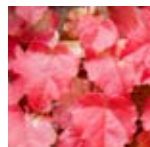
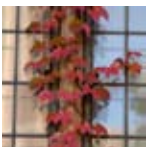


Board of Ethics



Annual Report 2008 – 2009



City of Chicago
Richard M. Daley, Mayor

Miguel A. Ruiz, Chair
Steven I. Berlin, Executive Director

BOARD MEMBERS

Miguel A. Ruiz, Esq., Chair

Partner, Pretzel & Stouffer, Chartered

Appointed 2002

Alison C. Chisolm

Development Director

Young Women's Leadership

Charter School

Appointed 2007

(through October 2008)

Michael F. Quirk

President

Christian Brothers Services

Appointed 1996

Thomas J. McCarthy, CPA

Manager

Michael J. Liccar & Co.

Appointed 2007

John L. Wilhelm, M.D.

Executive Director

Infant Welfare Society of Chicago

Appointed 2006

City of Chicago Board of Ethics

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Kimble**
Attorney/Investigator

Pauly Sepúlveda-Casillas
Staff Assistant

Edward Primer
Program Director

Doretha L. Jackson
Assistant to the Director

Jef Johnson
Special Projects Coordinator

Carolyn Bowens
Administrative Services Officer
(through December 31, 2008)

This Annual Report summarizes the activities of the Board of Ethics from August 1, 2008 through July 31, 2009 (the “reporting year”). It is issued pursuant to §§2-156-380(j) and 2-164-070(j) of the Municipal Code of Chicago.

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Chair's Report

In framing a government which is to be administered by men over men the great difficulty lies in this: You must first enable the government to control the governed, and in the next place, oblige it to control itself.

- Alexander Hamilton

I am pleased to present this 23rd Annual Report of the Board of Ethics. This past year was an exciting one for our small agency. Governmental ethics and campaign finance reform and transparency at the state level remain the talk of the day. We are keeping abreast of the latest developments. I am happy to report that, at the City level, we are undertaking several major initiatives that will dramatically increase the amount of information available to the public immediately: under the Mayor's direction, our agency will post, on the internet, all 2009 and 2010 Statements of Financial Interests filed with our office, about 11,200 per year. We are working to design an electronic filing system for these Statements as well, thereby streamlining the filing and review process, eliminating paper filings, and saving thousands of dollars in postage costs each year. In addition, we are working steadfastly on our on-line lobbyist registration and disclosure system, which will enable lobbyists to register on the internet, and the public to view their disclosures on the web as well.

In the meantime, our small agency continues to perform. The numbers in this report tell that story: confidential inquiries we received and handled rose again; the Board and the City achieved 100% compliance with the annual ethics training requirement for all aldermen and full-time employees: 35,776; we issued 168 reports and opinions during the reporting year.

But we have our challenges. In October 2009, the City Council amended the Governmental Ethics Ordinance to require all registered lobbyists to complete ethics training each year. Chicago is the first municipality to require this. Our small staff will be challenged in accomplishing that task, but I am confident it will be done in an educational, professional and even enjoyable fashion. The City Council is, at this writing, considering further amendments to enable on-line filing and retrieval of Statements of Financial Interests. The major technology projects in which the City is now investing will tax our agency's resources in the short-term, but long-term will provide major benefits for the City and its citizens. Like all City agencies, we are challenged to do less with more.

Given the dedication and resourcefulness of our staff and my fellow Board members, we will "get the job done" in a way that befits the trust placed in our agency by the City's workforce, elected officials and lobbyists. This business is all about trust, and I know that we will continue to work hard to merit yours.

Respectfully submitted,



Miguel A. Ruiz
Chair



The Board of Ethics

Now in its twenty-third year, the Board of Ethics was established as an independent City agency to administer and enforce the City's Governmental Ethics and Campaign Financing Ordinances. These laws were adopted by City Council in 1987 to help ensure that City officials and employees perform their public responsibilities impartially and do not use their public positions for private gain, and to foster public confidence in the integrity of City government. The Ordinances authorize the Board of Ethics to provide confidential advice, to design and conduct educational programs for City governmental personnel and others, to regulate lobbyists and campaign contributors, to distribute and maintain disclosures filed by City employees and officials, and to receive, refer or investigate complaints.

The Board's members and its Executive Director are appointed by the Mayor and confirmed by City Council. Board members serve without pay. They are independent and can be removed only for cause, with the written approval of remaining Board members. The Board meets monthly and is staffed by seven full-time employees, including its Executive Director. The agency's operating budget for fiscal year 2009 was \$605,942.

The Board's Program Areas

EDUCATION

The function of education is to teach one to think intensively and to think critically... Intelligence plus character – that is the goal of true education.

–Martin Luther King Jr.

One of the agency's critical responsibilities is informing City employees and officials, persons with or seeking City contracts, lobbyists and the public about the ethical standards expected by the Ordinances. The agency's goals are not only to reinforce the rules, but also to help City personnel recognize potential problems, and let them know where to seek advice in resolving them. Chicago is one of few jurisdictions in the country requiring its full-time employees (and aldermen) to complete annual ethics training. The Board designs and administers an on-line program, which it revises each year, and which is completed by the City's approximately 34,000 personnel. The Ordinance also requires about 10% of the City's workforce to attend quadrennial "face-to-face" ethics seminars designed and conducted by the Board.

These and the Board's other educational programs are summarized on pages 5-6 of this Annual Report.

ADVICE AND GUIDANCE

By law, the Board serves as an advisory agency, enabling those with questions about complying with the Ordinances to receive prompt, confidential guidance. During the reporting year, the Board handled 5,350 requests for information or specific advice. Requests are handled confidentially, in accordance with the provisions of the Ordinances. The agency's goal is to advise people how to prevent violations of the City's ethics laws and standards. Where appropriate, the Board consults and works with other departments to achieve this goal. If a person

discloses facts that indicate that the Ethics Ordinance or other laws could have been violated, then the Board and its professional staff determine how to advise or make recommendations to that person, or, if appropriate under the Board's governing laws, rules and regulations, take steps to commence, conduct or refer an investigation.

Lobbyist Ethics Training.

Pursuant to amendments to Article 3 of the Ordinance enacted by the City Council in October 2009, the City of Chicago will become one of the first jurisdictions in North America requiring all lobbyists to complete an annual ethics training course. The Board will begin this program when the law takes effect, on July 1, 2010.

