

City of Chicago Board of Ethics

“The Essential PowerPoint”



740 North Sedgwick, Suite 500
Chicago, IL 60654

www.chicago.gov/Ethics

Spring 2023

About the Board

The Ethics Ordinance. Chicago's Governmental Ethics Ordinance (the "Ordinance"), first enacted in 1987 and amended 34 times since, establishes standards of ethical conduct for all persons involved in and with City government. These standards are designed to ensure that City employees, appointed and elected officials, lobbyists, those with or seeking City business, or wishing to make political contributions to City officials or candidates, act to maintain integrity in the operation of City government, recognize potential conflicts of interest, and handle them professionally and responsibly.

The Board. The Board of Ethics was also established in 1987 to: (i) interpret the Ordinance; (ii) educate governmental personnel and the public about the Ordinance; (iii) confidentially advise persons on complying with the Ordinance's letter and spirit; (iii) promote transparency by making public annual financial disclosure forms and other disclosures filed by City employees, officials and lobbyists; and (iv) consistent with due process of law, adjudicate completed investigations of Ordinance violations or commence enforcement actions where no investigation is required, determine whether violations occurred, assess appropriate penalties, and make such information public.

The Board's 2023 budget is \$916,559.

Board Personnel

- The Board of Ethics has up to 7 Board members, appointed by Mayor and confirmed by City Council, who serve staggered 4-year terms. Board members can be removed only for cause. The Mayor appoints the Chair.
- The Board has 7 staff members, 4 of whom are attorneys, including the Executive Director. The Executive Director is also appointed by the Mayor and confirmed by the City Council.
- Board members and staff are prohibited from engaging in political activity.

The Ethics Ordinance regulates the conduct of:

- Current and former City employees, City elected officials, and City appointed officials
- City contractors and persons seeking to do business with the City
- Persons who lobby City government
- Persons who wish to give gifts or make political contributions to City employees or officials

The Board of Ethics

Four Key Responsibilities: Advice and Guidance

- **Advice and Guidance**: this is the Board's "bread and butter" work. Requesting and receiving advice is ***critical***. No inquiry is trivial or too big.
 - The Board answers ethics questions and provides formal or informal advisory opinions. Any person may use a Board advisory opinion regarding future conduct in an investigation or disciplinary proceeding, but advisory opinions are based on the facts presented by the requestor.
 - **Advisory opinions are confidential**; past violations disclosed are treated differently—minor violations receive a written admonition, but non-minor violations are referred to the Office of Inspector General ("OIG").
 - Formal opinions are posted on the web, in "redacted form," with names removed. More than 920 are posted here:
https://www.chicago.gov/city/en/depts/ethics/auto_generated/reg_archives.html
 - The Board is authorized give or issue advisory opinions **only** to persons whose conduct is regulated by the Governmental Ethics Ordinance, **or** who are personally involved in the situation about which they ask.



The Board of Ethics

Four Key Responsibilities: Enforcement

- **Enforcement: a robust enforcement program is critical to any government ethics program.**
 - The Board refers complaints requiring a factual investigation to the OIG or other appropriate investigating agency.
 - The Board adjudicates ethics investigations completed by the OIG where the investigation shows possible ethics violations. If the Board finds “probable cause,” the subject may settle the matter or proceed to a merits hearing. Up until a final resolution, however, these matters remain confidential, by law.
 - The City’s ethics law is not a criminal law. As of October 1, 2022 penalties for violating it include fines of up to \$20,000 per violation (for most violations), and/or removal from office (for officials), or employment sanctions, up to and including discharge, and/or a fine equal to the amount of any ill-gotten gains. The Board may impose fines but may only recommend employment sanctions, like discharge, or removal from office.
 - Where public records or complaints warrant a finding of probable cause to conclude that the Ordinance was violated and **no** factual investigation is necessary, the Board will commence enforcement actions by finding probable cause and affording the subject due process.
 - **All final Board enforcement determinations of violations and all settlement agreements are public.** Final Board determinations may be appealed to the Cook County Circuit Court.

