

Board of Ethics



Annual Report 2001-2002

City of Chicago
Richard M. Daley, Mayor

Dorothy J. Eng, Executive Director
Board of Ethics



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General Counsel, American Bar Association

Appointed 1990

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CHAIR S REPORT

Character is the only secure foundation of the state.

Calvin Coolidge

The subject of ethics, both individual and organizational, moved into the forefront of public affairs during this past reporting year, taking its place alongside other major domestic issues and international events. We were reminded that the success and the very existence of many business and governmental institutions depends upon public confidence. We were also reminded, too often, that whether that public confidence is sustained or lost depends not upon laws and regulations, but upon the character of the individuals serving in these institutions.

In the midst of this, the Chicago Board of Ethics experienced its busiest year ever. Owing in part to our agency s educational publications and programs, and to the advice we can provide, word about the Board of Ethics appears to be spreading. As summarized in this Annual Report, in the year that ended July 31, 2002, our agency experienced and handled the greatest number of requests for guidance in its 16 year history our call volume alone was up 37% from the previous year and designed and conducted more classes than ever before. In addition, on the regulatory and enforcement side of our work, we commenced and concluded more investigations and preliminary inquiries than ever before. As this Annual Report goes to print, we are redesigning our website, and undertaking our most extensive educational initiative yet: on-line interactive ethics training, to be completed by City employees, officials and contractors, and otherwise available to everyone. None of this would be possible without the dedication of our agency s staff and Board members, named in this report, and I express my deep appreciation for their diligence.

This is, obviously, an exciting and challenging time for the Board of Ethics. Chicago s citizens, government officials and municipal employees are looking to us to help bolster public confidence in both the institutions of our City government, and in the character of those serving in those institutions. I remain confident that, through the hard work of our staff and Board members, we will meet these challenges.

Finally, I would be remiss if I did not mention that we will be meeting these challenges without the wisdom of Angeles Eames, the Board s vice-chair, who recently announced her resignation. Ms. Eames has served on the Board with distinction for all sixteen years since the Board s inception. We wish her well in her future endeavors.

I am honored to present this Sixteenth Annual Report of the City of Chicago Board of Ethics.

Respectfully submitted,

Darryl L. DePriest, Chair

Section II
THE BOARD OF ETHICS

**Agency
Mission**

The Board of Ethics was established by the Chicago City Council in 1987 to administer and enforce the City's then-new Governmental Ethics and Campaign Financing Ordinances, and to conduct the educational and regulatory programs mandated by these Ordinances. The preamble to the first version of the Governmental Ethics Ordinance aptly summarized the Board's mission, and bears repeating here:

In order to ensure the proper operation of representative government, it is essential that public officials be impartial and independent; that public office not be used for personal gain; that the public have confidence in the integrity of its government; and that governmental policy and decisions be made in the proper channels of the government structure.

The importance and immediacy of the Board's work like that of similar ethics agencies and departments throughout government and private business has become all too apparent in the past year, and is reflected in the large increase in the number of inquiries the Board received and handled during the reporting year. In that time, the Board began implementing several major new educational initiatives, including on-line ethics training programs that will be available to City employees, officials and contractors. Additionally, the Board intensified its efforts to ensure compliance with the standards contained in the Ordinances, significantly increasing the number of preliminary inquiries it initiated and instituting a new category of casework, lobbyist education matters.

**Agency
Personnel**

The Board's members and its Executive Director are appointed by the Mayor and confirmed by City Council. The Board meets each month and its members serve without pay. The Board also employs a staff of eleven employees.

**Agency
Programs**

The Board's work is divided into four major program areas:

- ✓ **Educating** City employees and officials, persons who have or seek City contracts, persons who lobby City government, and the public, about the standards of conduct contained in the City's Governmental Ethics and Campaign Financing Ordinances. During this past year, the Board began to implement several new educational initiatives, which are summarized in this Report on pages 5-6.
- ✓ **Providing Guidance** to persons with questions about the standards of conduct contained in these Ordinances.

Section II
THE BOARD OF ETHICS

✓ ***Regulating and Enforcing Standards of Conduct*** by:

distributing, collecting and reviewing approximately 8,000 Statements of Financial Interests filed every year by certain City employees and officials;

collecting and reviewing conflict of interest disclosures filed by aldermen;

publishing, distributing and reviewing disclosures filed by married employees as required by Mayoral Executive Order 97-1;

monitoring contributions made to elected City officials and candidates for elected City office to ensure that contributors comply with the limitations imposed by the Campaign Financing Ordinance;

distributing, collecting and reviewing registration statements and activity reports filed by persons who lobby City government;

commencing preliminary inquiries and education matters based on information reported in public filings made by City employees, officials, registered lobbyists, and candidates for elected City office; and

receiving and investigating complaints of alleged violations of the Ordinances in accordance with legally mandated procedures, and recommending or taking appropriate corrective action and/or sanctions.

✓ ***Maintaining and Making Available for Public Inspection***, in accordance with City and state law, Statements of Financial Interests, aldermanic disclosures, and information filed by registered lobbyists.

