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# Board of Ethics

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## Annual Report 2004-2005

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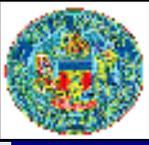
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**CITY OF CHICAGO**  
Richard M. Daley, Mayor  
Dorothy J. Eng, Executive Director





## **BOARD MEMBERS**

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### **Darryl L. DePriest - Chair**

General Counsel, American Bar Association  
Appointed 1990

### **Robert S. Grodnicki**

Licensed Clinical Social Worker  
Supervisor, Catholic Charities of Chicago  
Appointed 2004

### **Michael F. Quirk**

President, De La Salle Institute  
Appointed 1996

### **Mary Beth S. Robinson**

Vice President, Senior Claims Counsel  
Attorneys' Liability Assurance Society, Inc.  
Appointed 2002

### **Miguel A. Ruiz**

Partner, Pretzel & Stouffer, Chartered  
Appointed 2002

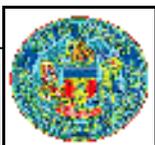
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## **BOARD OF ETHICS STAFF**

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**Dorothy J. Eng**  
Executive Director

**Steven I. Berlin & Michael Haggerty**  
Deputy Directors

**Richard J. Superfine**  
Legal Counsel

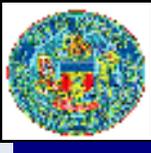
**Briana N. Milton**  
Attorney/Investigator

**Carolyn Bowens**  
Administrative Services Officer

**Paully Sepúlveda-Casillas**  
Staff Assistant

**Jef Johnson**  
Special Projects Coordinator

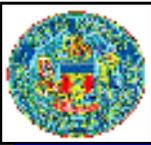
**Doretha L. Jackson**  
Administrative Assistant



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## CHAIR'S REPORT

### *Section I*

**“The essence of a free government consists in considering offices as public trusts, bestowed for the good of the country, and not for the benefit of an individual or a party.”**

*–John C. Calhoun*

The year summarized in this Annual Report was a challenging one for the Board of Ethics, the agency that administers and enforces Chicago's Governmental Ethics and Campaign Financing Ordinances. The number of lobbyists registered with the Board doubled. The City began (in December 2004), charging lobbyists a registration fee, and is considering implementing a system for lobbyists to file required reports electronically. The number of requests for guidance received by the office continued to rise, this year by 10%. The Board posted more than 100 advisory opinions (all the opinions, in fact, that have been issued since January 1998) on its website, searchable by topic. The number of campaign financing enforcement actions nearly doubled. Perhaps most importantly, the number of training sessions conducted by the Board at the request of various City departments—and the number of City employees attending those sessions—rose five-fold. But the work ahead does not stop. As I write this, the agency is beginning the third round of quadrennial, legally required ethics training for City Council members, Council staff and Senior Executive employees City-wide, and the City is undertaking an initiative that will require that all employees receive ethics training every year. The agency has and will continue to serve as the fulcrum for the administration of those requirements, and for the design of the training.

Chicago's Governmental Ethics and Campaign Financing Ordinances were adopted to help ensure public trust in City government. At no time since 1986, when this agency was created, has its charge—to administer and enforce those laws—been more critical. I have served as a member of the Board since 1990, and as its Chair since 1997. I can report confidently that the dedicated Board members and full-time staff who serve this agency (all named in this document), recognize the gravity of their responsibility, and strive constantly to improve the Board's various programs so that persons subject to these laws understand that lapses from the standards embodied in those Ordinances are intolerable. I have every confidence that the agency will meet the challenges with which it is presented over the coming year, and will continue to merit the confidence reposed in it by the citizens, officials and employees of the City.

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

Respectfully submitted,

Darryl L. DePriest, Chair



## **THE BOARD OF ETHICS**

### ***Section II***

## **ABOUT THE BOARD OF ETHICS**

The Board of Ethics was established in 1987 to administer and enforce the City of Chicago's Governmental Ethics and Campaign Financing Ordinances, and to conduct the educational and regulatory programs mandated by these Ordinances. The Ordinances exist to ensure that public officials and employees perform their public responsibilities impartially and independently, that public office not be used for private gain, and that the public can be confident in the integrity of its government officials and employees.

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 is staffed by nine full-time employees, including the Executive Director. The agency's budget for fiscal year 2005 was \$603,286.

