



BOARD OF ETHICS CITY OF CHICAGO

To: The Honorable Pat Dowell, Chair,
Honorable Members, City Council Budget and Government Operations Committee
Date: October 30, 2020
From: Steven I. Berlin, Executive Director

OPENING STATEMENT/FISCAL YEAR 2021 BUDGET

Overview and Mission: Good afternoon, Madame Chair and Members of the Committee on Budget and Government Operations. I appreciate the opportunity to address you. The Board administers, interprets, and enforces the Governmental Ethics Ordinance (the “Ordinance”). We promote integrity, transparency and accountability in City government by giving thousands of pieces of confidential advice each year, educating City employees and officials, vendors, lobbyists, and others subject to the Ordinance, regulating their conduct, and enforcing the Ordinance by adjudicating cases involving violations of this law. The Board has five major programs.

Highlights of 2020 Achievements and 2021 goals:

1. EDUCATION: All but 60 employees and appointed officials have completed the previous annual on-line training. Due to the pandemic we extended deadlines. The current on-line training program was posted this week. The high numbers of those seeking advice marks the success of our educational programs. To date, one-third of lobbyists have completed the current on-line program. All programs are revised annually. We have 29 educational brochures posted on our website.

Since November 2019, we conducted 11 face-to-face ethics seminars (pre-Covid) for employees and officials required to attend ethics training every four years. We suspended in-person classes as of March 2020. We are designing a video program that can substitute for in-person training. If the pandemic allows, in 2021 we will continue to focus on public outreach and education and offer speakers at neighborhood meetings and aldermanic ward nights. Pre-pandemic, we also engaged in an extensive outreach effort to explain the changes and potential changes to the law governing lobbying by paid representatives of non-profit organizations.

2019 COGEL Conference. In December 2019, Chicago hosted the 2019 annual conference of the Council on Governmental Ethics Laws (“COGEL”), attended by 450 governmental and private sector representatives from the U.S. and Canada.

2. CONFIDENTIAL GUIDANCE AND CASEWORK: *The most effective way to prevent misconduct and foster a culture of ethics is to enable and encourage persons to seek confidential ethics advice before they act.* This advisory function, when coupled with regular education, constitutes our most critical responsibility. Since November 2019, we have issued 3,509 confidential advisory opinions: 70% to City personnel (the department to whose officials and employees we issued the most opinions is City Council, then the Mayor’s Office, then the Chicago Police Department). 25% were issued to lobbyists or potential lobbyists; the rest to attorneys, contractors, candidates, and campaign contributors.

The Board may waive certain provisions of the Ordinance in the public interest. Since November 2019, the Board received five waiver requests, and granted four: two were from the reverse evolving door provision (one was related to the City's efforts to contain the pandemic). The others were from the post-employment restrictions (one was related to the City's pandemic efforts). The Board denied one waiver request from the post-employment provisions. All granted waivers are made public on the Board's website, as provided by law.

3. FINANCIAL DISCLOSURE: By law ~3,750 employees and officials must file annual Statements of Financial Interests. We distribute, collect, and make publicly available forms going back seven years from the date of filing. In 2020 we achieved 100% compliance but found 41 employees and officials in violation of the Ordinance for filing late, and made their names, violations, and fines public, as required by law.

4. LOBBYING/REGULATION: By law all those lobbying City personnel must register annually with us (there is a \$350 annual registration fee and \$75 client fee per client after the first; we waive fees for those lobbying on behalf of non-profits) and file quarterly activity reports. To date in 2020, we have 846 registered lobbyists and have collected \$412,850 in fees, ~47.5% of our 2021 budget request. Since November 2019, 17 lobbyists were determined to have violated the Ordinance for failure to timely re-register or file activity reports. Five were assessed \$7,000 in fines and costs; one never re-registered or properly terminated, so those fines continue to accrue at \$1,000 per day. By law, the names of these lobbyists and their fines are made public.

5. ENFORCEMENT: Board-Generated Enforcement Actions. The Board finds probable cause where available evidence indicates that the Ordinance was violated, but no factual investigation by the Inspector General (IG) is needed. The Board affords subjects the right to present evidence and arguments before the Board. Where the Board finds violations, it may publicly settle these matters for fines, or, if no settlement is reached, make its determinations public and impose appropriate fines. Final Board determinations are appealable to the Cook County Circuit Court. Since November 2019, the Board has handled five such cases. Two involved unregistered lobbying. The Board fined one individual \$25,000 for unregistered lobbying and fined his client the maximum \$2,000. The other three cases involved an elected official and apparent violations of the Ordinance's conflicts of interest section. In one, the Board dismissed the case after hearing from the official; in the second, the Board found a violation and imposed the maximum \$2,000 fine; in the last, the Board requested a factual investigation from the IG (no investigative report has been presented to the Board for adjudication in that matter).

Minor Violation. Since November 2019, the Board found that one City employee committed a minor Ordinance violation by mistakenly forwarding an invitation for an event for a State Representative from their work email. The employee self-reported this to the Board and was sent a confidential admonishment.

Ethics Adjudications of IG Investigations. Since November 2019, the IG has submitted two ethics investigations, and the Board concluded a third begun the prior year. The Board dismissed the first case for lack of jurisdiction. In the second, the Board found a now-former employee in violation for filing false Statements of Financial Interests by failing to disclose outside income received in 2017 and 2018. The Board had requested the investigation. The Board imposed the maximum \$2,000 fine for each violation. In the third, begun the previous year, the Board determined that the subject committed four violations (two of the post-employment provisions; and one each of the prohibited conduct and conflict of interests provisions), but imposed the minimum fine of \$500 for each because the subject presented compelling mitigating evidence. The matter was based on a 2017 complaint filed with our office, which we immediately referred to the IG.

Detailed information about adjudications and enforcement matters and a guide to ethics enforcement procedures are posted on our website and updated regularly. Names are named where permitted by law.