The Board of Ethics

Four Key Responsibilities: Education

- **Education: education is critical as well. The Board is available to design and conduct classes or provide a guest speaker for your organization.**
 - By law, all City of Chicago employees and officials must complete annual ethics training; some must complete face-to-face training every 4 years. [Note: face-to-face classes were suspended during the Covid pandemic.]
 - By law, lobbyists must complete annual ethics training.
 - The Board also designs and conducts classes for businesses or community groups, upon request.
 - The Board publishes many educational brochures and Plain English guides to various ethics topics, all on its website:

https://www.chicago.gov/city/en/depts/ethics/auto_generated/edu_publications.html

The Board of Ethics

Four Key Responsibilities: Regulation

- Regulation—Public Disclosures: “Sunshine is said to be the best of disinfectants.”
 - Persons engaged in “lobbying” City employees or officials must register annually and file quarterly activity reports. This information is made public. Persons found to have engaged in unregistered lobbying are subject to daily fines of \$1,000; their clients are also subject to fines of up to \$20,000 for hiring an unregistered lobbyist.
 - About 3,900 employees and officials file annual Statements of Financial Interests, which are standard conflicts of interest disclosures. These forms are made public within hours after they are filed and are available on the Board’s website for seven (7) years after filing. Late filers are subject to daily fines of \$250 until they file, and employment sanctions.
 - The Board receives and makes public on its website other types kinds of disclosures, such as travel and reasonable hosting acceptances, and recusals filed by City Council members.

Codes of Conduct

- Article I of the Ordinance has an **aspirational** Code of Conduct applicable to all City employees and officials.
- Article II of the Ordinance contains an **enforceable** Code of Conduct.

Enforceable Code of Conduct

Here is a brief summary of the key principles in the enforceable Code of Conduct.



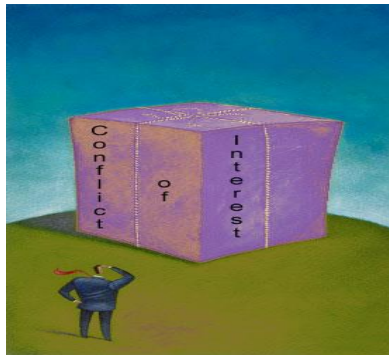
Key Ethical Principles: Fiduciary Duty



City employees and officials owe the City a fiduciary duty: their duty is to put the City's interests ahead of their own.

Key Ethical Principles: Conflicts of Interest

- City employees and officials may not make or participate in City matters in which they have a monetary interest (such as matters involving an outside employer, client, or business partner).
- City employees and official generally may have outside monetary interests but must keep them separate from the decisions they make in their City job.
- City Council members are subject to stricter requirements: if they, their spouses or domestic partners, or any businesses they own, receive compensation from a person with a pending Council matter, they must publicly disclose the potential conflict and recuse from participating in or voting on the matter.



Key Ethical Principles: Gifts and Travel

City government personnel [and their family members] may not accept cash gifts, gift cards, anonymous gifts in any amount, or any non-cash gifts worth \$50 or more in a calendar year, from any person or entity, except:

- Gifts based on personal friendship, or from family members—any gift may be accepted from them [note: the Board interprets “personal friend” narrowly—it does not include “business” friends, but rather those who friendship began prior to or independently of one’s City service];
- Reasonable hosting or educational travel expenses (these must be reported to the Board within 10 days; the Board makes these reports public on its website);
- Gifts offered through one’s approved outside, non-City job or community activity, or one’s spouse’s/domestic partner’s job or community activity;
- Business travel for educational or public purposes is usually acceptable but must be reported and cleared with the Board of Ethics in advance. Honoraria for business-related appearances or presentations are prohibited;
- Gifts accepted on behalf of the City, provided they are reported to the Board of Ethics and are usable or displayable by the City or one’s department.
- Sales promotions or offers made to members of the public on the same terms.

Note: any City department may enact rules that are stricter, and some have, including gift bans.

Key Ethical Principles: City property, confidential information

- City government personnel may not use City-owned property (including their City title or City equipment) for any unauthorized purpose.
- City government personnel may not use or disclose confidential or non-public information other than in the performance of their official City duties.

