

Gifts/Sales Promotion

September 30, 1998

CONFIDENTIAL

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Re: Magic Kingdom Club; Case No. 98048.Q

Dear [],

You are the Director of Personnel in the City's [Department 1]. On September 14, 1998, you sent a written inquiry to the Board of Ethics asking whether, under the Ethics Ordinance, the department can participate as a chapter in Walt Disney's Magic Kingdom Club (the "Club"), and whether participating departmental employees can receive Club identification cards.

In October 1995, you inquired about restrictions the Ethics Ordinance would impose if your City department (then [Department 2]) became a Club chapter. You told staff then that neither the Club nor any Disney entity had contracts or business pending or ongoing with the department. The Board advised you, in Case No. 95037.Q, of the limitations of Section 2-156-040 of the Ordinance and of the sales promotion exception to that section, which applied to the Club's offer because it was: 1) extended to a market of similarly situated persons—all organizations with over 500 employees (such as your department); and 2) made with the expectation of a return—increased business at Disney facilities—and thus was an exchange transaction, not a gift. Again, in December 1997, you asked whether the 1997 amendments to the Ethics Ordinance affected that department's continued membership in the Club. You said that the facts remained unchanged, and thus the Board advised you, in Case No. 97060.Q, that the Club's offer was still an acceptable sales promotion.

You ask now whether the advice given in these two previous cases also applies to your current department, [Department 1]. You told staff that neither the Club nor any Disney entity has contracts or business pending or ongoing with [Department 1], and that the department has over 500 employees. Based on the reasoning contained in the prior cases cited above, Board staff concludes that, to the extent that the conditions described here and in the prior cases remain true, the [department] may, under the Ethics Ordinance, participate as a chapter in Walt Disney's Magic Kingdom

Club, and its employees can receive Club identification cards, as the offer is still an acceptable sales promotion.

Please be advised that staff's conclusion is based solely on the application of the City's Governmental Ethics Ordinance to the facts stated in this letter. Other laws, rules, regulations or policies may apply to the situation. If any facts as stated in this letter are incorrect or incomplete, please advise us, as a change may affect our conclusion. We appreciate your inquiry and your department's concern to abide by the standards of the Ethics Ordinance. Please contact us if you have any questions.

Very truly yours,

Steven I. Berlin
Deputy Director

Approved by:

Dorothy J. Eng
Executive Director

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