THE 2001-2002 REPORTING YEAR

A. Education and Training



A critical part of the Board's work is educating City employees, officials and the public about the requirements of the City's Code of Conduct (Article 1 of the Governmental Ethics Ordinance) and the other requirements in that Ordinance and the Campaign Financing Ordinance. The Board conducts a variety of training classes and issues a wide array of publications.

Mandatory Ethics Training

Ethics Ordinance requires all aldermen, aldermanic staff, City Council Committee staff and senior executive service employees of the City to attend ethics training every four years. Those who fail to attend by the prescribed date are subject to a \$500 fine. Individuals who subsequently enter City service in those positions must attend ethics training within 120 days of becoming a member of one of these categories, and then again every four years. To fulfill its legal obligations, the Board identifies persons required to attend, notifies them of their requirement, schedules them for classes, and confirms their attendance or non-attendance in writing. During the past reporting year, the Board offered over 60 classes for more than 1,700 City employees and officials required to attend. Approximately 1,100 of these individuals attended training for the second time since the law requiring training took effect in October 1997.

Other Training Offerings

The Board also offers other training opportunities for City employees and departments, and conducts classes for departments or bureaus upon request. The Board and its staff are available to consult with City departments on any matter. This past reporting year, training offered by the Board included:

over two dozen customized classes covering the Governmental Ethics and Campaign Financing Ordinances held for City departments and offices as requested; and

Three presentations to visiting dignitaries and officials from foreign countries, including the People's Republic of China, Ghana, and Brazil.



NOTE

Complete texts of the Governmental Ethics and Campaign Financing Ordinances, newsletters, certain disclosures filed by City Council members, other educational brochures published by the Board, and selected advisory opinions, are on the Internet at:

www.cityofchicago.org/Ethics

They are also available directly from the Board.

THE 2001-2002 REPORTING YEAR

Publications

As part of its educational program, the Board publishes and distributes a variety of publications summarizing aspects of the Ordinances of particular concern, including campaign financing, lobbying, and a guide for aldermen. This reporting year, the Board posted copies of various educational materials on its website, and distributed the twelfth edition of *THE CITY ETHICS UPDATE*, its newsletter, at various City offices and on the Internet. All of these publications are also available upon request.

New Education Initiatives

With the cooperation and assistance of several other City departments, the Board has begun to design and implement internet-based training programs. These include a bi-monthly Continuing Ethics Education Series newsletter, sent by email to City employees and officials (and also posted on the Board's website), and an interactive ethics training program for employees, officials and contractors. This program will include a streaming video and ethics quiz, with relevant sections of the law explained and illustrated by example.

B. Guidance and Casework

Much of the Board's daily work involves responding to requests for information or guidance from City employees and officials, the press, the public, and individuals from other governmental entities. These requests arrive by telephone, fax, email, letter, and in person. Requests are classified as either inquiries or cases.

By the Numbers

Inquiries If a person asks the Board a question but does not request a written response, the Board handles the matter as an inquiry. This past reporting year, the Board handled over 1,900 inquiries from individuals seeking general information or professional advice. This figure represents a 37% increase over the number of inquiries received in the year ended July 31, 2001. Persons who contact the Board include City employees, officials, the public, attorneys, contractors, the press and representatives from other government agencies. Most persons asked whether and how the Ordinances applied to specific situations. Board staff provided general information or advice, or where appropriate, specific guidance based on previously rendered written Board advisory opinions. The Board handles all inquiries in accordance with the confidentiality provisions of the Governmental Ethics and Campaign Financing Ordinances.

Cases When a person requests a written Board opinion, raises complex legal issues the Board has not addressed, or files a complaint, the Board may, as appropriate, render a written opinion or formally approve advice given orally, dismiss the complaint, or commence and conduct an investigation and issue a report containing determinations and recommendations. These matters are handled and resolved as cases. Written Board opinions are used by staff in handling related future inquiries.

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All advisory opinions, complaints filed with the Board, and Board investigations and recommendations are confidential in accordance with the Ordinances.

This past reporting year, the Board approved oral or issued written advice in 26 cases, and issued 32 reports containing determinations or recommendations resulting from investigations. See Section III.C.4, beginning on page 20, for more information on complaints and Board 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, 2000, July 31, 2001 and July 31, 2002.

 INQUIRIES RECEIVED/HANDLED FOR THE YEARS ENDED JULY 31:			
SUBJECT MATTER	2000	2001	2002
Outside Employment	56	44	46
Post-Employment	26	29	43
Gifts/Travel/Honoraria	105	79	102
Interest in City Business	35	25	44
Campaign Financing	58	43	47
Lobbying Activity/Disclosure	227	293	166
Financial Interest Disclosure	275	454	768
Political Activity	13	10	11
City Property	15	13	4
Fiduciary Duty	40	14	9
Conflicts/Improper Influence	34	37	34
Money for Advice	1	22	6
Representation	10	10	13
Employment of Relatives	23	15	13
Confidential Information	1	10	1
General Information	166	55	56
No Jurisdiction¹	79	31	40
Prohibited Conduct²	0	0	0
Other³	77³	54³	32
Classes/Education	23	152	419
Freedom of Information	66	7	7
Executive Order 97-1³			56

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

²For the year ending July 31, 2000, Other included Prohibited Conduct.

³For the years ended July 31, 2000 and 2001, Other included Executive Order 97-1.