## **THE BOARD'S PROGRAM AREAS**

### ***EDUCATION***

A critical part of the Board's work is educating City employees and officials, persons who have or seek City contracts, persons who lobby City government and members of the public about the requirements of the Ordinances. During this past year, the Board implemented several new educational initiatives, which are summarized in this Report on pages 6-7.

### ***ADVICE AND GUIDANCE***

In the past year, the Board handled more than 2,100 requests for information or guidance from persons with questions about the agency or standards of conduct contained in the Ordinances. Most of these requests came from City employees and officials, but many also came from members of the public, the press, and other governmental agencies. More information about this aspect of the Board's work is summarized on pages 8-13 of this Report.

### ***REGULATION AND DISCLOSURE***

The Board publishes, distributes, reviews, maintains and makes available to the public:

- Statements of Financial Interests filed annually by approximately 25% of all City employees and officials;



# **THE BOARD OF ETHICS**

## ***Section II***

- Disclosure forms filed by married employees as required by Mayoral Executive Order 97-1; and
- Registration statements and activity reports filed by persons who lobby City government.

### ***ENFORCEMENT***

The Ordinances impose upon the Board the following responsibilities:

- 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;
- commencing preliminary inquiries based on information reported in public filings made by City employees, officials, registered lobbyists, and candidates for elected City office, and contributors thereto (these preliminary inquiries may lead to full-scale investigations); 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.

### ***PUBLIC FILINGS***

In accordance with City ordinance and state law, the Board maintains and makes available for public inspection Statements of Financial Interests, City Council members' disclosures and all filings made by registered lobbyists.



#### **A. Amendments To The Governmental Ethics Ordinance**

During the reporting year, the City Council adopted three amendments to the Governmental Ethics Ordinance.

- 1.** Article 3 of the Ordinance (Lobbyist Registration) was amended in December 2004 to require that all lobbyist registration statements be accompanied by a registration fee of \$200 per person identified as a lobbyist in the statement. (See § 2-156-230(d).) During the reporting year, the Board collected \$118,600 in lobbyist registration fees.
- 2.** Article 5 of the Ordinance was amended in December 2004 to provide that any person who solicits, accepts offers or makes a gift in a manner that would constitute a violation of Section 10-10 of the State Officials and Employees Ethics Act (5 ILCS 430/10-10), if the illegal actions were committed by or to an employee or officer of state government, shall be subject to a fine of not less than \$1,001 and not more than \$5,000. (See § 2-156-410(c).)
- 3.** Article 5 of the Ordinance was amended in March 2005 to provide that any employee who knowingly solicits or accepts a political contribution in violation of § 2-156-140 shall be subject to a fine of not less than \$1,000 and not more than \$5,000. (See § 2-156-410(c-1).)



#### **NOTE**

Complete texts of Chicago's Governmental Ethics and Campaign Financing Ordinances, and an explanation of the December 2004 amendments, are on the Internet at: [www.cityofchicago.org/Ethics](http://www.cityofchicago.org/Ethics)



## **B. Education and Training**

An increasingly important part of the Board's work is educating City employees, officials and the public about the requirements of the City's Governmental Ethics and Campaign Financing Ordinances. Each year, the Board designs and conducts a variety of training classes and produces a wide variety of educational materials. Specific initiatives include:

### **■ Mandatory Ethics Training**

The Governmental 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. Persons failing to attend by the prescribed date 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. About 10% of the City's workforce is subject to this requirement. To fulfill its own 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 conducted 25 classes for the 550 City employees and officials required to attend.

### **■ Other Training Offerings**

The Board offers other ethics training programs for City and non-City personnel, and conducts classes for departments or bureaus upon request. 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 and contractors as requested; and
- presentations to visiting dignitaries and officials from foreign countries, including South Korea (Republic of Korea), the Republic of Indonesia and the Peoples' Republic of China.

### **■ Publications**

The Board publishes and distributes a variety of publications summarizing different aspects of the Ordinances that are of particular concern, including campaign financing, lobbying, and a guide for Aldermen. Many of these publications are posted on the Board's website; all are available upon request.



## **THE 2004-2005 REPORTING YEAR**

### ***Section III***

#### **■ Departmental Ethics Officers**

Ethics Officers from each City agency and Aldermanic offices assist the Board by distributing to employees in their departments and offices written notices informing them of legal obligations with respect to the post-employment restrictions imposed on employees who have left or retired from City service, education, outside employment, post-City employment, and filing Statements of Financial Interests. Forms used by Departmental and Aldermanic Ethics Officers are available on the Board's website.