All Board advisory opinions, recommendations, opinions, complaints, investigations and findings are confidential. The Board not only makes them in confidence, but also, by law, makes them in reliance upon those to whom they are transmitted to abide by or enforce them. The Board does not court the media or laud its results publicly, except as provided by law. It cannot, because to do so would betray both its law and its purpose.

More information about these activities can be found on pages 7-14 of this Annual Report.

REGULATION AND PUBLIC DISCLOSURE

“Sunshine is said to be the best of disinfectants,” famously wrote former Supreme Court Justice Louis D. Brandeis. Transparency in government is one of the cornerstones of a well-functioning democracy. To foster knowledge of and transparency in government, the Board makes available for public examination and duplication the documents listed below:

As of this writing, and at the explicit direction of the Mayor, the Board is working to post all 11,200 2009 Statement of Financial Interests filed with it on the City’s website, giving the public immediate and unfettered access to this information. Nearly every major jurisdiction in the United States requires certain personnel to file ethics disclosure statements each year, but Chicago will be one of the first with immediate internet availability of these forms. In the future, the Board will also post these Statements as well.

- Statements of Financial Interests filed annually by approximately one-third of the City’s workforce, many appointed City officials, the Mayor, Clerk and Treasurer;
- Disclosure forms filed by married employees pursuant to Personnel Rule XXIX;
- Disclosures filed by City Council members regarding pending matters;
- Disclosures filed by City employees and officials regarding gifts and miscellaneous recusals; and
- Registration statements and activity reports filed regularly by all 630 registered lobbyists.

More detailed information about these programs can be found on pages 5-19 of this Annual Report.

INVESTIGATION AND ENFORCEMENT

By law, the Board of Ethics is authorized to receive complaints and investigate alleged violations of the ethics and campaign financing ordinances by City employees, officials, contractors, lobbyists, campaign contributors and others. The Board:

- monitors contributions made to elected City officials and candidates for elected City office to ensure that contributors comply with the limitations imposed by the City’s Campaign Financing Ordinance;
- commences enforcement actions or investigations based on its audits of information reported in public filings of City employees, officials, registered lobbyists, candidates for elected City office, and contributors thereto; and
- receives, assesses and refers or investigates complaints, and recommends or implements appropriate corrective action or sanctions.

More detailed information on the Board’s investigation and enforcement activities can be found on pages 20-22 of this Annual Report.



A. Education and Training

The goal of all Board education programs is to promote integrity in City government by informing City employees, officials, contractors and others in advance about the requirements in and standards of conduct expected by the Governmental Ethics and Campaign Financing Ordinances. These programs are:

1. MANDATORY ANNUAL ETHICS TRAINING

Since calendar year 2006, the Governmental Ethics Ordinance has required all aldermen and full-time City employees to complete, each year, an ethics training program designed by the Board. More than 90% of the City's workforce completes this requirement through on-line programs developed and administered by the Board. The rest complete their training through a DVD based on this on-line program. The Board completely revises the program each year. The City has achieved 100% compliance with this requirement every year: in 2006, 37,643

completed the program; in 2007, 36,598 did; in 2008, 35,776. As of July 31, 2009, approximately 24,250 City employees and aldermen – about two-thirds of the City's workforce – had completed the 2009 program.

To achieve this consistently outstanding result – 100% compliance – the Board works closely with training administrators in every City department and aldermanic office. They provide invaluable assistance in ensuring that their personnel complete the training on schedule.

2. MANDATORY QUADRENNIAL ETHICS TRAINING

Since October 1997, the Governmental Ethics Ordinance has required about one-tenth of the City's workforce, all aldermen, aldermanic staff, City Council Committee staff and senior executive employees, to attend an ethics training seminar every four years. Persons failing to attend are subject to a \$500 fine. Upon entering City service in a position requiring attendance at ethics training, an employee or official has 120 days to attend, and then must attend again every four years. The Ordinance also mandates that the Board design and conduct training that will allow persons to satisfy this requirement. The Board identifies persons required to attend, notifies them in writing of their requirement, schedules them for classes, and confirms their attendance or non-attendance in writing. During the past reporting year, the Board conducted 25 classes for the 503 City employees and officials required to attend. To accommodate the larger number of City personnel who will need to attend training beginning in October 2009 (the 12th anniversary of when the requirement took effect), the Board revised its training film.

3. OTHER TRAINING

The Board designs and conducts other ethics training seminars or presentations for both City and non-City personnel – such as City contractors, visiting foreign government officials and dignitaries – upon request. This past reporting year, these included:

- 4 presentations to 31 visiting and government ethics officials from the Peoples' Republic of China and Indonesia; and
- 7 customized seminars presented to 724 City contractors (this represents a 13% increase in the number of contractors attending a Board of Ethics seminar as compared with the previous reporting year).

4. PUBLICATIONS

The Board publishes and distributes a variety of materials summarizing different aspects of the Ordinances, including campaign financing, lobbying, and a guide for aldermen. During this past reporting year, the Board created a new brochure for appointed City officials, and, with the cooperation of the Cable Television Division of the Mayor's Office, produced a new ethics training film for City employees.

All Board educational publications are posted on the agency's website; hard copies are available upon request.

5. DEPARTMENTAL ETHICS OFFICERS

Ethics Officers from every City department and aldermanic office assist the Board by directing their fellow employees to the Board to have their questions addressed. They also perform certain invaluable services: distributing to their employees written notices informing them of the Ordinance's post-employment restrictions, education requirements, outside employment restrictions, and the filing of Statements of Financial Interests. Forms used by departmental and aldermanic Ethics Officers are available on the Board's website, as is a list of current Ethics Officers and their contact information.

6. WEB-BASED TRAINING

In addition to the all-employee and aldermanic training programs that the Board produces and administers every year, two additional interactive electronic training programs are also available.

One covers the City's post-employment restrictions, and can be found at: <http://egov.cityofchicago.org/city/postEmploymentQuiz/index.jsp>

The other covers the restrictions the Ordinances impose on City contractors, and can be found at: www.cityofchicago.org/Ethics/Media/EthicsTrainingProgram.html.



B. Guidance and Casework

Everyday, the Board of Ethics provides information or confidential advice or opinions to City employees, officials, lobbyists, contractors, campaign contributors, and others on matters involving the City's Governmental Ethics and Campaign Financing Ordinances. The Board categorizes each request as either an "inquiry" or a "case."

