

MEH

C O N F I D E N T I A L

December 10, 1990

[REDACTED]

City of Chicago
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Board of Ethics

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Suite 530
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Re: Case No. 90057.A

Dear [REDACTED]

[REDACTED] you telephoned the staff of the Board of Ethics regarding to a loan you had been seeking from the Department of Housing (DOH). You had been working toward securing the loan for nearly a year but had recently been told by the DOH that, as a City employee, you were not eligible for the loan. As instructed by us, you followed up your telephone call with a letter received by us [REDACTED]

The Board has determined that, pursuant to the Governmental Ethics Ordinance, as a City employee you are not eligible for the loan you were seeking from the Department of Housing.

FACTS: Briefly, your situation as we know it is as follows. In 1989, [REDACTED] you purchased an 11 unit building with the intention of rehabbing it. The building [REDACTED] consists of nine apartments and two commercial units. Shortly before you purchased the building, you contacted the DOH to inquire about funding available for rehabilitation. Your contact at the DOH was INDIVIDUAL A. [REDACTED]

INDIVIDUAL A informed you that the building you wished to purchase, excluding the two commercial units, met the guidelines of the MULTI loan program and that you were a good candidate. Under this program, conventional loan money must at least match the City money loaned. At the time that you first contacted the DOH, you were working for the City. [REDACTED]

INDIVIDUAL A gave you an application and an information package about the MULTI loan and instructed you to get bids on the work to be done, to locate the conventional funding needed to match the MULTI loan funds, and to fill out the necessary forms. Thus far, you have not filed any forms with the DOH. In the meantime, you had been seeking the additional conventional funding which



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the MULTI program requires. You spent several months researching different lending institutions, all the while maintaining contact with INDIVIDUAL A in the DOH. You were urged to seek private funding first, before filing an application with the DOH, since final processing would have to wait for securing such private funding anyway. You finally chose [REDACTED] a mortgage banking firm that provides financing for acquiring and rehabilitating multi-unit housing in Chicago. You determined that you would need a total of [REDACTED] for the rehabilitation costs.

Shortly thereafter, in mid-1990, [REDACTED] you learned that you might not be eligible for the MULTI loan due to your employment with the City. You contacted INDIVIDUAL A who confirmed that City employees were not eligible for City loans equal to or exceeding \$5,000.

LAW: The relevant section of the Ethics Ordinance, § 2-156-110 (prior code § 26.2-11), states:

No elected official or employee shall have a financial interest in his own name or in the name of any other person in any contract, work or business of the City or in the sale of any article, whenever the expense, price or consideration of the contract, work, business, or sale is paid with funds belonging to or administered by the City, or is authorized by ordinance.

Financial interest is defined as (i) any interest as a result of which the owner currently receives or is entitled to receive in the future more than \$2,500 per year; (ii) any interest with a cost or present value of \$5,000 or more; or (iii) any interest representing more than 10% of a corporation or other legal entity organized for profit. (§ 2-156-010(1), prior code § 2.26-1(1))

Under the Ordinance, as a City employee, you are ineligible to receive a MULTI loan from the DOH for your building. The Board has addressed this issue in a previous case (No. 89121.A). While the MULTI loan is funded by the federal government, the DOH administers the loan and makes the decisions on loan awards. Therefore, it falls under the category of City business paid for with funds administered by the City. Since the loan you need would be well over \$5,000, it would constitute a financial interest in City business.

In other previous cases (Nos. 90028.A, 90029.A, 90033.A, 90040.A, 90062.A) City employees have been allowed to continue in programs that constituted a financial interest in City business because they had already expended considerable effort and money in the

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programs. In your case, the building for which you seek funding is an investment property rather than your private residence. While you have expended time and effort, it is difficult to point to any sum of money that you have lost or will lose as the direct result of being denied the MULTI loan. Therefore, the Board does not believe that it would be justified to allow you to participate in the MULTI loan program.

We have enclosed a sheet which sets forth the Board's procedural rules after it renders a decision. If you have any questions, please feel free to contact us.

Very Truly Yours



Albert Hofeld
Chairman

enclosure

90057.L2

NOTICE OF RECONSIDERATION AND RELIANCE

Reconsideration: This advisory opinion is based upon the facts which are outlined in this letter. If there are additional material facts or circumstances that were not available to the Board when it considered this case, you may request reconsideration of the opinion. A request for reconsideration must (1) be submitted in writing, (2) explain the material facts or circumstances which are the basis of the request, and (3) be received by the Board of Ethics within fifteen days of the date of this letter.

Reliance: This advisory opinion may be relied upon by (1) any person involved in the specific transaction or activity with respect to which this opinion is rendered and (2) any person involved in any specific transaction or activity which is indistinguishable in all its material aspects from the transaction or activity with respect to which the opinion is rendered.