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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, 2000, July 31, 2001 and July 31, 2002.

 CASES RESOLVED FOR YEARS ENDING JULY 31:			
SUBJECT MATTER	2000	2001	2002¹
Outside Employment	38	8	7
Post-Employment	2	7	5
Gifts/Travel/Honoraria	1	7	14 ²
Interest in City Business	3	4	3
Campaign Financing	5	18	25 ³
Lobbying Activity/Disclosure	0	2	15 ⁴
Financial Interest Disclosure	10	8	24 ⁵
Political Activity	6	0	0
City Property	0	1	2
Fiduciary Duty	1	0	1
Conflicts/Improper Influence	2	0	2
Money for Advice	0	0	0
Representation	0	1	2
Employment of Relatives	5	5	0
Confidential Information	0	0	0
General Information	0	0	0
No Jurisdiction⁶	14	5	7
Prohibited Conduct	0	1	0
Other	0	0	0
Classes/Education	0	0	0
Freedom of Information	0	0	0

¹As in past years, these figures include all cases in which oral or written advice or opinions were issued. They also include the matters (14 this reporting year) in which requests for written advice were withdrawn or/ complaints were referred to other agencies or dismissed before investigations were commenced or concluded, as well as preliminary inquiries and the 32 cases in which the Board issued written reports resulting from concluded investigations. See Table V, on page 22, for more specific information on complaints received and investigations commenced and concluded during the reporting year.

²This figure includes 4 preliminary inquiries and 4 related Lobbyist Education matters, all commenced and closed during the reporting year. See Section III.C.2, on pages 16 and 17, for more information.

³This figure includes the 2 preliminary inquiries commenced and closed during the reporting year. See Section III.C.1., on pages 14-15, for more information.

⁴This figure includes 6 preliminary inquiries (pertaining to lobbyist agreements and fees) closed during the reporting year, one of which was commenced during the previous reporting year. See Section III.C.4, on pages 20 and 21, for more information. It also includes 4 Lobbyist Education matters (pertaining to lobbyist agreements and fees), all commenced and closed during the reporting year. See Section III.C.2, on pages 16 and 17, for more information.

⁵This figure includes 16 preliminary inquiries commenced and closed during the reporting year, each pertaining to information reported by City employees and officials on their 2001 Statements of Financial Interests. See Section III.C.4., on pages 20 and 21, for more information.

⁶Where possible, the Board refers these matters to other City, governmental, or private agencies.

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Summaries of Relevant Inquiries and Opinions

The following summaries are based on actual inquiries received and responses given, as well as on Board opinions rendered. They are included for educational purposes only and are not intended to constitute legal advice. Only those persons involved in the specific situations described in the opinions, or in situations that are materially indistinguishable from them, may rely on Board opinions. Anyone with questions about specific situations should contact the Board for personal guidance.

The Board can render advisory opinions when requested in writing by officials, employees or any persons directly and personally involved. Board opinions concern only the application of the City's Governmental Ethics and Campaign Financing Ordinances to the facts presented in the opinion, and do not include analysis of other rules or laws that may apply.

The Board handles all inquiries in accordance with the confidentiality requirements of the Ordinances. Copies of Board opinions, with identifying and other confidential information removed, are available on request. To the extent that these summaries differ from the language of the Ordinances or Board opinions, the language in the Ordinances and opinions controls.

Interest in City Business

The Governmental Ethics Ordinance prohibits City employees and elected officials from having a financial interest in their own or another's name in any contract, work or business of the City, or in the sale of any article, if the contract, work, business or sale is paid with funds belonging to or administered by the City. The Ordinance also provides that no City employee or official shall have a financial interest in the purchase of any property belonging to the City unless sold pursuant to a process of competitive bidding following public notice. The Ordinance defines financial interest as any interest: (i) as a result of which the owner currently receives or is entitled to receive in the future more than \$2,500 per year; (ii) with a cost or present value of \$5,000 or more; or (iii) that represents more than 10% of a corporation, partnership, enterprise or other legal entity organized for profit.

SITUATION 1:

A City employee owns a six-flat apartment building and rents each unit to tenants. Her tenants have each applied for \$1,500 in rehabilitation assistance money from a program administered by a City department. She asks whether she would have a prohibited financial interest in City business if all six receive \$1,500 from the program.

RESOLUTION:

The Ordinance prohibits City employees and elected officials from having a financial interest in any City contract or business such as a loan or grant from a program administered by a City department and defines financial interest in relevant part as any interest with a cost or present value of \$5,000 or more. Because this employee's tenants' participation in the program would benefit her as the property owner, any monetary assistance they receive through this program would be, effectively, assistance to her, and would give her an interest in City

Section III

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business. Thus, consistent with prior Board opinions, she was advised that, were each tenant \$1,500 from the program, the amount of her interest in City business would be \$9,000, which would be a prohibited financial interest in City business.

:

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parcel of real estate directly from the City (that is, not through a competitive bidding process), \$9,600. Would he have a prohibited financial interest in the purchase of City-owned property if the partnership completes the purchase?