1. INQUIRIES AND CASES

Inquiries

The Board handles as "inquiries" instances where persons contact the office and request information or confidential advice, but do not request or receive a formal written opinion specifically approved by the Board members. This past reporting year, the Board handled 5,350 inquiries. Most people who contact the Board request advice so that they can comply with the City's ethics and campaign financing laws; others have more general questions. As appropriate, Board staff provides general information or specific advice based on previously rendered written formal Board advisory opinions. All inquiries are handled in accordance with the confidentiality provisions of the Governmental Ethics and Campaign Financing Ordinances.

Cases

The Board handles as "cases" instances where persons contact the office and request written opinions or file written complaints, and instances in which the Board commences investigations or preliminary inquiries. The Board will, as appropriate, render a written opinion, formally approve advice given orally by Board staff, dismiss a complaint, or commence and conduct an investigation and then issue a report containing its determinations and recommendations. All "cases" are handled in accordance with the confidentiality provisions of the Governmental Ethics and Campaign Financing Ordinances.

This past reporting year, the Board approved oral or issued written advice in 32 cases, dismissed or referred 20 complaints, and issued 168 reports containing determinations or recommendations resulting from concluded investigations.

TABLE I: SUBJECT MATTER OF INQUIRIES / YEARLY COMPARISONS

Table I shows the subject matter of inquiries received and handled by the Board during the reporting years ending July 31, 2007 and 2009.

INQUIRIES RECEIVED/HANDLED FOR THE YEARS ENDED JULY 31			
Subject Matter	2007	2008	2009
Outside Employment	107	94	62
Post-Employment	79	97	128
Gifts/Travel/Honoraria	304	332	283
Interest in City Business	36	38	25
Campaign Financing	132	59	78
Lobbying Activity/Disclosure	439	584	702
Financial Interest Disclosure	2396	3135	2999
Political Activity	60	48	50
City Property	50	51	39
Fiduciary Duty	26	22	31
Conflicts/Improper influence	38	46	41
Money for Advice	24	21	14
Representation	22	38	16
Employment of Relatives / Domestic Partners	40	53	44
Confidential Information	14	9	9
General Information	76	79	82
No Jurisdiction ¹	73	130	140
Prohibited Conduct	9	8	6
Other	54	61	71
Classes / Education	693	447	497
Freedom of Information	61	25	33
Total	4733	5377	5350

¹Where possible, the Board refers these matters to other City, government, or private agencies.

TABLE II: SUBJECT MATTER OF CASES/ YEARLY COMPARISONS

Table II shows the number and subject matter of the cases resolved by the Board for the reporting years ending July 31, 2007, 2008 and 2009.

CASES RESOLVED^a FOR YEARS ENDING JULY 31			
Subject Matter	2007	2008	2009
Outside Employment	1	5	1
Post-Employment	16 ^b	10 ^c	8
Gifts/Travel/Honoraria	11	5	8
Interest in City Business	6	4	3 ^c
Campaign Financing	58 ^d	55 ^e	47
Lobbying Activity/Disclosure	26 ^f	3 ^g	36
Financial Interest Disclosure	35	200 ^h	162 ⁱ
City Property	5	25	1
Fiduciary Duty	4	1	4
Conflicts/Improper influence	3	2	2
Employment of Relatives / Domestic Partners	5	6	2
No Jurisdiction ^l	15	15	11
Political Activity	1	0	0
Ethics Education	1 ^k	0	0
Freedom of Information	1	0	0
Money for Advice	1	5	2

- a. As in past years, these figures include all cases in which oral or written advice or opinions were issued, and 1 case in which a request for an advisory opinion was withdrawn. It also includes 20 complaints dismissed and/or referred to other agencies, preliminary inquiries, and cases in which the Board issued written reports resulting from concluded investigations.
- b. This includes one complaint that the Board declined to investigate after determining that the alleged conduct was already under investigation by another City agency.
- c. This includes 1 withdrawn request for an advisory opinion.
- d. This includes 55 concluded investigations and preliminary inquiries pertaining to contributors' violations of the Campaign Financing Ordinance, and 1 case in which the Board rendered a written interpretation of the law, and 2 complaints received, investigated and closed, both involving allegations that candidates for elected City office had not filed their Statements of Financial Interests as required, 1 preliminary investigation, 5 cases in which the elected official brought the contributor into compliance without formal Board corrective action, 5 preliminary

- inquiries commenced but dismissed after the Board determined there was no violation of the Campaign Financing Ordinance.
- e. This includes 38 cases closed after corrective action was achieved, and 1 case brought as a result of preliminary investigation, 5 cases in which the elected official brought the contributor into compliance without formal Board corrective action, 5 preliminary inquiries commenced but dismissed after the Board determined there was no violation of the Campaign Financing Ordinance, and 7 cases in which the Board vacated its determination that the contributors had violated the Ordinance.
- f. This includes 1 case in which written advice was given and approved by the Board, and 25 investigations commenced and concluded during the reporting year (all of which pertained to timely lobbyist filings).
- g. This includes 2 investigations commenced and concluded during the reporting year, pertaining to timely lobbyists' filing, and one advisory opinion.
- h. This includes all 112 of the investigations commenced and concluded with respect to employees and officials determined to have

- violated the Ordinance for failure to timely file 2007 Statements of Financial Interests, and all 88 of the remaining investigations concluded with respect to employees and officials for failure to timely file 2006 Statements of Financial Interests.
- i. This includes all 96 cases opened and closed involving employees and officials determined by the Board to have violated the Ordinance for failure to timely file their 2008 Statements of Financial Interests, 3 cases in which employees and officials requested and were issued advisory opinions, and 63 cases in which employees and officials were determined to have violated the Ordinance for failure to file their 2009 Statements of Financial Interests.
- j. Where possible, the Board referred these cases to other City, governmental, or private agencies.
- k. Pursuant to § 2-156-405(a) of the Governmental Ethics Ordinance, the Board suspended its investigation upon being informed that another agency is investigating the matter.

2. SUMMARIES OF NOTABLE INQUIRIES AND OPINIONS

All of the following summaries are based on actual advice given or opinions issued by the Board during the reporting year. They are included here for educational purposes only—they are not intended to constitute legal advice. Board

NOTE: Copies of every Board advisory opinion issued since the agency's establishment in 1986 are available in pdf format on the Board's website, with identifying and other confidential information removed. They are indexed by subject matter.

