member of the class. Rather, it prohibits her from being paid for her legal work in the case.

**Situation 2** A City employee, who is also an attorney licensed to practice law in Illinois, asks whether the Ordinance prohibits her from being paid for representing a client in court on a traffic violation from a suburban municipality.

## A. Advice and Counseling

### Resolution

In contrast to the Situation 1, above, the City is not a party in this matter (which clearly is also a judicial proceeding). Thus, the Ordinance does not prohibit this employee from either representing her client in or being compensated for her legal services on the matter. However, her legal representation is considered outside employment. Thus, she must adhere to the City's Personnel Rules pertaining to outside employment, as well as any rules of her department.

## Interest in City Business

The Ordinance prohibits City employees and elected officials from having a "financial interest" in their own or another's name in any contract, work or business of the City, or in the sale of any article, if the contract, work, business or sale is paid with funds belonging to or administered by the City. The Ordinance also provides that no City employee or official shall have a financial interest in the purchase of any property belonging to the City unless sold pursuant to a process of competitive bidding following public notice. The Ordinance defines "financial interest" as any interest: (i) as a result of which the owner currently receives or is entitled to receive in the future more than \$2,500 per year; (ii) with a cost or present value of \$5,000 or more; or (iii) that represents more than 10% of a corporation, partnership, enterprise or other legal entity organized for profit.

### Situation

A City employee owns a condominium in a six-unit building, and has a one-sixth ownership interest in the condominium association. The association wants to purchase two City-owned lots that are next to the building. The lots were appraised at \$1,500 each. The association could submit an offer to the City to purchase the lots, or wait for the City to advertise publicly for sealed bids and then submit its bid and purchase the lots if it is the highest qualified bidder. The employee asks whether the Ordinance limits the ability of the association to purchase the lots.

### Resolution

The Ordinance does not prohibit the association from submitting an offer to purchase the lots, or from responding to a City advertisement and bidding on the property. Because this employee's interest in the association's purchase of the lots from the City would be one-sixth of the \$3,000 purchase price, or \$500, he would not have a prohibited financial interest in the purchase of City-owned property (a financial interest is any interest with a cost or present value of \$5,000 or more). However, the Ordinance does prohibit him from representing (or having an economic interest in the representation of) the association before any City agency with respect to the sale. Further, to avoid any appearance of impropriety, he is advised not to contact any other City employees or officials with respect to the sale.

## Outside Employment or Business Activity

The Ordinance does not prohibit City officials or employees from having jobs in addition to their City positions. But provisions such as fiduciary duty, improper influence, conflicts of interest, money for advice, financial interest in City business, representation of other persons, and unauthorized use of City-owned property do impose restrictions on their activities in both their City positions and second jobs. Moreover, City employees who engage in secondary employment are subject to laws or rules other than the Ordinance, such as the City's Personnel Rules (which list the requirements for secondary employment and require City employees to file a written request with their department head for permission to engage in outside employment), and their departments' own rules.

### Situation 1

A City employee asks whether the Ordinance prohibits her from mailing announcements of her affiliation with an outside real estate broker to City employees and officials she met while working in a City office building. The

## A. Advice and Counseling

announcements would be printed by the broker, without the use of City resources of any kind, and mailed to the recipients' City office addresses, which are publicly available in telephone books and on the Internet.

**Resolution** The Ordinance does not prohibit her from mailing the announcement to acquaintances she has made through her City employment. It does, however, restrict her conduct in several other ways. First, she owes a fiduciary duty to the City; this duty prohibits her from using her City position for a private benefit. Therefore, she may not directly access departmental records that would otherwise be available only through a standard Freedom of Information Act request. However, the mailing addresses of City Departments and offices are publicly available information. Second, she is prohibited from using City time or City-owned property in the course of her outside employment--this includes making telephone calls, sending e-mails, or handing out business cards relating to her real estate business while working on City time or property. Third, she is prohibited from having a financial interest in any contract, work or business of the City. So long as she pursues clients for residential real estate transactions only, and will not have any City departments as clients, this provision of the Ordinance would not restrict her activities. Fourth, she is subject to the prohibitions with respect to representing or having an economic interest in the representation of persons other than the City. Finally, she is prohibited from using or disclosing confidential information gained through her City employment.