#### **■ Web-based Training Programs**

The Board has two electronic training programs. One covers the City's post-employment restrictions, and can be found here:

<http://egov.cityofchicago.org/city/postEmploymentQuiz/index.jsp>

The other program covers the restrictions in the Ordinances imposed on City contractors, and can be found here:

<http://www.cityofchicago.org/Ethics/Media/EthicsTrainingProgram.html>



## C. Guidance and Casework

Much of the Board's daily work involves responding to requests for information from or providing guidance to employees and officials, persons from other governmental entities, lobbyists, businesses, contractors, vendors, campaign contributors and staffs, the press and the public. Requests arrive by telephone, fax, email, letter, and in person. The Board categorizes these requests as either "inquiries" or "cases."

### **1. Number of Inquiries and Cases**

#### Inquiries

The Board handles as "inquiries" instances where persons contact the office and request information or professional guidance, but do not request or receive a written response. This past reporting year, the Board handled more than 2,150 such inquiries (this represents an 11% increase over the number of inquiries handled in the year that ended July 31, 2004). Most people who contact the Board ask whether and how the Ordinances applies to specific situations. As appropriate, Board staff provides general information or specific guidance based on previously rendered written 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 a written opinion, raise complex legal issues the Board has not yet addressed, or file a complaint. The Board may, as appropriate, render a written opinion, formally approve advice given orally, dismiss the complaint, or commence and conduct an investigation and issue a report containing determinations and recommendations (these include investigations and preliminary inquiries commenced by the Board based on public filings made by City employees and officials, registered lobbyists and committees of candidates for elected City office). All these matters are handled and resolved as "cases." Written Board opinions are relied upon by staff in handling related future inquiries. 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 41 cases, and issued 117 reports containing determinations or recommendations resulting from investigations.



## THE 2004-2005 REPORTING YEAR

### Section III

#### 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, 2003, 2004 and 2005.

 <b>Inquiries Received/Handled</b>  <b>For The Years Ended July 31:</b>			
<i>Subject Matter</i>	2003	2004	2005
Outside Employment	43	37	59
Post-Employment	57	108	63
Gifts/Travel/Honoraria	133	131	151
Interest in City Business	32	25	47
Campaign Financing	85	25	27
Lobbying Activity/Disclosure	63	110	418
Financial Interest Disclosure	935	975	775
Political Activity	16	6	2
City Property	24	26	26
Fiduciary Duty	11	9	11
Conflicts/Improper Influence	36	26	24
Money for Advice	1	5	11
Representation	16	11	7
Employment of Relatives	17	31	32
Confidential Information	3	0	1
General Information	37	44	45
No Jurisdiction <sup>1</sup>	38	24	53
Prohibited Conduct	8	6	3
Other	27	31	53 <sup>2</sup>
Classes/Education	279	209	341
Freedom of Information	13	5	9

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

<sup>2</sup> This figure includes 5 inquiries regarding Executive Order 97-1.



# THE 2004-2005 REPORTING YEAR

## Section III

### Table II - Subject Matter of Cases/Yearly Comparisons

Table II shows the number and subject matter of the cases resolved<sup>1</sup> by the Board for the reporting years ending July 31, 2003, 2004 and 2005.

 <b>Cases Resolved for Years Ending July 31:</b> 			
<i>Subject Matter</i>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Outside Employment	2	2	4
Post-Employment	13	26	15
Gifts/Travel/Honoraria	5	11	6
Interest in City Business	3	5	6
Campaign Financing	46 <sup>2</sup>	37	69 <sup>3</sup>
Lobbying Activity/Disclosure	3 <sup>4</sup>	3	29 <sup>5</sup>
Financial Interest Disclosure	6 <sup>6</sup>	108 <sup>7</sup>	116 <sup>8</sup>
City Property	4	4	0
Fiduciary Duty	0	1	2
Conflicts/Improper Influence	2	5	4
Representation	1	3	1
Employment of Relatives	0	3	1
No Jurisdiction <sup>9</sup>	12	9	12
Prohibited Conduct	0	1	0
Money for Advice	0	1	0
Contract Inducement	0	1	0
Political Activity	0	0	1

1. As in past years, these figures include all cases in which oral or written advice or opinions were issued. It also includes the 19 matters 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 3 preliminary inquiries, and 140 cases in which the Board issued written reports resulting from concluded investigations. See Table IV, on p. 20, for more specific information on complaints received and investigations commenced and concluded during the reporting year.