See: www.cityofchicago.org/ethics

opinions may be relied upon only by persons involved in the specific transactions or activities with respect to which the opinions are rendered. Any person with a question about a specific situation should contact the Board.

Board opinions concern only the application of the City's Governmental Ethics and Campaign Financing Ordinances to the facts presented in the opinions, and do not analyze other rules or laws that may apply. The Board handles all inquiries in accordance with the confidentiality requirements of the Ordinances.

To the extent that these summaries differ from the language of the Ordinances or Board opinions, the language in the Ordinances and opinions controls.

GIFTS

The Governmental Ethics Ordinance prohibits any person from offering or giving, and any City employee or official from accepting, anything of value based on a mutual understanding that the recipient's City decisions or actions would be influenced thereby. It also prohibits any person with an economic interest in a specific City business or transaction from giving cash or gifts to City personnel whose decisions or actions may affect that business or transaction (and it prohibits these City personnel from receiving such cash or gifts). This prohibition, however, does not apply to non-cash gifts worth less than \$50; the Ordinance also limits or "caps" at \$100 in a calendar year the value of the total amount of gifts a City employee or official may accept from any such person.

Question 1: A City employee who works daily with a City vendor asks whether he can send flowers to an employee of the vendor with whom he works closely; the employee has just had surgery.

Answer: Yes. There is nothing in the Governmental Ethics Ordinance that prohibits or restricts the ability of City employees to offer or give gifts to vendors or their employees. However, as a policy matter, this employee is advised to ensure that he complies with any departmental rules.

The Ordinance also allows for City employees and officials to accept reasonable hosting expenses, including travel, entertainment, meals or refreshments, if furnished in connection with public events, appearances or ceremonies related to official City business, if furnished by the sponsor of the public event.

Question 2: A City employee is invited by a company whose City contract she manages to attend a charity event for a foundation that both she and the City support. The company is buying three tables at the event, and offers to pay the \$150 per person cover charge for the City employee and her spouse. The company is listed on the event's invitation as a "sponsor." Can the employee accept on the basis that the company is the sponsor of the event?

Answer: It depends. A company, entity or person who simply contributes money for an event (or to the organization in whose name the event is being held, such as the foundation here) is not, by that fact, a sponsor. Rather, to be considered a sponsor for purposes of the Ordinance, the company must play a substantial role in organizing the event itself. The Board must determine this on a case-by-case basis.

CAMPAIGN FINANCING

The Campaign Financing Ordinance limits at \$1,500 the amount that certain persons or business entities may contribute to: 1) candidates for elected City office during a single candidacy; 2) elected City officials during a "reporting year" (July 1 through June 30); and 3) City officials or employees seeking election to any other office. Among the persons subject to this limitation are those who have "done business" with the City or its "sister agencies" (the CTA, Board of Education, Chicago Park District, Metropolitan Pier and Exposition Authority and City Colleges) within the previous four reporting years (meaning sales, purchases, leases or contracts to, from or with the City in excess of \$10,000 in any consecutive twelve month period).

Question 1: A company asks whether the fact that it has recently contributed \$1,000 to an alderman will, under the Campaign Financing Ordinance, jeopardize its bid to have a City contract, or invalidate the contract if awarded by the City.

Answer: No, it will not. The Ordinance provides, however, that the contribution must not: i) be made anonymously; ii) be made pseudonymously, or other than in the name of the true donor; or iii) be offered or given to the elected official based on a mutual understanding that the official's votes, official actions, decisions or judgments as an elected official would be influenced by the contribution.

Question 2: A City employee who is working on evaluating bids asks whether her department is prohibited from awarding a contract to a company that, she believes, has contributed \$2,500 to an alderman since the previous July 1.

Answer: No, it is not. Chicago's Campaign Financing Ordinance is a contribution limitation ordinance – it is not a "pay-to-play" type ordinance or law which, if violated, would cause a contract to be void, or prohibit its award.

POST-EMPLOYMENT RESTRICTIONS

The Governmental Ethics Ordinance does not prohibit a person leaving City employment (whether by retirement, resignation or otherwise) from working for any particular new employer or client. But, it does prohibit a former City employee or official from working on certain matters. For one year after termination of his or her term of office or employment, a former City employee or official may not assist or represent any person in a business transaction involving the City if he or she participated personally and substantially in the subject matter of the transaction during City employment. And, a former City employee or official is barred permanently from assisting or representing any person as to a City contract if he or she exercised “contract management authority” with respect to that contract during City employment or office.

Question 1: An employee retires from City service in 2004. In 2006 a City department wishes to retain his services under a personal services contract for him to assist it in a new initiative. Does the Governmental Ethics Ordinance prohibit him or the department from entering into this contract?

Answer: No. Because he has been gone from City employment for more than one year, he would not be subject to the Ordinance’s one year prohibition on “subject matter,” **even if he had been** personally and substantially involved in the new contract’s “subject matter.” The only potentially relevant prohibition would be the “permanent” prohibition, which would bar him from assisting or representing any person as to a City contract if he exercised “contract management authority” with respect to that contract during his City employment. However, this contract is new, and first arose long after he left City employment, and he did not exercise contract management authority over it.

Question 2: An employee retires from City service in December 2008. In March 2009, his former City department asks whether it can retain his services to finish out work on a City contract that he negotiated during his City employment. Can the department enter into this contract with him?

Answer: Yes – provided certain conditions are met. Clearly, this employee exercised “contract management authority” with respect to this contract. That term is defined in the Ordinance as “personal involvement in or direct supervisory responsibility for the formulation or execution of a City contract including. . . negotiation of contract terms or supervision of performance.” Thus, he would be permanently prohibited from assisting or representing any person on this contract. However, the Board of Ethics has recognized that, if the following conditions are met, an executive department may retain a former City employee to assist it with respect to matters on which that employee would

otherwise be prohibited from working: i) the City seeks the services of a former employee; ii) the City and the former employee enter into a written contract that obligates the former employee to act at all times in the City's best interests; (iii) the former employee enters into the contract him- or herself, and not as a representative of any third party, such as a new employer, or a wholly - owned professional services corporation; and iv) the proposed contract is approved by the Mayor's Office, the Law Department, the Office of Budget and Management, and the Office of Compliance.