This purchase does not involve competitive bidding following public notice, and thus does not for that exception to the definition of financial interest. However, because the proposed property (which represents 25% of \$9,600), and financial interest is defined as any interest a cost or present value of \$5,000 or more, he would not have a prohibited financial interest in the purchase.

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whether the Ordinance prohibits her business from applying for and obtaining certification from

RESOLUTION:

The Ordinance prohibits City in any City contract, work or business, and defines financial interest in part as any interest a result of which the owner receives or is entitled to receive more than \$2,500 per year, or any more than 10% of the business. As this employee owns 100% of her business, she clearly has financial interest in the business enterprise itself. However, merely obtaining WBE/MBE certification City business or contracts. Certification is, rather, a way for the City to certify that a business meets established legal criteria. Therefore, the Ordinance does not prohibit her business from applying for and obtaining WBE/MBE certification.

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A

MBE. The business has bid on a City contract to supply a City department with services over two-year period for a price of \$100,000. If the contract is awarded to this company, will the employee have a prohibited financial interest in City business?

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If a City employee has an ownership interest in a company that has a City contract, that has an interest in that City contract in the name of another. The employee's interest is \$5,000 or more. Because this employee owns 100% of the business, he would have an interest in the full amount (100%) of this City contract if it is awarded to his company. The value of his interest is prohibited financial interest in City business. The fact that his business is certified as an MBE

Campaign Financing

The persons or business entities may make to: 1) candidates for elected City office during a single reporting year; 2) elected City officials during a "reporting year" (July 1 through June 30); and 3) City officials or any person from making a cash contribution to any candidate in an amount exceeding \$250.

A citizen asks whether a local Chamber of Commerce is prohibited by the City's Campaign Financing Ordinance from making campaign contributions to the alderman of the ward in which it is located.

The contributions to any candidate for elected City office or elected City official. Rather, the contributions during reporting years, which run from July 1 through June 30.

SITUATION 2:

same citizen asserts that this Chamber of Commerce receives City funding and has had matters in campaign contributions to the alderman?

RESOLUTION:

depends. Under the Campaign Financing Ordinance, if the Chamber of Commerce has: 1) received contracts or purchases to, from or with the City in any consecutive 12 month period within the four reporting years (that is, since July 1, 1998); or 2) had, within 6 months prior to its proceeds or inducement ordinances, leases, land sales, zoning matters, the creation of a tax increment financing district, concession agreements, or class 6(b) Cook County property classification, subject to the contribution limitations.

Gifts/Acceptance of Travel Expenses

Governmental Ethics Ordinance prohibits offering, giving, and accepting anything of value based or actions would be influenced. It also prohibits persons with an economic interest in a specific business or transaction from giving cash or gifts to City officials or employees whose decisions employees from accepting such gifts, though this prohibition does not apply to an occasional

SITUATION 1:

A offering (and the department's employees from accepting) a holiday food buffet during their

RESOLUTION:

While *per se* amounts to less than \$50 per City employee), the employee was advised that other factors the department's serious consideration such as the appearance of impropriety that would department to accept such a gift from a vendor.

SITUATION 2:

Deputy Commissioner asks whether the Ordinance prohibits one of her staff members from accepting the cost of attending an out-of-town trade exposition. The vendor is not a sponsor of the

RESOLUTION:

employee may not accept these travel expenses, because they would be considered a prohibited affect. The Ordinance does make explicit allowance for City employees and officials to accept or travel expenses, provided that the expenses are: 1) reasonable; 2) furnished in connection with a public event or by the sponsor of the event. The vendor here, however, is not a sponsor of the exposition. the exception does not apply, and the vendor's offer to pay these expenses, if accepted, would be a prohibited gift to the employee.

A asks whether the City's Governmental Ethics Ordinance prohibits it from offering or giving gifts CTA employees. She asks because she is aware that the City's Campaign Financing Ordinance City or certain of its sister agencies, including the CTA, may contribute to candidates for City office during a single candidacy, or to elected City officials during a reporting year of their term, but is unclear how this might apply to gifts given to CTA employees.

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The spokeswoman is correct that, by virtue of the fact that her company does business with the City, it is subject to the limitations on campaign contributions contained in the City's Campaign Financing Ordinance. However, her company is not thereby subject to the City's Governmental Ethics Ordinance, because these restrictions cover employees and agencies established by state law, and is therefore not a City agency for purposes of the City's Ethics Ordinance. Thus, its employees are not City of Chicago employees, and the Ordinance does not apply to gifts that her company receives. She was advised to contact the CTA to ensure that her company complied with the restrictions.

Lobbying

The City's Ethics Ordinance defines a lobbyist as any person other than himself, or as any part of his duties as an another's employee, undertakes to influence any legislative or administrative action, including but not limited to: the preparation of contract specifications; the award or administration of any agreement involving the disbursement of public monies; or other determination made by a City official or employee with respect to the procurement of goods or services; the decision on, or proposal, consideration, enactment or making of any rule, regulation, or other nonministerial action or non-action by an executive department or official or employee of the City; or any legislative or administrative action solely by submitting an application for a City permit or by responding to a City request for proposals or qualifications. Lobbyists must register with the City. No person shall act as, or retain or employ a lobbyist for compensation contingent in whole or in part upon the award or administration of any agreement involving the disbursement of public monies, or the procurement of goods or services, or the decision on, or proposal, consideration, enactment or making of any rule, regulation, or other nonministerial action or non-action by an executive department or official or employee of the City, or the submission of an application for a City permit, or the response to a City request for proposals or qualifications, unless such person is a registered lobbyist.