**Situation 2** A City employee asks whether the Ordinance imposes any restrictions on or prohibits him with respect to operating a food concession at Navy Pier. He would enter into a one-year, non-transferrable license with the owner-operator of Navy Pier (the Metropolitan Pier and Exposition Authority, or MPEA), for space to provide and operate a vending machine at Navy Pier, for a monthly fee.

**Resolution** As it is established by state law, the MPEA is not a City agency for purposes of the Ordinance. Further, it may enter into its own concession contracts. Thus, this employee's Navy Pier concession is not a contract, work or business of the City, and therefore would not give him a prohibited financial interest in City business. However, the Ordinance prohibits him from making, participating in, or in any way attempting to influence City governmental decisions or actions in which he has an economic interest. He has an economic interest in his concession business and license, and thus may not make, participate in, or attempting to use his City position to influence City decisions or actions that are related to or may enhance either his concession business or his lease. Any City decision he would make or attempt to influence that involves Navy Pier or the MPEA could be perceived as an attempt to benefit his concession license, and he should therefore not take part in or attempt to influence these decisions. Additionally, he is prohibited from: i) soliciting or accepting any money or other thing of value in return for giving advice or assistance on matters concerning City business; ii) the unauthorized use of City-owned property; iii) using or disclosing confidential information through his City employment; and iv) representing or having an economic interest in the representation of persons other than the City.



## A. Advice and Counseling

### Employment of Relatives

The Ordinance prohibits City employees from “employing” or “advocating for employment” any “relative” of theirs in any City agency in which they serve or over which they exercise authority, supervision, or control.

The Ordinance also prohibits City employees from exercising “contract management authority” where any of their “relatives” are employed by or have contracts with persons doing City work over which they have or exercise that authority. And, it prohibits City employees from using or permitting the use of their positions to assist their relatives in securing or employment with persons over whom they exercise that authority. It specifies that if a “person” (including a business entity) over whom an employee exercises contract management authority contracts with or employs that employee’s relative within six months before or after or during the term of a City contract, that is evidence that the employee used his or her position to assist the relative in securing the contract or employment in violation of the Ordinance. Note: “Contract management authority” is defined as personal involvement in or direct supervisory responsibility for the formation or execution of a City contract.

#### Situation 1

A City department asks whether the Ordinance allows it to promote one of its employees from supervisor to manager. The department is concerned because two of the supervisor’s relatives are also employed in the department.

#### Resolution

The Ordinance does not prohibit the appointment or promotion of this supervisor, or of any other City employee, to any position. However, it does prohibit City employees from “employing” any relative in departments in which the employees exercise control. To “employ” relatives refers not only to hiring relatives, but also more broadly to the “ongoing supervision” of relatives, including conducting, taking part in, approving or attempting to influence performance evaluations, promotions, salary increases, approval of overtime, administrative or sick leave, disciplinary hearings or daily work assignments, etc., whether in “direct” (boss/subordinate) reporting relationships, or “indirect” ones (where more than one supervisory level exists between the supervising employee and the relative). Thus, the department is not prohibited from promoting this employee, but the newly promoted manager is prohibited from taking part in or influencing any other actions or decisions related to the hiring or supervision of his relatives.

#### Situations 2, 3 and 4 are based on the following fact situation:

A City employee’s wife is employed by a professional services company (company “W”) and serves as its Chief Operating Officer. She also has a ten percent ownership interest in W. (Note: “wife” is included in the Ordinance’s definition of “relative.”)

#### Situation 2

Company W enters into a consulting agreement with another firm (firm “K”) to assist K on K’s contract with a suburban municipality. K also has contracts with the City (W does no work under these contracts). Does the Ordinance prohibit this employee from exercising management authority over K’s City contracts?