2. This figure includes 10 formal complaints received, and 1 preliminary inquiry and 1 investigation commenced during the reporting year that ended July 31, 2002.

3. This figure includes 68 concluded investigations pertaining to contributors' violations of the contribution limitations in the City's Campaign Financing Ordinance, and 1 case in which the Board rendered written advice. It does not include 15 cases commenced with respect to contributors alleged to have violated the contribution limitations of the Campaign Financing Ordinance, but not concluded during this reporting year. See Section III.D.1, on p. 14, for more information.

4. This figure includes 1 preliminary inquiry (pertaining to lobbyist agreements and fees) commenced during the previous reporting year but closed in the one that ended July 31, 2003.

5. This figure includes 5 preliminary inquiries (each pertaining to contingent lobbying fees), 3 complaints (all of which were dismissed for lack of jurisdiction), and 21 investigations commenced and concluded during the reporting year, pertaining to timely lobbyists' filings. See Sections III.D.4, on pp. 18-19, for more information.

6. These cases were commenced in the reporting year that ended July 31, 2002, but closed in the reporting year ending July 31, 2003.

7. This figure includes 32 cases brought with respect to City employees who failed to timely file their 2003 Statements of Financial Interests, 75 who failed to timely file their 2004 Statements of Financial Interests, and one case in which the Board issued written legal advice.

8. This figure includes 2 cases concluded with respect to employees who failed to timely file their 2003 Statements of Financial Interests; 75 cases concluded with respect to employees who failed to timely file their 2004 Statements of Financial Interests; 29 employees and officials who failed to timely file their 2005 Statements of Financial Interests; and 10 cases in which the Board determined whether members of Boards and Commissions are required to file Statements of Financial Interests. See Section III.D.2, on pp. 14-15, for more information.

9. Where possible, the Board referred these cases to other City, governmental, or private agencies.



## THE 2004-2005 REPORTING YEAR

### Section III

## 2. Summaries of Relevant Inquiries and Opinions

The following summaries are based on actual inquiries received, responses given, and written opinions rendered. They are included for educational purposes only and are not intended to constitute legal advice. Board opinions may be relied upon only by persons involved in the specific transactions or activities with respect to which the opinions are rendered. 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 other 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 analyze 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.

### **Campaign Financing**

**The Campaign Financing Ordinance limits at \$1,500 the amount of contributions that certain persons or business entities may make 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. The Ordinance also prohibits any person from making a cash contribution to any candidate in an amount exceeding \$250.**

**Question:** A company that is subject to the \$1,500 contribution limitation asks whether its contributions during the political reporting year are limited to a total of \$1,500 to *all* elected City officials *combined*, or whether it may contribute up to \$1,500 to *each* elected City official during the reporting year.

**Answer:** The Campaign Financing Ordinance provides that no person who has done business with the City or any of its "sister agencies" within the previous four political reporting years, or who is seeking to do business with the City, or who is a registered lobbyist with the Board of Ethics, "shall make contributions in an aggregate amount exceeding \$1,500 to *an* elected official of City government during any



## THE 2004-2005 REPORTING YEAR

### Section III

reporting year of his or her term.” [emphasis added.] So, this company may contribute up to \$1,500 to *each* elected City official during the political reporting year.

#### Conflict of Interest/Improper Influence

The Governmental Ethics Ordinance prohibits a City employee or official from making, participating in the making of, or attempting to use his or her position to influence, any City decision in which the employee has an “economic interest” distinguishable from the general public. (“Economic interest” is defined as any interest valued or capable of being valued in monetary terms.)

**Question:** A City employee owns 200 shares of common stock in a company whose shares are traded on a national stock exchange. She asks whether her common stock ownership in the company would involve her in a “conflict of interest” and prohibit her from acting on or participating in City governmental matters involving that company.

**Answer:** The Ordinance provides that a City employee or official who owns common stock in a company whose shares are traded on a national stock exchange would not have an “economic interest” in that company unless that employee’s or official’s percentage of the company’s common shares represents 1% or more of that company’s outstanding common shares (this is true regardless of the value of the shares or of dividends on the shares). This employee’s 200 shares represent far less than 1% of the company’s outstanding shares. Thus, this City employee does not have an economic interest in the company, is not subject to the prohibitions in the Conflict of Interest and Improper Influence sections of the Ordinance, and therefore is not prohibited from participating in or acting on City governmental matters involving the company.