SITUATION:

Many permit expeditors are acting as lobbyists to assist them in pulling their permits. Are these permit expeditors required to register as lobbyists?

RESOLUTION:

It is the resolution of the City Council that the following activities, permit expeditors are required to register as lobbyists, because the actions constitute attempts to influence nonministerial action (or constitute solely submitting an application for a City permit): 1) preparing and submitting permit applications; 2) monitoring the progress of permit applications; 3) meeting with City personnel to clarify what needs to be corrected in the submission in order to comply with code requirements; 4) acting as a contact person in an emergency, if listed on the permit application. However, while engaged in the following activities, expeditors are not required to register as lobbyists: 1) preparing and submitting permit applications; 2) monitoring the progress of permit applications; 3) meeting with City personnel to clarify what needs to be corrected in the submission in order to comply with code requirements; 4) acting as a contact person in an emergency, if listed on the permit application.

Section III

influence are thereby acting as lobbyists and required register as such: 1) attempting in any way to persuade City personnel to move the position of way to persuade Building department personnel to adopt a particular interpretation of the code to influence their decision to approve a particular set of plans submitted; or 3) attempting in promote, or influence the permit application review process.

General Information/Definition of Employee

of the prohibitions and restrictions contained in the Governmental Ethics Ordinance are in employee, in relevant part, as an individual employed by the City of Chicago, whether part-

SITUATION:

individual on leave of absence from his City employment asks whether he is subject to the provisions and restrictions of the Governmental Ethics Ordinance during his leave.

An employee on leave of absence from the City is subject to the provisions of the Ordinance he retains his legal status as an employee during his leave. According to a Board opinion, a key indicator of whether an individual retains his the employer exercises the right to control the individual's employment status during the The City's Personnel Rules set forth termination procedures for an employee on a leave of sufficient to consider the individual an employee during this time. Thus, this employee was that, unless while on his leave he resigns from his employment, during his leave he retains his legal status as a City employee and restrictions of the Ordinance.

C.

City's Campaign Financing Ordinance limits the amount of money that certain persons may (July 1 through June 30) to candidates for elected office, elected City officials, and City employees and officials seeking election to any other

These persons are: 1) lobbyists registered with the Board; 2) persons who, within the

THE 2001-2002 REPORTING YEAR

last

and 3) persons seeking to do business with the City or a sister agency.

Board monitors contributors' compliance with these limitations by reviewing campaign disclosure reports that candidates political committees file with the County Clerk to state law. The Board then compares these reports with City and sister agency records, matters referred to the City Council and/or Council committees, and

reviewed

matters.

possible

subsequently gathered information; the other resulted

corrective

resulted

limitations,

accomplished in 22 of the 23 instances in which it was indicated; in the one remaining case, action had been initiated but not achieved. Board also effected corrective action

these

contribution limitations.

Lobbyist Registration and Activity

Ordinance

about

Board

as

contracts

registered

shall be voidable as to the City.

their filings, lobbyists are required to identify their lobbying clients, list their lobbying-related and expenditures, list which City agencies they lobby, list which legislative and actions are the focus of their lobbying activity, provide itemized lists of gifts they given to City officials and employees and furnish a copy of any written agreement of or employment pursuant to which they lobby, or a written statement of the substance

In

available

for seven years following the date of filing.

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Registration Statements

There are currently 264 lobbyist registration statements on file for the year 2002. These statements identify 264 lobbyists, and the 280 individuals associated with or employed by these lobbyists, who disclosed their intention to lobby on behalf of clients in 2002.

Activity Reports

In January 2002, 254 lobbyists filed reports covering their lobbying activities for the last six months of calendar year 2001; and in July 2002, 260 lobbyists filed reports covering their lobbying activities for the first six months of 2002. The reports show that the majority of registered lobbyists are law firms, public relations firms, and employees of companies or organizations who lobby on behalf of their employers.

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 regularly. To assist City employees and officials who interact with lobbyists, the Board refers department heads, elected officials, City personnel who have been identified as having policy-making authority, and others likely to be lobbied to its Website. To view the list, see <http://www.cityofchicago.org/Ethics/Lobbyist/LobbyistFinal.html> or call the Board at 312-744-9660.



NOTE

To effect the Ordinances policies, the Board has the power and duty to carry out such educational programs as it deems necessary. Accordingly, during the reporting year, the Board instituted a new category of casework, namely, lobbyist education matters. In 4 of the 8 lobbyist education matters in the reporting year, the Board formally advised 4 lobbyists that the Ordinance requires registered lobbyists to furnish, as part of their registration statements, a copy of any written agreement of retainer or employment pursuant to which they lobby, or a written statement of the substance of any oral agreement pursuant to which they lobby. The Board also advised them of the penalties for failing to do so.