#### Resolution

Under the Ordinance, the employee would not be prohibited from exercising contract management authority over K’s City contracts (provided, of course, that W, his wife’s company, does no work under these contracts). The Ordinance prohibits him from exercising management authority over City work if the person doing that work—here, K—either “employs” or “contracts with” his wife. In this situation, even though K has a contract with W, K has not “employed” or “contracted with” his wife, because: 1) W, not his wife, entered into the contract with K; 2) his wife is only a ten percent owner of W, and this percentage of ownership

## A. Advice and Counseling

is not sufficient for the Board to conclude that she controls W to the extent that a contract with W is, in effect, a contract with her; and 3) in her capacity as W's Chief Operating Officer (or as any employee of W), her legal obligations are to W, not to K. For these reasons, K is not contracting with or employing this City employee's wife. Therefore, the Ordinance does not prohibit him from exercising management authority over K's City contracts as long as W, the company that does employ and contract with his relative, is not involved in those contracts.

**Situation 3** W enters into a sub-contract with K on K's City contract. Then, W enters into a separate City contract directly. Does the Ordinance prohibit this employee from exercising management authority over any or all of K's City contracts? Over W's City contract?

**Resolution** The Ordinance prohibits this employee from exercising management authority over any City contract that involves work performed by W. This is so because, under the rationale explained in Situation 1, above, W (not K), is the person that employs and contracts with his wife. Therefore, the Ordinance would not prohibit him from exercising management authority over any of K's City contracts on which W does no work, as, for example, a sub-contractor or consultant. However, the Ordinance clearly does prohibit him from exercising management authority over any contract that the City has directly with W, because W is the person that employs and contracts with his wife.

**Situation 4** The same City employee's wife increases her ownership stake in W to fifty percent. She continues to be W's Chief Operating Officer. W enters into a consulting agreement with another firm (firm "R") to assist R on its contract with a suburban municipality. R also has City contracts (W does no work under these contracts). Does the Ordinance prohibit this employee from exercising management authority over R's City contracts?

**Resolution** Yes. Because his wife is a 50% owner, he now would be prohibited from exercising management authority over any of R's City contracts, regardless whether W, his wife's company, is a consultant or sub-contractor on those contracts. This is so because his wife's fifty percent ownership interest in W is sufficiently controlling for the Board to conclude that R's contract with W is, in effect, R's contract with her personally. Thus, under the Ordinance, this employee is prohibited from exercising contract management authority over any project where City work is being performed by R, because his wife "is employed by" and "contracts with" R by virtue of her fifty percent ownership stake in W.

## Financial Interests Disclosure

Article 2 of the Ordinance requires certain City employees and officials to file Statements of Financial Interests each year. On these Statements, they must disclose information about their outside business interests, among other things. Two questions on the form require disclosure with respect to the filer's spouse: they ask whether the spouse, or any entity in which the spouse has a "financial interest" (defined as any interest representing more than 10% of the entity) received compensation of \$5,000 or more for services rendered to a person "doing business" with the City or its "sister agencies" such as the Board of Education ("doing business" being defined as \$10,000 or more in sales, purchases, leases or contracts to or from the City or its sister agencies in a twelve-month period).

**Situation** A City employee's husband is an attorney who practices law in his own name as an unincorporated sole practitioner. He received over \$10,000 in 2000 from the City through a City contract under which he serves as a part-time City hearing officer. The employee asks whether she must disclose her

## A. Advice and Counseling

husband's City contract in questions number 4 and 5 on her 2001 Statement of Financial Interests that require disclosure if her spouse (or any entity in which her spouse had a financial interest) received compensation of more than \$5,000 for professional, business or other services rendered to a person doing business with the City.

**Resolution** No, she is not required to disclose this contract in responding to either question. Her husband rendered his professional services directly to the City, not to a law firm or professional corporation. Thus, in his capacity as a City contractor, he does not provide services to a person doing business with the City, and disclosure of the contract on her form is not required in number 4. And, as there is no entity in this situation in which her husband has a financial interest that received compensation or provided services to the City, she is not required to disclose the contract in question number 5 (pertaining to compensation received by an entity in which the filer's spouse has a financial interest).

## Gifts/Acceptance of Business Travel Expenses

The Ordinance prohibits offering, giving, and accepting anything of value based on a mutual understanding that the receiving City employee's or official's City decisions or actions would be influenced. It also prohibits persons with an economic interest in specific City business or transactions from giving cash or gifts to any City officials or employees whose decisions or actions may substantially affect those transactions, and prohibits these officials or employees from accepting such gifts, though this prohibition does not apply to an occasional non-monetary gift of nominal value (less than \$50).