#### 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 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.



## THE 2004-2005 REPORTING YEAR

### *Section III*

**Question:** A City employee who owns a company asks whether the Ordinance prohibits his company (of which he is the 100% owner) from responding to a Request for Proposals (“RFP”) issued by the Metropolitan Pier and Exposition Authority (“McPier”) to enter into a contract to provide services to McPier. The contract’s value would be over \$5,000.

**Answer:** No, the Ordinance does not prohibit his company from responding to the RFP, or from entering into the contract. The Chicago Metropolitan Pier and Exposition Authority is not a City agency. It is established by state law, and is authorized by state law to enter into its own contracts. Thus, this contract, if awarded, would not be a contract, work or business of the City, and the prohibition in the Ordinance extends only to City contracts, work or business.

**Question:** A City employee owns 100% of a company that is certified by the City as a minority contractor. Her company would be a disclosed subcontractor on a City contract. Under the subcontract, the company would receive more than \$5,000 within the next few months. She asks whether her company can enter into this City subcontract.

**Answer:** By virtue of her 100% ownership of the company, 100% of the income the company derives from this City subcontract will be attributable to her. If the amount of that income is greater than \$2,500, then she would have a prohibited financial interest in City business.

### **Statements of Financial Interests**

Article 2 of the Governmental Ethics Ordinance requires City employees who are compensated by the City for services per year at or above a specified rate (in 2005, the rate was \$67,500), or who occupy a City position budgeted for annual compensation at or above that rate, and certain City officials, to file a Statement of Financial Interests. On their Statements, they must disclose information about their outside business interests and sources of income in the current and preceding calendar years. The Ordinance requires the filer to disclose, among other items, the identity of any capital asset, including the address of real estate, from which the filer realized a capital gain of \$5,000 or more in the preceding year (except for the sale of the filer’s principal place of residence), and the identity of any financial interest the filer owns in real estate located in the City of Chicago (other than the filer’s principal place of residence).



## THE 2004-2005 REPORTING YEAR

### *Section III*

**Question:** A filer owns a 4-flat building down the street from his principal residence. Must he disclose that ownership on his Statement of Financial Interests?

**Answer:** Yes—if his ownership interest in the property has a value of \$5,000 or more, or if he derives income (rental income, for example) from the property of \$2,500 or more in a calendar year. The Ordinance requires a filer to identify any financial interest in real estate located in Chicago other than the filer’s principal place of residence.

**Question:** Another filer, who in 2004 relocated to Chicago from another state to begin his City employment, says he sold his out-of-state residence in 2004 and realized a capital gain of more than \$5,000 from that sale. He asks whether he is required to disclose the gain on his 2005 Statement of Financial Interests.

**Answer:** No, he is not required to disclose this gain. That is because the capital gain (even though it was more than \$5,000) was realized from the sale of his principal place of residence.



## **D. 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. These persons are: 1) lobbyists registered with the Board; 2) persons who, within the last four political reporting years, have done business with the City or one of its sister agencies; and 3) persons seeking to do business with the City or a sister agency.

The Board monitors contributors' compliance with these limitations by reviewing campaign financing disclosure reports candidates' political committees file with the Illinois State Board of Elections pursuant to state law. The Board compares these reports 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. During the past reporting year, the Board began its regular review of approximately 2,800 pages of disclosure reports and 75,000 pages of City Council and committee matters. As a result, the Board initiated 2 preliminary inquiries and 83 investigations. One of the preliminary inquiries led to an investigation in which the contributor was determined to have violated the campaign contribution limitations; in that case, compliance was effected during the reporting year. The other preliminary inquiry led to an investigation, which as of July 31, 2005 had not been completed. Of the 83 investigations commenced by the Board (including the 2 based on preliminary inquiries), 15 had not been concluded as of July 31, 2005, and the Board had not yet considered whether contributors involved had violated the campaign contribution limitations of the Ordinance. In 60 of these cases, the Board determined that the contributors had violated the Ordinance's contribution limitations; as of July 31, 2005, corrective action had been initiated and achieved in 40 of these, and had been initiated but not yet achieved in the other 20. In the remaining 8 cases, the Board, based on information subsequently gathered, vacated determinations it had previously made that the contributors had violated the Ordinance's contribution limitations.