Key Ethical Principles: Soliciting Contributions on Behalf of Third Parties

City employees and officials may not solicit contributions on behalf of a third party (like a legislative caucus, or a charity) from any person or business that has City matters or action before them that they can directly affect.



Key Ethical Principles: Representing Third Parties

- City employees and elected officials may not represent or act as a spokesperson for any other person or entity before any City agency, unless they are performing their official City duties. City Council members and their staff **may** represent their constituents before City agencies but **may not** receive anything of value or compensation for that representation (other than their City pay).
- City employees and elected officials may not represent or receive anything of value from the representation by others of persons in proceedings where the City is an adverse party, or that may result in an adverse effect on City revenue, finances, the health, safety, welfare or relative tax burden of any City residents.
- City employees and elected officials may not lobby any other unit of government in the State of Illinois, or derive compensation from such lobbying by others, except that they may perform their City duties or represent their constituents.
- Chicago has a “cross-lobbying ban”: elected officials from anywhere within the State of Illinois may not lobby on behalf of private clients before any City of Chicago official, employee, department or agency (although attorneys may represent practice law on behalf of their clients before the City).
- Appointed officials may engage in such representation or lobbying, provided the representation is “wholly unrelated” to the work of their City board or commission.

Key Ethical Principles: Contracting with the City

- City employees and elected officials may not have a “financial interest” (an ownership interest worth more than \$1,000 in a calendar year) in their own or another’s name in any City contract, work or business, or any contract paid with funds belonging to or administered by the City or authorized by ordinance. This prohibition includes the purchase of City-owned property, such as real estate, unless it is sold through a process of public notice followed by competitive bidding. [Note: this prohibition does not apply to “sister agency” contracts, such as those with the CTA, CPS, Park District, etc.] City appointed officials may have such interests if “wholly unrelated” to the work of their City board or commission.
- City employees or officials may be eligible to participate fully in certain loan or grant programs administered by the Departments of Planning & Development or Housing. Consultation with the Board is recommended.



Key Ethical Principles: Loans

- City governmental personnel may not solicit, apply for, or receive a loan from any person doing or seeking to do business with the City or from any lobbyist.
- But they may have market rate loans made by banks, savings and loans or mortgage companies, even those doing business with the City.



Key Ethical Principles: Political Activity

City employees and officials may be politically active, but:

- They may not engage in political activity on City time, or while using City property at any time.
- They may not compel, coerce or intimidate any other City employee to make, not make or solicit a political contribution, or ask persons who report to them to do political work or make or solicit political contributions. If a supervisor asks a person they supervise to make or not make a political contribution, coercion is presumed.
- They may not knowingly solicit or accept political contributions from persons doing or seeking to do City business.
- City employees and appointed officials are prohibited by Mayoral Executive Order from contributing to the Mayor or the Mayor's authorized fundraising committees. They may contribute to other candidates for elected City office up to the amounts allowed by State law (unless they are doing business with any sister agency of the City, in which case the limit is \$1,500 per candidate per calendar year).

Use of the Official City Seal or Other City Property

All candidates for elected City office are prohibited from using the City seal in any printed campaign materials or other electioneering communications, or on political or campaign websites or social media pages, unless the seal is incidental to the visual media viewed as a whole, as opposed to an element of primary focus, and the visual media contain a clear written disclaimer that it is not related to official City business.



Campaign Contribution Limitations

Registered lobbyists and persons who have “done business with the City” or its named sister agencies in the past four (4) years, or persons “seeking to do business with the City,” are limited to \$1,500 in campaign or political contributions in a calendar year to:

- i) any single candidate for elected City office (or his or her authorized committee); or
- ii) any elected City official (or his or her authorized committee); or
- iii) any City official or employee running for any non-City elected office, or to his or her authorized committee.

Note: by Mayoral Executive Order, registered lobbyists, City contractors, subcontractors and their owners, and City employees and appointed officials, may **not** contribute to the Mayor or the Mayor's authorized political committees in **any** amount.