**Situation** A Deputy Commissioner asks whether the Ordinance prohibits an offer for airfare, food and lodging expenses from one of the department's vendors. The proposed trip is for two departmental employees to travel to the vendor's plant to evaluate its production facilities. The employees would leave on Monday morning and return the evening of the next business day (Tuesday). The vendor's contract is up for renewal within two months from the travel date, and these two employees are involved in the decision whether to renew the contract. According to the Deputy, the tour would provide critical technical information concerning the vendor's capabilities and quality control, and the department views this tour as important enough that it would otherwise send the employees at City expense.

**Resolution** Under these facts, acceptance of these expenses would not constitute acceptance of prohibited gifts under the Ordinance, and the employees may take the trip as offered. The reasons for this are: 1) all the expenses offered by vendor are directly related to the business purpose of the trip and therefore serve to benefit the City rather than the employees personally; 2) given that the expenses are limited to the trip's business purpose, the conclusion is that the offer has not been made in exchange for these employees' willingness to influence City decisions concerning the vendor's City business; and 3) the trip will provide needed information for the department to make its renewal decision. However, except for the stated travel expenses, the Ordinance does prohibit these employees from accepting any gift or item valued at \$50 or more, or cash in any amount, from this vendor.



## A. Advice and Counseling

### Lobbying

Article 3 of the Ordinance (as amended in 2000) defines “lobbyist” as any person who, on behalf of any person other than himself, or as any part of his duties as an employee of another, undertakes to influence any legislative or administrative action, including but not limited to: the preparation of contract specifications; the solicitation, award or administration of a contract; the award or administration of any agreement involving the disbursement of public monies; or any other determination made by a City official or employee with respect to the procurement of goods, services or construction. However, a person is not deemed to have undertaken to influence any legislative or administrative action solely by submitting an application for a City permit or license or by responding to a City request for proposals or qualifications. The Ordinance also requires lobbyists to register with the Board (with certain limited exceptions) and prohibits any person from retaining or employing or acting as a lobbyist for compensation contingent in whole or in part upon the approval or disapproval of any administrative matter.

#### **Situation**

A sales representative meets with City employees to discuss new items from manufacturers whose products he is authorized to sell. The sales representative is “cold calling,” meaning that there is no City Request for Proposals to which he is responding. His compensation for his efforts is paid fully by the company whose product he sells; it is a sales commission, and he receives no compensation unless a sale is made. He asks whether, by virtue of these actions, he is a lobbyist, and whether he must register as one under the Ordinance. If so, he asks, is his compensation from the manufacturer a contingent lobbying fee?

#### **Resolution**

Because his contacts were made on behalf of another (namely, the manufacturer whose products he is authorized to sell), and were undertaken to influence administrative action (namely, a determination to be made by City employees to recommend and create—or not to recommend or create—a contract for the City’s procurement of the products discussed), this sales representative has acted as a lobbyist, and is therefore required to register as one. Further, if the City does not issue a Request For Proposals, but instead elects to purchase products directly through him, and he receives his compensation as a sales commission (that is, he is paid by the manufacturer if and only if the City determines to and does purchase a particular company’s products through him), that commission is a prohibited contingent lobbying fee, and both he and the manufacturer would violate the Ordinance.





## B. Education and Training

Education and training of City employees, officials and the public about the requirements of the City's Code of Conduct (Article 1 of the Governmental Ethics Ordinance) and the other requirements in both that Ordinance and the Campaign Financing Ordinance plays a critical role in the Board's work. The Board's conducts a variety of training classes and issues a wide array of publications.

### Mandatory Ethics Training

The Governmental Ethics Ordinance requires all aldermen, aldermanic staff, City Council Committee staff and senior executive service employees of the City to attend ethics training every four years. Those who fail to attend by the prescribed date are subject to a \$500 fine. Individuals who subsequently enter City service in those positions must attend ethics training within 120 days of becoming a member of one of these categories, and then again every four years. To fulfill its legal obligations, the Board identifies persons required to attend, notifies them of their requirement, schedules them for classes, and confirms their attendance or non-attendance in writing. During the past reporting year, the Board offered two classes per month for these individuals, and over 500 persons attended.