Question 3: A City employee resigns from City service and takes a full-time position with a local company. That company has one City contract, which the former employee negotiated. Can the company still have this City contract, even though it has hired the now-former City employee who negotiated that contract?

Answer: Yes - provided that this former employee is screened off from any work on this contract for its entire term. This means that, under the Ordinance, she cannot assist or represent this com-

pany or its clients, employees, officers or agents with respect to this City contract, even "behind the scenes." The Ordinance's post-employment prohibitions are personal to former employees and officials, and do not restrict their employers or clients from having matters or transactions with the City on which the former employees or officials would be prohibited from working, as long as they are properly screened from working on these matters.

Question 4: This former employee asks what the "penalty" would be were she to violate the Ordinance's post-employment provisions by assisting her new employer on this contract.

Answer: Under § 2-156-430 of the Governmental Ethics Ordinance, any contract negotiated, entered into, or performed in violation of any provision of the Ordinance "shall be voidable as to the City"- that is, the City could cancel the contract upon a determination of a violation. Moreover, under § 2-156-440 of the Ordinance, the City can sue the former employee and/or her employer for an accounting or for any pecuniary benefit received by any person in violation of the Ordinance.

POLITICAL ACTIVITY

The Governmental Ethics Ordinance does not prohibit City employees and officials from engaging in political activity, including soliciting or accepting political contributions, or serving on political fundraising committees. However, it does impose certain restrictions: employees and officials may not compel or coerce other employees or officials to make, not make or solicit political contributions, and cannot knowingly solicit or accept political contributions from persons doing business with or seeking to do business with City (the candidate him- or herself may do so, subject to restrictions described in "Campaign Financing," above). Last, persons with contract management authority may not serve on political fundraising committees.

Question: A City employee has a friend who is running for Judge of the Cook County Circuit Court. The employee asks: i) whether he can contribute to his friend's campaign fund; and ii) also serve on a committee that will organize a fundraising event at a local restaurant.

Answer 1: Neither the Governmental Ethics nor Campaign Financing Ordinances prohibit a City employee from making political contributions. Thus, he can contribute to his friend's judicial campaign.

Answer 2: As to whether he can serve on the committee that will organize a fundraising event, it depends. First, that committee is considered a "political fundraising committee" for purposes of the Ordinance, because it will, for purposes of influencing an election (even an election for a non-City position, as here) receive or expend money or something of value. If this employee exercises contract management authority in his City position, he will be prohibited from serving on this committee; but he will still be able to engage in other allowable political activities on behalf of his friend. If he does not exercise contract management authority in his City position, he may serve on this committee.

FIDUCIARY DUTY

The Ordinance's Fiduciary Duty section provides that employees and officials shall owe the City a fiduciary duty at all times when performing their City duties and responsibilities. Over the years, the Board has applied this section to various scenarios. It has said that City employees and officials violate this duty if they use City time and resources to obtain a personal benefit or promote a purely private interest, and that this section obligates City employees and officials to use their City positions responsibly and in the City's best interests.

Question: While on duty, a City employee contacts vendors over which he exercises authority in his City position and requests that they contribute to a charity benefit. Did he violate the Ordinance's fiduciary duty provision?

Answer: Yes. To determine whether a City employee or official violates the fiduciary duty provision by soliciting City vendors or contractors, the Board must review four factors: i) whether the employee's activity was in furtherance of, or a part of, an approved or official City

initiative; ii) whether the employee personally and directly solicited a City contractor; iii) whether the employee was, in his or her City job, in a position of direct authority over the City contractor or vendor; and iv) whether a reasonable person assessing the situation could infer that the contractor's relationship with the City would be positively affected by agreeing to the solicitation, or negatively impacted by refusing it.



C. Regulation and Enforcement Activities

1. CAMPAIGN FINANCING

The City's Campaign Financing Ordinance limits the amount of money that certain persons 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 (or to any of their authorized committees). These persons are: 1) lobbyists registered with the Board; 2) those who, within the last four political reporting years, have done business with the City or one of its "sister agencies" (these are the Chicago Transit Authority, the Chicago Public Schools, the Chicago Park District, the Chicago City Colleges and the Metropolitan Pier and Exposition Authority); and 3) persons seeking to do business with the City or one of its "sister agencies."

The Board monitors contributors' compliance with these limitations by reviewing campaign financing disclosure reports that candidates' political committees file with the Illinois State Board of Elections (pursuant to state law). The Board compiles a database of contributors who have exceeded the limitations, then compares this database with City and "sister agency" contract records, matters referred to the City Council and/or Council committees, and lobbyists' registration statements filed with the Board to determine whether these contributors were subject to the Ordinance's contribution limitations during the relevant time period.

During the reporting year, the Board commenced 19 investigations with respect to excess contributions to elected City officials made during the 2006 – 2007 political reporting year. In each case, the Board determined that the contributor had violated the Campaign Financing Ordinance. Seven cases remained open at the end of the reporting year; corrective action was effected in the other 12.

The Board also closed 34 cases commenced during previous reporting years. In 17 of these cases, compliance was effected, and the remaining 17 were closed after evidence discovered during the investigations showed that there was no violation.

2. STATEMENTS OF FINANCIAL INTERESTS

City employees whose annual budgeted salary rate meets or exceeds the rate set by the Board each year (for 2009, the rate is \$76,450), all elected and about 470 appointed City officials are required to file Statements of Financial Interests with the Board each Spring (aldermen file their forms with the City Clerk), in accordance with Article 2 of the Governmental Ethics Ordinance. The Board distributes, collects, and/or reviews these Statements for compliance with the Ordinance.

2009 Filing Year. For 2009, 11,200 City employees and officials were required to file Statements of Financial Interests. Those required who filed after May 1 were also required to pay a \$20 late filing fee as mandated by the Ordinance. During the reporting year, the Board collected \$7,960 in late filing fees. In June 2009, the Board commenced 63 investigations involving City employees and appointed officials who had not filed Statements by May 31, as required by law, and determined that each of them had violated the Ordinance. As of July 31, 2009, of these 63 there remained 23 employees and 5 appointed officials who had not yet filed their 2009 Statements.