THE 2001-2002 REPORTING YEAR

Lobbying-related expenditures and compensation

On their semi-annual activity reports, lobbyists must disclose lobbying-related compensation they have received from their clients, and lobbying-related expenditures that they made or charged to their clients. Reports show that the total amount of lobbying-related compensation registered lobbyists received from their clients was over \$5.8 million for the last six months of 2001 (1st Period), and over \$7.6 million for the first six months of 2002 (2nd Period). 162 lobbyists reported that they received no lobbying-related compensation in the 1st Period, and 175 reported that they received no lobbying-related compensation in the 2nd. The reports also show that the total amount of lobbying-related expenditures paid by lobbyists or charged to their clients was \$132,840 in the 1st Period, and \$417,008 in the 2nd.

Gifts reported by lobbyists

On their semi-annual activity reports, lobbyists must provide itemized lists of gifts they have given to City employees and officials during the reporting period. Filed reports show that, during the 1st Period, 11 lobbyists gave 160 gifts to 125 City employees and officials, and that the total value of all gifts given was \$18,420. During the 2nd Period, 6 lobbyists gave 45 gifts to 43 City employees and officials, and the total value of all gifts given was \$9,886.

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.



NOTE

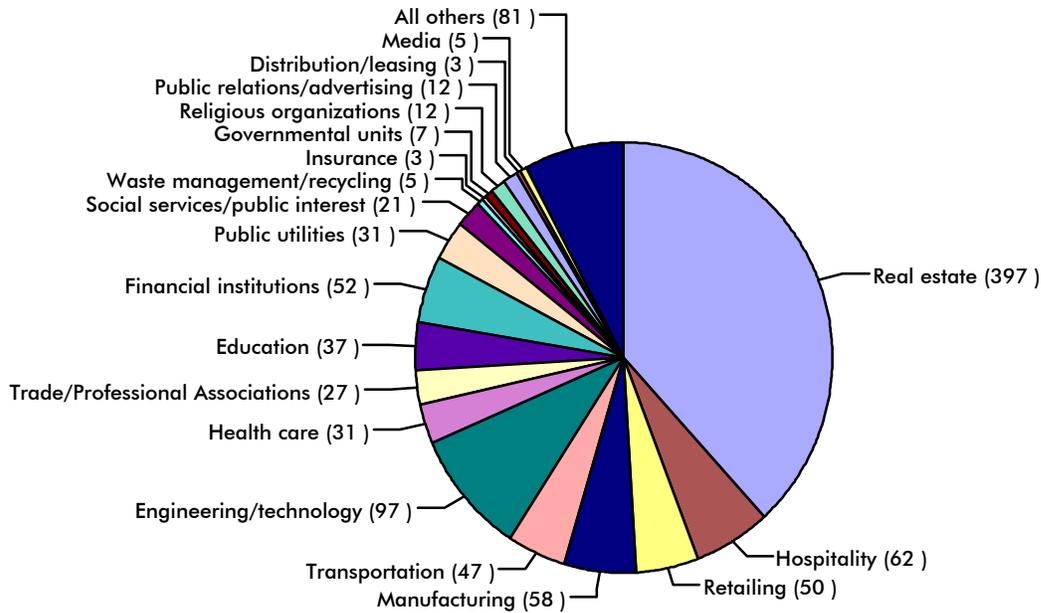
In the remaining lobbyist education matters, 4 lobbyists were formally advised not only of the Ordinance s provisions containing restrictions on the giving of gifts to City employees and officials, and of the resulting penalties for violating these provisions, but also of the appearance of impropriety that can result even if the gift is within the legal limits of the law.

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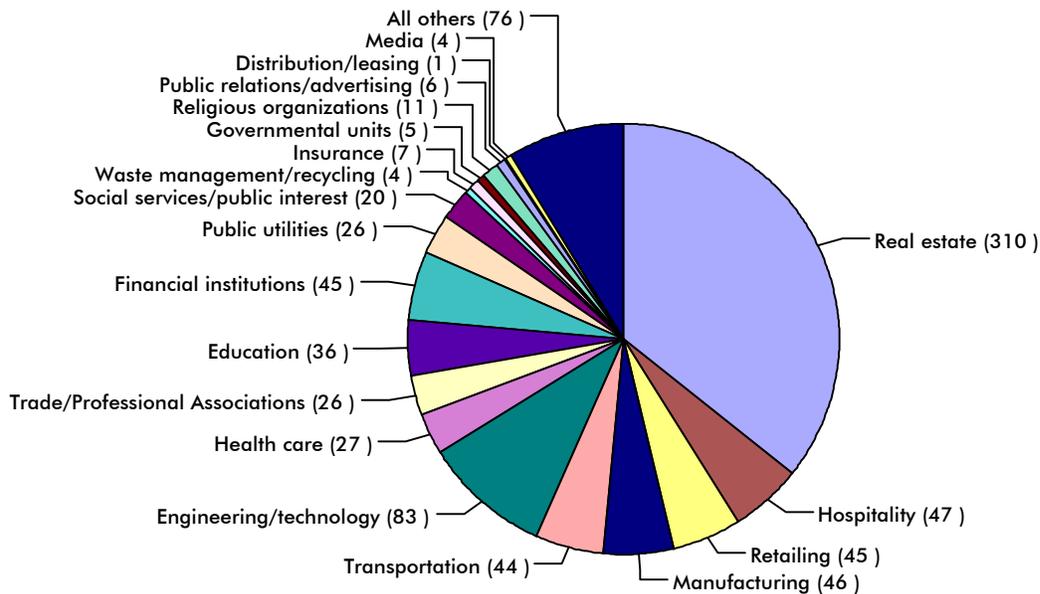
TABLE III - Business Interests of Clients Represented by Lobbyists

The following charts show the number of clients, by the clients' business interests, who were represented by lobbyists during both the 1st and 2nd periods.