### Other Training Offerings

The Board also offers other training opportunities for City employees and departments, and conducts classes for departments or bureaus upon request. The Board and its staff are available to consult with City departments on any matter. This past reporting year, training offered by the Board included:

ten customized classes covering the Governmental Ethics and Campaign Financing Ordinances held for City departments and offices as requested;

two classes offered through the Department of Personnel's Consulting and Training Division;

semi-annual presentations at the Intergovernmental Executive Development program;

quarterly presentations to hundreds of newly hired City employees at new employee orientation sessions; and

five presentations to visiting dignitaries and officials from foreign countries, including the Peoples' Republic of China, the Republic of Belarus and Brazil.

#### NOTE:

Complete and current texts of the Governmental Ethics and Campaign Financing Ordinances are available directly from the Board, and on the Internet at:

[www.cityofchicago.org/Ethics](http://www.cityofchicago.org/Ethics)

### Publications

As part of its educational program, the Board publishes and distributes a variety of publications summarizing aspects of the Ordinances of particular concern, including campaign financing, lobbying, and a guide for aldermen. This reporting year, the Board posted copies of various educational materials on its website, and distributed over 10,000 copies of the tenth and eleventh editions of **THE CITY ETHICS UPDATE**, its newsletter. All of these publications are also available upon request.

## C. Regulation, Compliance and Enforcement

### 1. Campaign Financing

The City's Campaign Financing Ordinance limits the amount of money that: 1) lobbyists registered with the Board; 2) persons who, within the last four political reporting years, have done business with the City or one of its sister agencies; and 3) persons seeking to do business with the City or a sister agency, may contribute during a political reporting year (July 1 through June 30) to candidates for elected City office, elected City officials, and City employees and officials seeking election to any other office.

The Board monitors contributors' compliance with these limitations by reviewing campaign financing disclosure reports filed in compliance with state law by candidates' political committees. These reports are filed with the County Clerk's office. The Board compares these reports against City contract records and matters referred to City Council and/or Council Committees. In this reporting year, the Board reviewed over 1,600 pages of disclosure reports and over 55,000 pages of City Council and committee matters. As a result, the Board initiated 13 investigations and 10 preliminary inquiries into possible violations by campaign contributors. Three of the preliminary inquiries were dismissed based on information obtained subsequently; the other 7 resulted in investigations, for a total of 20 campaign financing investigations commenced by the Board. In all 20 cases, the Board's investigation resulted in determinations that the contributors had exceeded the Ordinance's contribution limitations. As of July 31, 2001, corrective action had been achieved in 18 of the 20 cases; in the other 2, corrective action had been initiated but not yet achieved.

### 2. Lobbyist Registration and Activity

The Board of Ethics redesigned all of the lobbyist forms in the Spring of 2001, and these forms were first used for the semi-annual lobbyist reporting period that ended in July 2001.

The Board of Ethics regulates certain persons who lobby City government. Article 3 of the Ethics Ordinance (amended in June 2000) requires all lobbyists to register with the Board each January 20, and file reports about their lobbying activities with the Board each January 20 and July 20.

In these filings, lobbyists are required to identify their lobbying clients, list their lobbying-related compensation and expenditures, list which City agencies they lobby, list which legislative and administrative actions are the focus of their lobbying activity, and provide itemized lists of gifts they have given to City officials and employees.

In accordance with state law and the Governmental Ethics Ordinance, all lobbyists' filings are available for public inspection and duplication. The Board of Ethics maintains lobbyist filings for seven years following the date of filing.

#### Who is registered?

#### Registration Statements.

There are currently 256 lobbyist registration statements on file for the year 2001. These statements identify the 256 lobbyists (and the 271 individuals associated with or employed by these 256 lobbyists), who declared their intention to lobby on behalf of clients in 2001.