2008 Filing Year. During the reporting year, the Board commenced 96 investigations involving employees and officials for failure to timely file their 2008 Statements, and determined that they had all violated the law. During the reporting year, all 96 of these individuals filed their Statements or were otherwise determined to have been in compliance with the Ordinance, and the cases were all closed.

3. LOBBYIST REGISTRATION AND ACTIVITY

Registration and Filings

The Board of Ethics regulates persons who lobby City government. Article 3 of the Ethics Ordinance requires all lobbyists to register with the Board each January 20 and file semi-annual reports about their lobbying activities every January 20 and July 20. The Ordinance also requires all registrants to pay a \$200 fee per person identified as a lobbyist in their registration statement. During the reporting year, the Board collected \$146,200 in lobbyist registration fees.

Note: Pursuant to amendments to Article 3 of the Ordinance enacted by City Council in October 2009, beginning with the 2010 registration year, the annual registration fee will rise to \$350 per lobbyist, and \$75 for each lobbying client after the first.

In their filings, lobbyists must: (i) identify each client; (ii) disclose their lobbying-related compensation and expenditures; (iii) list which City agencies they lobby and which legislative and administrative actions they lobby on; (iv) provide itemized lists of gifts they have given to City officials and employees; and (v) furnish a copy of any written retainer or employment agreement pursuant to which they lobby, or a written statement of the substance of any oral agreement pursuant to which they lobby.

Lobbyist Ethics Training. Pursuant to amendments to Article 3 enacted by the City Council in October 2009, the City of Chicago will become one of the first jurisdictions in North America to require that all lobbyists complete an annual ethics training course. The Board will begin this program when the law takes effect, on July 1, 2010.

Public Inspection/Transparency

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.

Penalties

Persons that the Board of Ethics determines have failed to register as lobbyists as required are subject to fines, as are persons who retain or employ lobbyists who have failed to register as required.

The Governmental Ethics Ordinance provides that any City contract performed or entered into with any person who has retained or employed a non-registered lobbyist for the purpose of negotiating, soliciting or otherwise seeking the contract, shall be voidable as to the City.

Note: Pursuant to amendments to Article 3 enacted by City Council in October 2009, penalty fines were doubled, to \$1,000 for each day until required filings are made.

During the reporting year, the Board commenced one investigation with respect to a lobbyist who had failed to timely register, determined that the lobbyist violated the Ordinance, and imposed a fine, which it will hold in abeyance until the lobbyist attempts to re-register.

Lobbyists' Reported Compensation

Lobbyists are required to disclose their lobbying-related compensation and expenditures on a semi-annual basis. According to these disclosures, lobbyists received \$8,374,602.00 in lobbying-related compensation in the first period, and \$9,822,737.00 in the second period, for a total of \$18,197,339.00.

Gifts from Lobbyists

The Ordinance requires registered lobbyists to provide itemized lists of all gifts they have given to City officials and employees during the previous six month period. Filed reports show that, during the period of July 1, 2008 through December 31, 2008, 8 lobbyists gave 14 gifts to 15 City officials and employees, with a total value of \$7,750.48. No gifts were reported for the period of January 1, 2009 through June 30, 2009.

Who is Registered?*Number of Lobbyists*

At the end of the reporting year (on July 31, 2009), there were 613 persons registered as lobbyists with the Board. During the reporting year, 58 lobbyists terminated their lobbyist registration. Together, these lobbyists represented 1,225 clients.

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 monthly. To view it, see: <http://www.cityofchicago.org/ethics>.

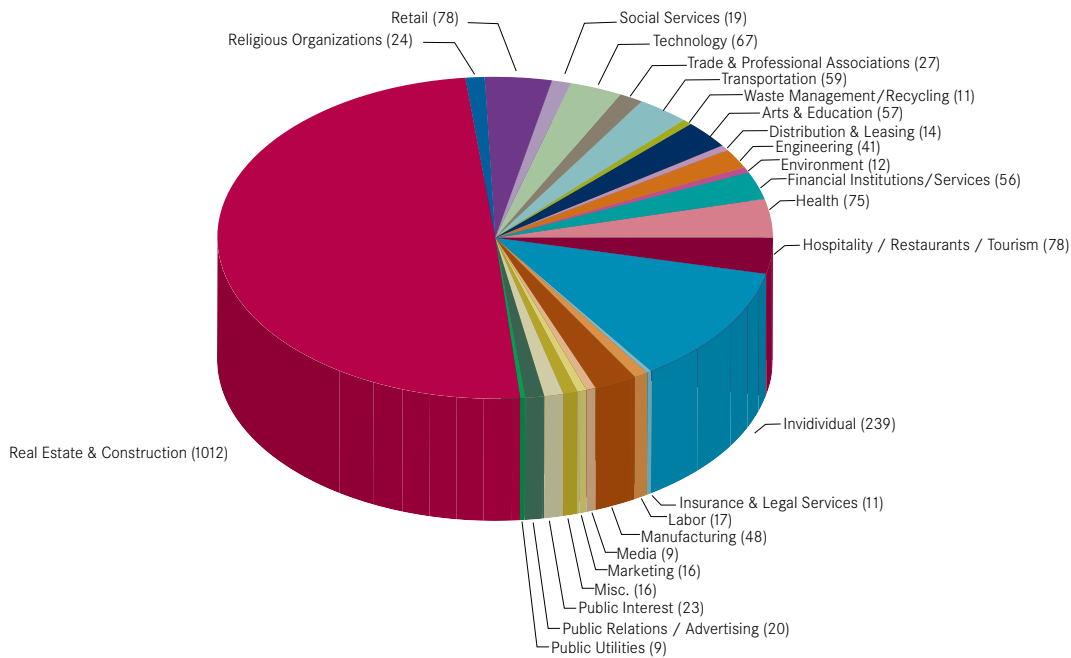
Who Retains Lobbyists?

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.