Limit on Cash Contributions

No person may make any cash contribution to any candidate for City elected office or City elected official in an amount in excess of \$250. The Board has determined that personal checks are not considered cash for this purpose — currency, cashier's checks, and money orders are “cash.”



Campaign Contributions: Penalties

The Ordinance provides a safe harbor: if the excess amount contributed is refunded within 10 days of notification of an apparent violation, the matter is dismissed.

Otherwise, violations of the Ordinance's \$1,500 contribution limitations are punishable by fines against **BOTH** the excess contributor **AND** the person or committee who accepts the excess contribution. The fines are between \$1,000 and up to the higher of \$5,000 or three times the amount of the excess contribution.

All political contributions made to elected City officials or candidates for elected City office must be reported to, and are made public by, the Illinois State Board of Elections. These reports are reviewed for potential violations.

Key Ethical Principles: Post-employment, or the “Revolving Door”

After leaving City employment or service, City governmental personnel are subject to post-employment or “revolving door” restrictions.

- They may be prohibited from working on certain City matters for one year (matters involving the same “subject matter”) or permanently (contracts they managed).
- High-ranking City personnel are subject to a one- or two-year lobbying ban.
- The Ordinance does not prohibit former City employees or officials from working for any particular new employer or client. Rather, the prohibitions are transaction- or matter-based.
- These restrictions do not apply to successive “government to government” employment.
- Penalties for violating these provisions include potential cancellation of contracts or reversal of regulatory decisions, and/or fines.

Key Ethical Principles: the “reverse revolving door/ pre-City employers

For their first two years as City employees or officials, City governmental personnel may not, in their City jobs, act in a decision-making capacity with respect to their immediate pre-City employer or client, unless they have completely severed any monetary relationship with that pre-City employer or client.

Key Ethics Principles: Dealing with Potential Post-City employers

City employees and officials may not knowingly negotiate the possibility of future employment with any person, firm, or organization with a matter currently pending before them (except with a government agency).



Key Ethics Principles: Dealing with Lobbyists

Chicago has a very broad definition of “lobbyist.” Anyone who is paid to represent an employer or client and who attempts to influence City administrative or legislation action on behalf of that employer or client is a lobbyist (with some exceptions).

→ Lobbying is of course not illegal, but unregistered lobbying is prohibited.

Best practice: report all potential lobbyists to the Board of Ethics; let us contact the person and determine whether registration is required. City employees and officials who have policy-making authority must report to the Board any person they believe has lobbied them, if they know the person is not registered as a lobbyist.

Note on State law: As of January 1, 2022, persons who lobby any unit of local government in Illinois *other than the City of Chicago* must register as a lobbyist with the Secretary of State’s Office. Persons who lobby any Chicago official, employee, agency or department must still register with the Board of Ethics, however. For more information, see <https://www.ilsos.gov/departments/index/home.html>

Who is a “lobbyist?”

- Individuals who email, meet with, text or otherwise contact City employees or officials to try to influence or speed up regulatory or legislative matters on behalf of another person, such as an employer or client. Individuals who merely work behind the scenes and have no contact with City employees or officials are **not** thereby lobbying.
- Possibly in 2023, individuals who lobby on behalf of any for- or non-profit person and who are compensated for lobbying more than a certain amount and spend a certain amount of time lobbying must register as lobbyist (individuals who volunteer for non-profits will not be required to register as lobbyists). There are other exceptions to who is a lobbyist, required to register: persons who undertake nonpartisan analysis, study and research, or provide technical advice or assistance, or examine or discuss broad social, economic, and similar problems.
- Individuals who are exploring the possibility of a contract (such as salespeople) are not required to register as lobbyists if they contact only those City personnel responsible for making purchasing decisions regarding their good or services. *Bona fide* salespersons also may get paid via a contingent fee/sales commission.
- Persons who are merely applying for permits or licenses or responding to Requests for Proposals or Qualifications (RFPs or RFIs) are **not** thereby lobbying.