## C. Regulation, Compliance and Enforcement

### Activity Reports.

In January 2001, 269 lobbyists filed reports covering their lobbying activities for the last six months of calendar year 2000; and in July 2001, 246 lobbyists filed reports covering their lobbying activities for the first six months of 2001. The reports show that the majority of registered lobbyists are law firms, public relations firms, and employees of companies or organizations who lobby on behalf of their employers.

### Lists of lobbyists and their clients.

The Board maintains a current list of registered lobbyists and their clients on its Website. The list is updated regularly. Twice each year, the Board compiles written lists of currently registered lobbyists and their clients. To assist City employees and officials who interact with lobbyists, the Board forwards hard copies of these lists to those most likely to be lobbied. The Board also makes these lists available to the public. To request a copy, or to receive these materials regularly, please call the Board at 312-744-9660.

### **Lobbying-related expenditures and compensation**

On their semi-annual activity reports, lobbyists must disclose lobbying-related compensation they have received from their clients, and lobbying-related expenditures that they made or charged to their clients. Reports show that the total amount of lobbying-related compensation registered lobbyists received from their clients was \$6,027,700 for the last six months of 2000 ("1<sup>st</sup> period"), and \$5,406,925 for the first six months of 2001 ("2<sup>nd</sup> period"). 135 lobbyists reported that they received no lobbying-related compensation in the 1<sup>st</sup> period, and 118 reported that they received no lobbying-related compensation in the 2<sup>nd</sup> period. The reports also show that the total amount of lobbying-related expenditures paid by lobbyists or charged to their clients was \$151,611 in the 1<sup>st</sup> period, and \$249,563 in the 2<sup>nd</sup> period. (Note: The value of some expenditures reported may also be included in the total amount of gifts given by lobbyists.)

### **Gifts reported by lobbyists**

On their semi-annual activity reports, lobbyists must provide itemized lists of gifts they have given to City employees and officials during the reporting period. Filed reports show that, during the 1<sup>st</sup> semi-annual reporting period, 9 lobbyists gave 121 gifts to 95 City employees and officials, and that the total value of all gifts given was \$14,482. During the 2<sup>nd</sup> semi-annual reporting period, 13 lobbyists gave 59 gifts to 51 City employees and officials, and the total value of all gifts given was \$15,186. (Note: The value of some gifts given by lobbyists may also be included in the total amount of expenditures reported.)



## C. Regulation, Compliance and Enforcement

### Clients and business interests represented by lobbyists

The Governmental Ethics Ordinance requires registered lobbyists to disclose the name and business interests of all clients on whose behalf they lobbied during the six months prior to filing their semi-annual activity reports. The following table shows the number of clients, by the clients' business interests, who were represented by lobbyists during both the 1<sup>st</sup> and 2<sup>nd</sup> periods.

Client's Business Interests	Number of Clients Represented	
	<u>1st Period</u>	<u>2nd Period</u>
Real estate	431	353
Hospitality	70	56
Retailing	50	46
Manufacturing	67	53
Transportation	45	45
Engineering/Technology	86	88
Health care	27	28
Trade/Professional Associations	27	25
Education	36	35
Financial institutions	51	46
Public utilities	27	29
Social services/Public interest	17	20
Waste management/Recycling	7	5
Insurance	7	7
Governmental units	4	4
Religious organizations	13	9
Public relations/Advertising	10	11
Distribution/leasing	10	2
Media	7	6
All others	65	56

**Table III**  
Types of Business Interests Represented by Lobbyists

Table III shows the number of clients, by the clients' business interests, who were represented by lobbyists during both the 1<sup>st</sup> and 2<sup>nd</sup> periods.



## C. Regulation, Compliance and Enforcement

### The City agencies most lobbied

Registered lobbyists must list the City agencies they lobbied on behalf of their clients during the six months prior to filing their semi-annual activity reports. Filings show that, for the twelve-month period ended June 30, 2001, the City agencies lobbied the most were the City Council, the Department of Planning & Development, the Department of Zoning, and the Mayor's Office.

**Table IV  
Lobbyists and  
Their Clients, by  
City Agency**

Table IV shows, for both periods, the number of lobbyists who reported activity before the 12 City agencies and departments that were the subject of the most lobbying activity. The table also shows the number of clients these lobbyists represented before those agencies and departments in each period.