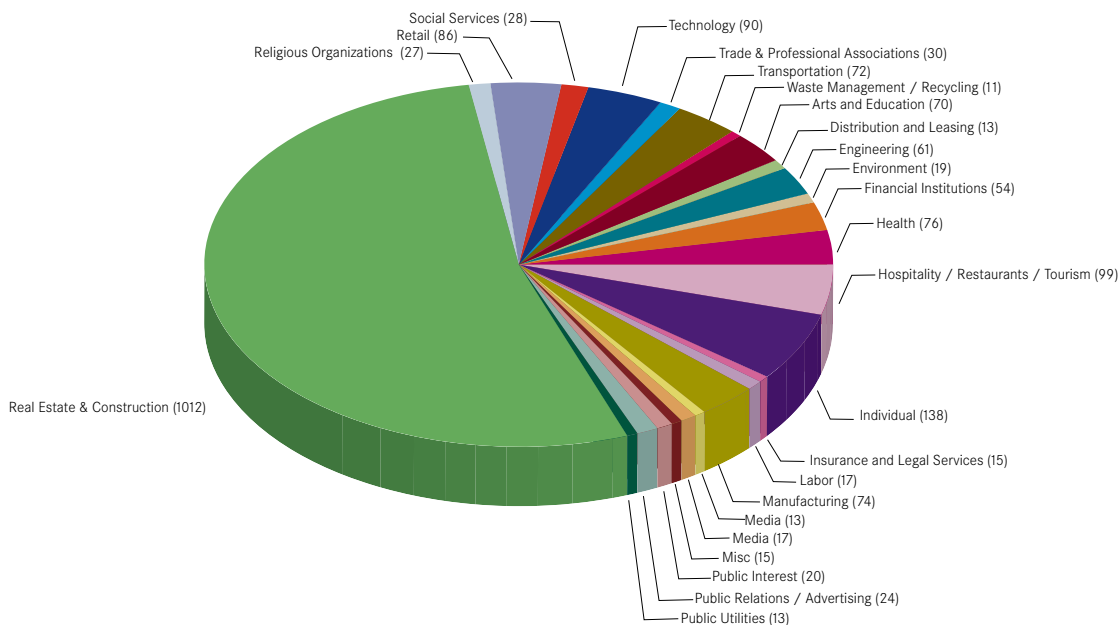
TABLE III: BUSINESS INTERESTS OF LOBBYISTS' CLIENTS

The following two charts show the number and business interest of clients represented by lobbyists in the First Reporting period (the six months ending December 31, 2008) and Second Reporting Period (the six months ending June 30, 2009).

JULY 1, 2008 THROUGH DECEMBER 31, 2008
FIRST PERIOD



JANUARY 1, 2009 THROUGH JUNE 30, 2009
SECOND PERIOD



4. COMPLAINTS, PRELIMINARY INVESTIGATIONS, AND FULL-SCALE INVESTIGATIONS

The Board has the authority to receive complaints, initiate preliminary inquiries, and conduct investigations into alleged violations of the Ordinances, issue subpoenas during the course of its investigations, make determinations as to whether violations have occurred, and recommend or impose appropriate sanctions or further action.

All Board complaints, inquiries, investigations, reports and recommendations are subject to the confidentiality requirements of the Ordinances.

Filed Complaints

The Board received 20 complaints during the reporting year. In accordance with the Ordinances and the Board's Rules and Regulations, Board legal staff promptly (within two business days) assessed each complaint to determine whether

Note: The determination as to whether there is reasonable cause to initiate an investigation from a filed complaint is based on this question: if the allegations in the complaint turn out to be true (construing all inferences in favor of the complainant), would they show a violation of either the Governmental Ethics or Campaign Financing Ordinance? If no, then, as provided in the Board's Rules and Regulations, the Executive Director dismisses the complaint and if possible notifies the complainant of the dismissal. If yes, the Board commences an investigation.

there was reasonable cause to initiate an investigation into the allegations. The Board may refer any complaint or complainant to another City investigative agency. As provided in the Board's Rules and Regulations, the Board has the authority to investigate only written complaints that contain: 1) the identity of the person against whom the complaint is filed; 2) a clear description of the essential facts and circumstances constituting the alleged violation of the City's Governmental Ethics or Campaign Financing Ord-

nances; 3) the identity of the person entering the complaint; and 4) allegations sufficient to conclude that there is reasonable cause to initiate an investigation. Complaints against aldermen must be signed and sworn to; the Board has no authority to investigate complaints alleging violations of the Campaign Financing Ordinance by an alderman.

The Executive Director dismissed these complaints: 11 for lack of jurisdiction (they raised issues not covered by or within the ambit of the Governmental Ethics or Campaign Financing Ordinances), and 9 because they failed to provide reasonable cause for the Board to commence an investigation. However, in 8 cases, the complainant or complaint was referred to other investigative agencies: in 2, to the Office of Inspector General and Office of Compliance, and in the other 6, to the heads of the departments for which the employees whose conduct was described in the complaints worked.

Note: The full text of the Board's Rules and Regulations are available on the Board's website, at:
http://egov.cityofchicago.org/webportal/COCWebPortal/COC_EDITORIAL/rulesregs4web.html

Preliminary Investigations

Each year, the Board audits information disclosed on public documents filed with it (and with the Illinois State Board of Elections) by City officials, employees, lobbyists registered with the Board, and candidates for elected City office. These documents include Statements of Financial Interests, Lobbyist Registration Statements and Activity Reports, disclosures filed by City Council members, and campaign contribution reports filed by City elected officials and candidates for elected City office. If, based on either the failure of someone to file a required report, or on the Board's own review (which is sometimes occasioned by a filed complaint), a possible violation of the Governmental Ethics or Campaign Financing Ordinance is indicated, the Board commences a preliminary inquiry. From a preliminary inquiry, the Board may conclude that: i) there is reasonable cause to conclude that one or more provisions of the Ordinances may have been violated, in which case it will initiate an investigation; or ii) the inquiry should be closed on the basis that there is no reasonable cause to conclude that there is a potential violation (in such cases, the Board may advise the subject of the relevant provisions and penalties contained in the Ordinances), or compliance is achieved or corrective action is taken.

During the reporting year, the Board commenced 32 preliminary investigations with respect to lobbyists who had failed to file one or more required reports. In one case, the Board commenced a full-scale investigation, determined that the lobbyist had failed to register as required, terminated its registration, levied a fine, and ordered that the fine would need to be paid were the lobbyist ever to engage in lobbying activity again. In 30 cases, the lobbyists complied with the requirements; one case remains open.

The Board did not commence any preliminary inquiries based on its review of Statements of Financial Interests filed by City employees and officials or City Council members' disclosures during the reporting year.

Campaign Financing

Based on its review of campaign contribution reports filed with the Illinois State of Board of Elections, City contract records, information provided by the "sister agencies," and matters referred to City Council Committees, the Board commenced one preliminary inquiry into whether a campaign contributor had violated the City's Campaign Financing Ordinance. In that case, the contributor successfully rebutted the presumptive conclusion that it had violated the Ordinance, and the case was dismissed.