1st Period



2nd Period



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TABLE IV - Lobbyists and Their Clients, by City Agency

The following table shows, for both the 1st and 2nd periods, the number of lobbyists who reported activity before the 12 City agencies and departments that were the subject of the most lobbying activity. The table also indicates the number of clients these lobbyists represented before those agencies and departments in each period.

City Agency	Number of Lobbyists Reporting Activity		Number of Clients They Represented	
	<u>1st Period</u>	<u>2nd Period</u>	<u>1st Period</u>	<u>2nd Period</u>
Planning & Dev.	58	55	330	295
City Council/Committees	64	60	299	286
Zoning	22	22	125	103
Law	26	27	103	102
Transportation	32	33	86	79
Mayor's Office	26	34	78	85
Buildings	22	26	61	76
Aviation	30	30	60	58
Plan Commission	10	9	56	42
Finance	14	13	37	39
Revenue	14	17	39	41
Budget/Management	7	5	10	6

Statements of Financial Interests

Certain City employees and officials are required to file Statements of Financial Interests with the Board of Ethics each spring, in accordance with Article 2 of the Ethics Ordinance. The Board distributes, collects, and reviews these Statements for compliance with the Governmental Ethics Ordinance.

During this past reporting year, over 8,000 City employees and officials were required to file Statements of Financial Interests. Most were required to file with the Board by May 31, 2002, or be in violation of the Ordinance. Of those required to file by May 31, individuals who filed after May 1, 2002 were also required to pay the \$20 late filing fee mandated by the Ordinance. During the reporting year, the Board collected \$5,560 in late filing fees.

The Board initiated 7 investigations of City employees who failed to file their Statements by the May 31 deadline, and in July 2002, determined that they had all violated the Ordinance. As of July 31, 2002, one of these employees had filed the Statement. The Board also closed the

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1 remaining investigation it had initiated in the previous reporting year (in which it had also determined that an employee had violated the Ordinance by failing to file by the deadline).

In accordance with state law and City ordinance, Statements of Financial Interests filed with the Board are available for public review and inspection, upon written request. (See Section III.D., page 23, for more information.) In accordance with state law, the Board maintains Statements of Financial Interests for seven years after they are filed.

Preliminary Inquiries, Investigations and Complaints

The Board has the authority to receive complaints and conduct investigations and inquiries into alleged violations of the Ordinances, issue subpoenas during the course of investigations, and recommend or impose appropriate sanctions or corrective actions if it determines that a violation has occurred. All Board complaints, inquiries, investigations, reports and recommendations are subject to the confidentiality requirements of the Ordinances.

Preliminary Inquiries

Each year the Board reviews information disclosed on public documents filed with it (and with the Cook County Clerk's Office) 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, Aldermanic disclosures and campaign contribution reports. If, based on the Board's review, a possible violation of the Governmental Ethics or Campaign Financing Ordinance is indicated, the Board commences a preliminary inquiry. Based on a preliminary inquiry, the Board can find there is reasonable cause to believe that one or more provisions of the Ordinances may have been violated, in which case it initiates an investigation; the Board may also close the inquiry on the basis that no reasonable cause exists to believe there is a potential violation, and may advise the subject of the relevant provisions and penalties contained in the Ordinances.

Statements of Financial Interests. During the reporting year, the Board commenced and concluded 16 preliminary inquiries based on its review of the Statements of Financial Interests filed by City employees and officials. These involved disclosures made by 16 City employees and officials on their 2001 Statements of Financial Interests; the disclosures pertained to gifts offered or received. Based on further information provided by these employees and officials, the Board closed the inquiries without initiating investigations. In all instances, the Board advised the employees and officials of the relevant provisions and penalties in the Ordinance.

Lobbyists Filings. During the reporting year, the Board commenced 11 preliminary inquiries based on its review of information disclosed in filed Lobbyist Registration Statements and Activity Reports. Seven were commenced with respect to registered lobbyists, and pertained to their written retainer agreements. The remaining 4 were

commenced with respect to City employees and officials, and pertained to gifts that

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lobbyists reported as having given to them. Of these 11, 2 (both involving written retainer agreements) were still ongoing as of July 31, 2002. Based on further information provided by the lobbyists and City employees and officials, the Board closed the remaining 9 and the 1 preliminary inquiry (with respect to a registered lobbyist, pertaining to a prohibited contingent lobbying fee) that it commenced in the previous reporting year, without initiating investigations.

Aldermanic Disclosures. The Board commenced no preliminary inquiries based on its review of filed Aldermanic disclosures.

Campaign Financing Reports. Based on its review of campaign contribution reports filed with the County Clerk's office, City contract records and matters referred to City Council Committees, the Board also commenced 2 preliminary inquiries into whether certain campaign contributors had violated the City's Campaign Financing Ordinance. The Board closed both without initiating investigations (see Section III.C.1, on pages 14-15, for more information).