City Agency	Number of Lobbyists Reporting Activity		Number of Clients They Represented	
	1st Period	2nd Period	1st Period	2nd Period
City Council/ Committees	79	75	294	231
Planning & Dev.	60	60	259	266
Zoning	28	25	81	112
Mayor's Office	37	26	94	76
Revenue	18	15	47	35
Law	19	25	76	79
Buildings	29	23	49	51
Transportation	33	32	71	64
Aviation	30	29	61	70
Budget/Management	10	8	9	10
Environment	23	24	23	31
Water	13	15	13	21

### 3. Statements of Financial Interests

Certain City employees and officials are required to file Statements of Financial Interests with the Board of Ethics each spring, in accordance with Article 2 of the Governmental Ethics Ordinance. The Board distributes, collects, and reviews these Statements for compliance with the Ordinance.

During this past reporting year, over 6,900 City employees and officials were required to file Statements of Financial Interests. Most were required to file with the Board by May 31, 2001, or be in violation of the Ordinance. Of those required to file by May 31, individuals who filed after May 1, 2001 were also required to pay the \$20 late filing fee mandated by the Ordinance. During the reporting year, the Board collected \$3,780 in late filing fees.

## C. Regulation, Compliance and Enforcement

As of July 31, 2001, there remained 4 individuals required to file Statements of Financial Interests who had not done so by the relevant deadline. The Board initiated investigations in these instances.

In accordance with state law and City Ordinance, Statements of Financial Interests filed with the Board are available for public review and inspection, upon written request. (See Section III. D., on page 21, for more information.) In accordance with state law, the Board keeps these Statements for seven years after they are filed.

## 4. Complaints, Preliminary Inquiries and Investigations

Under both the Governmental Ethics and Campaign Financing Ordinances, the Board has authority to initiate and receive complaints of alleged violations, to conduct investigations and inquiries into alleged violations, and, if the Board determines that a violation has occurred, to recommend or impose appropriate sanctions or corrective action. All Board complaints, inquiries, investigations, reports and recommendations are subject to the confidentiality requirements of the Ordinances.

### **Complaints.**

During the reporting year, the Board received 7 formal complaints. As required by law, the Board reviewed each to determine if there was reasonable cause to initiate an investigation into the allegations. Of the 7 complaints, one alleged a violation of the Ordinance's prohibition on the employment of relatives; one alleged a failure to make a required financial interest disclosure; and the other five raised issues outside the jurisdiction of the Board. The latter 5 were dismissed for lack of jurisdiction. However, where possible, the Board referred the complainant to other appropriate persons or agencies. The other two complaints were, upon review, dismissed for failure to establish reasonable cause.

### **Preliminary Inquiries.**

Each year the Board reviews the information disclosed on certain public documents filed with the Board by City officials, City employees and registered lobbyists. These documents include Statements of Financial Interests, Aldermanic Disclosures, and Lobbyist Registration Statements and Activity Reports. This reporting year, the Board commenced and concluded 7 preliminary inquiries into possible violations of the Financial Interest in City Business provisions of the Ordinance based on its review of the contents of Statements of Financial Interests filed with the Board by City officials and employees. One additional preliminary inquiry was initiated during the reporting year based on the Board's review of Lobbyist Statements of Registration and Activity Reports filed with the Board. That inquiry was ongoing as of July 31, 2001. No preliminary inquiries were initiated during the reporting year based on the Board's review of Aldermanic Disclosures filed with the Board.

Each year the Board also reviews disclosure reports filed with the County Clerk's office by candidates' political committees to ensure that contributors who are subject to the Campaign Financing Ordinance's limitations on campaign contributions have complied with the law. This reporting year, the Board initiated and concluded 10 preliminary inquiries into possible violations of the Ordinance. (See Section III.C.1, on page 14).



## C. Regulation, Compliance and Enforcement

During the reporting year, the Board also initiated 10 preliminary inquiries involving City employees or officials who failed to file their Statements of Financial Interests, as required. As of July 31, 2001, compliance was achieved in 6 of the 10 matters.