Concluded or Suspended Investigations

As summarized in Table IV, on page 22, during the reporting year, the Board concluded all 96 investigations with respect to City employees and officials who failed to file 2008 Statements of Financial Interests within the time prescribed by law.

TABLE IV. SUBJECT MATTER OF INVESTIGATIONS, COMPLAINTS AND PRELIMINARY INVESTIGATIONS

Table IV shows the subject matter of complaints received, preliminary inquiries commenced and/or concluded, investigations initiated and investigations concluded by the Board during the reporting year just ended.

Subject Matter	Formal Complaints Received	Preliminary Investigations Commenced or Concluded	Investigations Commenced	Investigations Concluded or Suspended
Financial Interests Disclosure	-	-	63 ^a	96 ^b
Campaign Financing	1	1	19	46
Lobbyist Registration/Disclosure ^c	4	32	1	1
No Jurisdiction	11	-	-	-
City-owned Property	2	-	-	-
Fiduciary Duty	1	-	-	-
Use or Disclosure of Confidential Information	1	-	-	-
Total	20	33	83	143

a. This figure represents cases involving 54 employees and 9 appointed officials commenced in 2009 for failure to timely file 2009 Statements of Financial Interests. The Board determined that each of them had violated the Ordinance. All remained open at the end of the reporting year.

b. This figure represents cases commenced in the previous reporting year involving 81 employees and 15 appointed officials with respect to whom the Board commenced investigations for failure to file 2008 Statements of Financial Interests. The Board determined that each of them had violated the Ordinance. All 96 cases were closed during the reporting year.

c. These figures represent 32 preliminary investigations commenced with respect to lobbyists who failed to timely register or file Activity Reports. In 30 of these cases, compliance was effected, and one case remains open. In the last case, the Board commenced an investigation, determined that the lobbyist violated the Ordinance, terminated the lobbyists' registration and imposed a fine, which it will hold in abeyance until the lobbyist attempts to re-register.

During the reporting year, the Board closed 46 investigations involving the Campaign Financing Ordinance. Twelve of these were both commenced and closed during the reporting year, after the Board determined that contributors had violated the Ordinance with respect to excess contributions to elected City officials made during the 2006-2007 political reporting year, and after corrective action was effected. The other 34 were commenced during previous reporting years. In 17, compliance was effected; the remaining 17 were closed after evidence discovered during investigation showed that there was no violation.

During the reporting year, the Board also commenced one investigation of a lobbyist for failure to register as required. The Board closed the case after determining that the lobbyist violated the Ordinance, fining the lobbyist and terminating its registration, and ordering that the fine would need to be paid were the lobbyist ever to engage in lobbying activity again.

5. PERSONNEL RULE XXIX DISCLOSURES

Personnel Rule XXIX (formerly Mayoral Executive Order 97-1, effective December 1, 1997), 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 also requires employees in executive departments to make written disclosure to the Board of Ethics each year of their spouses' ownership interest in entities that contract with persons doing City business. During the reporting year, the Board published the disclosure form (which is also posted on the Board's website), coordinated the distribution of notices of the requirement to file the form to all City employees, collected and audited all returned forms, and referred to the Law Department 7 forms requiring further review.

6. CITY COUNCIL MEMBERS' DISCLOSURES

The Conflicts of Interest provision of the Governmental Ethics Ordinance requires members of City Council to file written notice with the Board of Ethics as to certain matters in which they have an interest that are pending before the City Council or its committees, and to disclose their interests in these matters on the records of Council proceedings and abstain from voting on them. After receiving these disclosures, the Board reviews records of Council proceedings and other documents to ensure compliance with the law. As provided by law, the Board also maintains and makes these disclosures available for public inspection upon request. In the reporting year ended July 31, 2009, the Board received 28 of these disclosures, covering 90 distinct pending matters or items.

NOTE: Scanned copies of all disclosures filed by City Council members received by the Board during the most recent 4 month period are posted on the web. See: www.cityofchicago.org/Ethics/DisclosuresnNotifications.html

7. MISCELLANEOUS DISCLOSURES

The Governmental Ethics Ordinance requires that persons who accept gifts on the City's behalf, and employees who accept honoraria for speaking in the course of their City employment report these to the Board of Ethics. The Board maintains these in its offices, along with other disclosures not required by law (such as reports of gifts returned, or City employees who are to be screened from working on certain transactions). They are all open for public inspection.

D. Examination of Public Filings

To help achieve transparency in City government, and to assist the Board in regulating the conduct of those who are subject to the City's ethics and campaign financing laws, the Board maintains and makes available for public inspection, under its own Ordinance and the Illinois Freedom of Information (FOIA) statute, all of the Statements of Financial Interests, City Council members' disclosures, redacted advisory opinions and lobbyist filings it maintains.

During the reporting year, the Board received 42 FOIA requests. These comprised 33 requests to examine 608 Statements of Financial Interests filed by 90 individual City employees and 2 appointed officials, 1 request to examine 200 aldermanic disclosures, and 4 requests to examine a total of 407 distinct lobbyist filings. The Board also received 1 request to view advisory opinions and 3 requests to view records not in the Board's control.



FOR MORE INFORMATION

Board of Ethics staff members can answer any inquiries you may have about the Board, or provide you with confidential guidance about the requirements of the City's Governmental Ethics or Campaign Financing Ordinances. To reach us, please call 312-744-9660 (TT/TDD 312-744-5996), send us a fax at 312-744-2793, or email the Executive Director at sberlin@cityofchicago.org.

To obtain an advisory opinion or guidance about a specific situation, or to file a complaint, please contact **Steven I. Berlin, 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 60654

Also, please visit our web site: www.cityofchicago.org/ethics

There, you will find complete texts of the Governmental Ethics and Campaign Financing Ordinances, profiles of Board members, the Board's last five Annual Reports, the current list of registered lobbyists and their clients, blank downloadable copies of all forms required to be filed with the Board, educational brochures, instructions on how to file requests to examine or receive documents maintained by the Board, including Statements of Financial Interests and disclosures filed by City Council members regarding potential conflicts of interests, and other helpful information.



Board of Ethics



www.cityofchicago.org/ethics