Concluded Investigations

As summarized in Table V, below, during the reporting year, the Board concluded 8 investigations against City employees and officials who, it determined, violated the Ordinance by failing to file Statements of Financial Interests by the time prescribed by law (1 of these investigations had been initiated during the previous reporting year), and 1 investigation involving the Ordinance's post-employment provisions (also initiated during the previous reporting year), in which it determined that the Ordinance was not violated. With respect to the Campaign Financing Ordinance, the Board initiated 22 investigations, and in each case determined that the contributor had violated the Ordinance; as of July 31, the Board had effected corrective action in and concluded 21 of these 22 cases. The Board also effected corrective action in and concluded the last 2 Campaign Financing investigations remaining from the previous reporting year (in both cases, the Board determined that contributors had violated the Ordinance's contribution limitations). See above, Section III.C.1, pages 14-15, for more information.

Filed Complaints

During the reporting year, 10 complaints were filed with the Board. Two of these alleged violations involving the unauthorized use of City property, 1 alleged possible violations of several provisions (most significantly, fiduciary duty), and the remaining 7 raised issues outside the Board's jurisdiction (though, where possible, the Board referred complainants to other appropriate agencies or persons). As required by law, the Board reviewed each complaint to determine if there was reasonable cause to initiate an investigation into the allegations. The Board dismissed 7 for lack of jurisdiction, dismissed 1 for failure to establish reasonable cause, and referred the last 2 to other City departments for appropriate action.

TABLE V - Subject Matter of Preliminary Investigations, Investiga-

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tions and Complaints

Table V shows the subject matter of complaints filed with the Board, 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 Inquiries Commenced/Concluded	Investigations Commenced	Investigations Concluded
City Property	2	-	-	-
Post-Employment	-	-	-	1 ¹
Financial Interest/Disclosure	-	16	7	8 ²
Campaign Financing	-	2	22	23 ³
Lobbyist Registration/Disclosure	-	8 ⁴	-	-
Gifts/Travel/Honoraria	-	4	-	-
Fiduciary Duty	1	-	-	-
No Jurisdiction	7	-	-	-
Total	10	30	29	32

¹This investigation was commenced in the previous reporting year.

²This figure includes 1 investigation commenced in the previous reporting year.

³This figure includes 2 investigations commenced in the previous reporting year.

⁴This figure includes 1 preliminary inquiry commenced in the previous reporting year, but concluded in this one.

Executive Order 97-1 Disclosures

Mayoral Executive Order 97-1, effective December 1, 1997, also 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 requires written disclosure to the Board of Ethics each year of their spouses' ownership interest in entities that contract with persons doing City business.

In this past reporting year, the Board published the disclosure form (both in "hard copy" and on the Internet), coordinated its distribution to the approximately 23,000 married City employees, collected the returned forms, and referred to the Law Department those requiring further review. During the reporting year, 26 City employees filed written disclosures that required further review.

Aldermanic Disclosures

The Conflicts of Interest provision of the Governmental Ethics Ordinance requires aldermen to make certain disclosures with the Board of Ethics with respect to matters 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 these matters. The Board regularly reviews records of Council proceedings and other documents to ensure compliance with the law. As provided by law, the Board also reviews, maintains and makes these disclosures available for public inspection upon request. In the reporting year ended July 31, 2002, the Board received 46 of these disclosures*, covering 201 pending matters or items.

*The Board also received one additional copy of 24 of these 46 disclosures; in each instance, the first copy received was a faxed version, and the second an original of the same disclosure.



Note: Scanned copies of all aldermanic disclosures received during the previous 4 months are now posted on the Board's website. See:

www.cityofchicago.org/Ethics/DisclosuresnNotifications.html

D. Examinations of Public Filings

In accordance with state law and City ordinance, Statements of Financial Interests, aldermanic disclosures, advisory opinions and lobbyist filings maintained by the Board of Ethics are available for public examination and duplication.

During the 2001-2002 reporting year, the Board received 2 requests to examine 8 Statements of Financial Interests filed by 3 City employees and officials, no requests to examine aldermanic disclosures, 1 request for the attendance record of a City employee at mandatory ethics training, and 8 requests to examine a total of 26 filings made by 8 separate lobbyists over several years.

FOR MORE INFORMATION

Staff members of the Board of Ethics are available to handle your requests for information or answer your inquiries about the Board, or about the requirements of the City's Governmental Ethics or Campaign Financing Ordinances. To reach us, you can call 312-744-9660 (TT/TDD 312-744-5996), send us a FAX at 312-744-2793, or an email at feedback@ci.chi.il.us.

To obtain an advisory opinion or guidance about a specific situation, or to file a complaint, please contact **Dorothy J. Eng, 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 60610

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

Complete texts of the Governmental Ethics and Campaign Financing Ordinances, profiles of Board members, the current list of registered lobbyists and their clients, blank downloadable copies of all forms required to be filed with the Board, selected advisory opinions, disclosures filed by City Council members regarding potential conflicts of interests, the Board's last three Annual Reports, its latest newsletters and other helpful information are available there.