### Investigations.

During the reporting year, the Board initiated 20 campaign financing investigations. In all 20 cases, the Board's investigation resulted in a determination that the contributor had exceeded the contribution limitations of the Ordinance. As of July 31, 2001, corrective action had been achieved in 18 of the 20 cases; in the other 2, corrective action had been initiated but not achieved. During the reporting year, the Board also initiated and concluded 6 investigations of employees who failed to file their Statements of Financial Interests in the prior reporting year. Finally, during this reporting year, the Board initiated one investigation relating to an alleged violation of the Ordinance's Code of Conduct, and concluded another that had been commenced in the prior reporting year.

**Table V**  
**Subject matter of complaints and investigations**

This table shows the subject matter of complaints received, preliminary inquiries conducted, and investigations commenced and concluded by the Board during the last reporting year.

Subject Matter	Formal Complaints Received	Preliminary Inquiries Conducted	Investigations Commenced	Investigations Concluded
Prohibited Conduct				1
Post-Employment			1	
Lobbyist Contingency Fee		1		
Financial Interest in City Business		7		
Financial Interest Disclosure	1	10	6	6
Campaign Financing		10	20	18
Employment of Relatives	1			
No Jurisdiction	5			
<b>Total</b>	<b>7</b>	<b>28</b>	<b>27</b>	<b>25</b>



## C. Regulation, Compliance and Enforcement

### 5. Executive Order 97-1 Disclosures

Mayoral Executive Order 97-1, effective December 1, 1997, also imposes restrictions on the conduct of employees in all executive departments, the Mayor's Office, the Mayor's security detail and City department heads. It requires them each year to disclose in writing their spouses' ownership interest in any entity that contracts with persons doing City business.

In this past reporting year, the Board published the disclosure form (both in "hard copy" and on the Internet), coordinated its distribution to the approximately 23,000 married City employees, collected the returned forms, and referred to the Law Department those requiring further review. During the reporting year, 23 City employees filed written disclosures that required further review.

### 6. Aldermanic Disclosures

The Conflicts of Interest provision of the Governmental Ethics Ordinance requires aldermen to make disclosures with the Board of Ethics with respect to certain matters pending before the Council or Council committees. As provided by law, the Board reviews, maintains and makes these disclosures available for public inspection upon request. In the reporting year ended July 31, 2001, the Board received 32 such disclosures, covering 138 separate pending matters or items. The Board also regularly reviews Council records and other documents to ensure compliance with the law.





## D. Public Document Examination

In accordance with state law and City Ordinance, Statements of Financial Interests, aldermanic disclosures, advisory opinions and lobbyist filings maintained by the Board of Ethics are available for public examination and duplication.

During the reporting year, the Board received 2 requests to examine 6 Statements of Financial Interests filed by 3 individuals, 2 requests to examine aldermanic disclosures, and 9 requests to examine a total of 29 filings of 20 lobbyists and individuals.

Also during the reporting year, a requester appealed the Board's denial of its request to examine documents relating to a Board investigation. The Board had denied the original request, made during the prior reporting year, on the basis that the documents sought were exempt from examination under the Illinois Freedom of Information Act. The denial was upheld on appeal by the head of the public body.

# FOR MORE INFORMATION

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Staff members of the Board of Ethics are available to handle your requests for information or answer your inquiries about the Board, or about the requirements of the City's Governmental Ethics or Campaign Financing Ordinances. To reach us, you can call 312-744-9660 (TT/TDD 312-744-5996), send us a FAX at 312-744-2793, or an email at **[feedback@cityofchicago.org](mailto:feedback@cityofchicago.org)**.

To obtain an advisory opinion or guidance about a specific situation, or to file a complaint, please contact **Dorothy J. Eng, Executive Director**, or write or stop in to the Board's office:

**CITY OF CHICAGO BOARD OF ETHICS**  
**740 North Sedgwick, Suite 500**  
**Chicago, Illinois 60610**

Also, please visit our web site: **[www.cityofchicago.org/Ethics](http://www.cityofchicago.org/Ethics)**

Complete texts of the Governmental Ethics and Campaign Financing Ordinances, profiles of Board members, the current list of registered lobbyists and their clients, blank downloadable copies of all forms required to be filed with the Board, the Board's latest Annual Report and newsletter and other helpful information are available there.