Prohibition on sexual harassment

- Elected or appointed officials who engage in behavior that constitutes sexual harassment (including failing to act on reports of sexual harassment from subordinates) violate the Governmental Ethics Ordinance.
- Sexual harassment means “any unwelcome sexual advances or requests for sexual favors or conduct of a sexual nature when (i) submission to such conduct is made either explicitly or implicitly a term or condition of an individual’s employment or of any government decision; or (ii) submission to or rejection of such conduct by an individual is used as the basis for any employment or other governmental decision affecting the individual or the individual’s client or employer; or (iii) such conduct has the purpose or effect of substantially interfering with an individual work performance or creating an intimidating, hostile or offensive working environment.”

Note: the City’s laws and rules covering sexual harassment do not replace any other remedies available to victims of sexual harassment at law or before other administrative agencies.

Reporting sexual harassment

- Persons who believe they are victims of sexual harassment by a City elected official should report it to the Office of the Inspector General, at 773-478-7799 or the Commission on Human Relations, https://www.chicago.gov/city/en/depts/cchr/supp_info/sexual-harassment.html
- Persons who believe they are victims of sexual harassment by any other City official or employee should report it to the Department of Human Resources, at City of Chicago Department of Human Resources Diversity and Equal Employment Opportunity Division, 121 N. LaSalle Street, Room 1100 Chicago, IL 60602 // Phone: (312)744-4224 // Facsimile: (312) 744-1521 // TTY: (312)744-5035 // Email: eeodiversity@cityofchicago.org.
- **All reports are confidential.** The City investigates these complaints with great sensitivity.

Reporting sexual harassment

City employees also have a right to make complaints under state and Federal law by filing a charge with the Illinois Department of Human Rights (IDHR) or the U.S. Equal Employment Opportunity Commission (EEOC).

The Illinois Department of Human Rights (IDHR) is a state agency responsible for enforcing the Illinois Human Rights Act, the state law which makes it illegal to engage in sexual harassment or retaliation.

Complainants (victims of sexual harassment) may file a charge at any time within 300 days of the incident(s). IDHR has jurisdiction (authority) to investigate employers who have 1 or more employees.

To start the process, submit a Complainant Information Sheet to IDHR.

Remedies available under the Illinois Human Rights Act may include: back pay, lost benefits, clearing of a personnel file, damages, hiring, promotion, reinstatement, front pay where reinstatement is not possible, and attorney's fees and costs.

IDHR contact information:

1-800-662-3942 | www.ILLINOIS.GOV/DHR

100 W. Randolph St., #10-100, Chicago 60601

The State of Illinois *Sexual Harassment and Discrimination Helpline* is available for anyone who has experienced or witnessed unwelcome conduct of a sexual nature in the workplace. Calls are confidential and can be made anonymously.

Call: 1-877-236-7703

www.illinois.gov/SexualHarassment

Reporting sexual harassment

The United States Equal Employment Opportunity Commission (EEOC) is responsible for enforcing Title VII of the Civil Rights Act of 1964, the federal law that makes it illegal to engage in sexual harassment or retaliation.

Complainants (victims of sexual harassment) may file a charge at any time within 300 days of the incident(s).

The EEOC has jurisdiction (authority) to investigate employers who have 15 or more employees. To start the process, call the EEOC or visit their website.

Remedies available under Title VII may include: back pay, lost benefits, clearing of a personnel file, damages, hiring, promotion, reinstatement, front pay where reinstatement is not possible, punitive damages, and attorney's fees and costs.

U.S. EEOC contact information:

1-800-669-4000 | www.EEOC.GOV

1-800-669-6820 (TTY for Deaf/Hard of Hearing callers only)

1-844-234-5122 (ASL Video Phone for Deaf/Hard of Hearing callers only)

JCK Federal Building, 230 S. Dearborn St., Chicago, IL 60604

QUESTIONS?

Please contact the Board of Ethics at **312-744-9660** or by email at **steve.berlin@cityofchicago.org** for **confidential** guidance or advice.

(Note: this PowerPoint is not intended to be and is not a substitute for confidential advice from the Board of Ethics.)

There is no such thing as a silly question.



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www.Chicago.gov/Ethics

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