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

1994

Re: Case No. 94028.0
Financial Interest in City Business

Chicago, IL

Dear

You are a city of Chicago employee, and own 25% of "C" (company), a company that cleans vertical and horizontal blinds. The company's other three owners are your wife, your partner, and his wife. You said that each of the four owners takes an active part in the management of the company. On 1994, you phoned our office to ask whether, under the city's Governmental Ethics Ordinance, C can bid for and receive city contracts.

Section 2-156-110 of the Ethics Ordinance prohibits a city employee from having a financial interest in city business or city contracts--namely, business or contracts that are paid with funds belonging to or administered by the city. It states, in relevant part:

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.

The term "financial interest" is defined in relevant part as any interest with a cost or present value of \$5,000 or more (§ 2-156-010(1)(ii)).

The Board has held that, under this section, a city employee, or a company owned by a city employee, may have a contract with the city as long as the employee's interest in the contract is less than \$5,000. A city employee's interest in a contract is



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measured by the amount of the contract pro rated by the percentage of the city employee's ownership in the company. Therefore, your company may bid on and receive a city contract if and only if no city employee has an interest of \$5,000 or more in the contract.

Because you are a city employee with outside employment, please note that the following additional provisions of the Ordinance also apply: Sections 2-156-030, "Improper Influence," and 2-156-080, "Conflicts of Interest," prohibit you from participating in or trying to use your city positions to influence any city decision or action affecting your company. Additionally, section 2-156-020, "Fiduciary Duty," requires you to exercise professional judgments free from outside influences or conflicting duties to another entity. It also prohibits you from using city time for your non-city job or for any private benefit. Section 2-156-060, "City-owned Property," prohibits you from using any city property or resources in your non-city employment or for your company's benefit. Finally, section 2-156-070, "Use or Disclosure of Confidential Information," prohibits you from using or revealing confidential information you may have acquired during the course of your city position.

The provisions of the Ordinance relevant to your situation do not prohibit you from having contracts with independent municipal corporations, such as the Chicago Park District, the Chicago Transit Authority, the Chicago Housing Authority, the Chicago Board of Education, or the City Colleges of Chicago, since these are separate entities from the city. These provisions also do not prohibit you from having contracts with county, state, or federal agencies.

Please note that other laws or rules also may apply to this situation, and that a city department may adopt restrictions that are more strict than those imposed by the Ethics Ordinance.

For your convenience we have enclosed a copy of the Ordinance.

We appreciate your willingness to bring this matter to our attention and your willingness to abide by the standards embodied in the Ethics Ordinance. If you have any further questions about this or any matter, please do not hesitate to contact us.

Sincerely,
St. J. Berlin
Steven I. Berlin
Deputy Director

approved by:

[Signature]
Dorothy J. Eng
Executive Director

enclosure

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