### **2. 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.

Through July 31, 2005, approximately 9,200 City employees and officials were required to file Statements of Financial Interests. The majority of these individuals



## **THE 2004-2005 REPORTING YEAR**

### ***Section III***

were required to file with the Board by May 31, 2005, or be in violation of the Ordinance. Individuals required to file by May 31 but who filed after May 1 were also required to pay the \$20 late filing fee mandated by the Ordinance. During the reporting year, the Board collected over \$4,640 in late filing fees.

During the reporting year, the Board also concluded 2 cases with respect to City employees found in violation of the Ordinance for having failed to timely file their 2003 Statements of Financial Interests. In both instances, the employees filed and were disciplined by their departments. The Board also concluded the 75 cases it had commenced in the previous reporting year with respect to those found in violation of the Ordinance for having failed to timely file their 2004 Statements of Financial Interests. 56 of those individuals filed their Statements, and were subject to discipline imposed by their departments; in the remaining 19 instances, the Board closed its case or vacated its determinations. The Board also determined that 29 employees and 2 appointed officials were in violation of the Ordinance for having failed to timely file their 2005 Statements of Financial Interests. As of July 31, 2005, these 29 individuals had not yet filed their Statements as required.

### **3. Lobbyist Registration and Activity**

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 reports about their lobbying activities with the Board each January 20 and July 20. As of December 2004, the Ordinance also requires all lobbyists to pay a \$200 fee per person identified as a lobbyist in the registration statement. During the reporting year, the Board collected \$118,600 in lobbyist registration fees.

Persons whom 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. A 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.

In their filings, lobbyists are required to identify their clients, list their lobbying-related compensation and expenditures, the City agencies they lobby, and which legislative and administrative actions are the focus of their lobbying activity, provide itemized lists of gifts they have given to City officials and employees, and furnish 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 2004-2005 REPORTING YEAR**

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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.

#### ***Who is Registered?***

##### **• Number of Lobbyists**

As of the end of the reporting year, there were 559 persons registered as lobbyists with the Board. These lobbyists represented 1,306 clients.

##### **• Lists of lobbyists and their clients**

The Board maintains a regularly updated list of registered lobbyists and their clients on its Website. To view the list, 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.

#### ***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 shows that, during the period July 1, 2004 through December 31, 2004, 23 lobbyists gave 113 gifts to 88 City officials and employees, with a total value of \$5,459. The reports also show that, during the period January 1, 2005 through June 30, 2005, 15 lobbyists gave 46 gifts to 43 City officials and employees, with a total value of \$459.



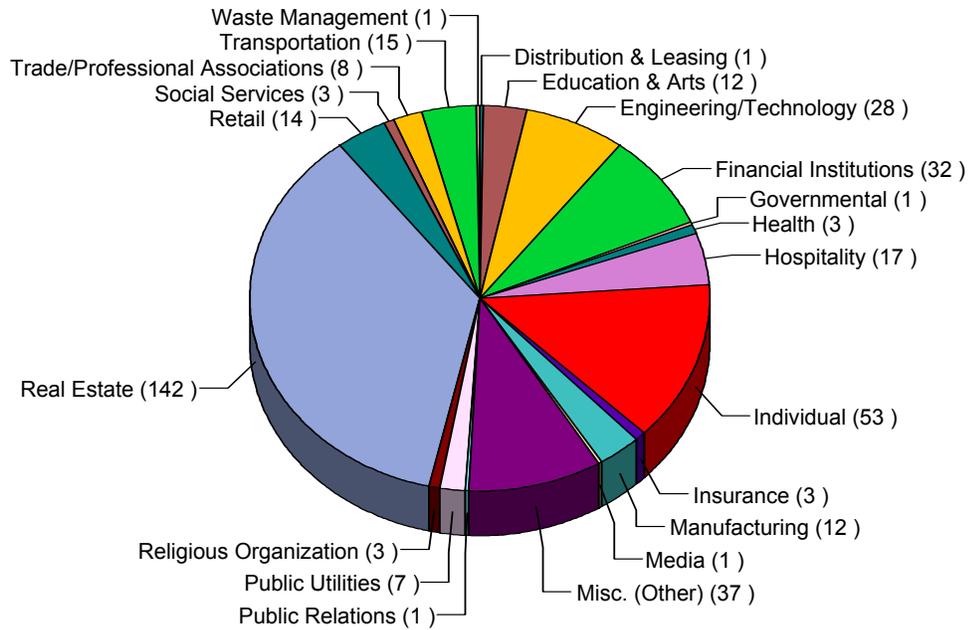
# THE 2004-2005 REPORTING YEAR

## Section III

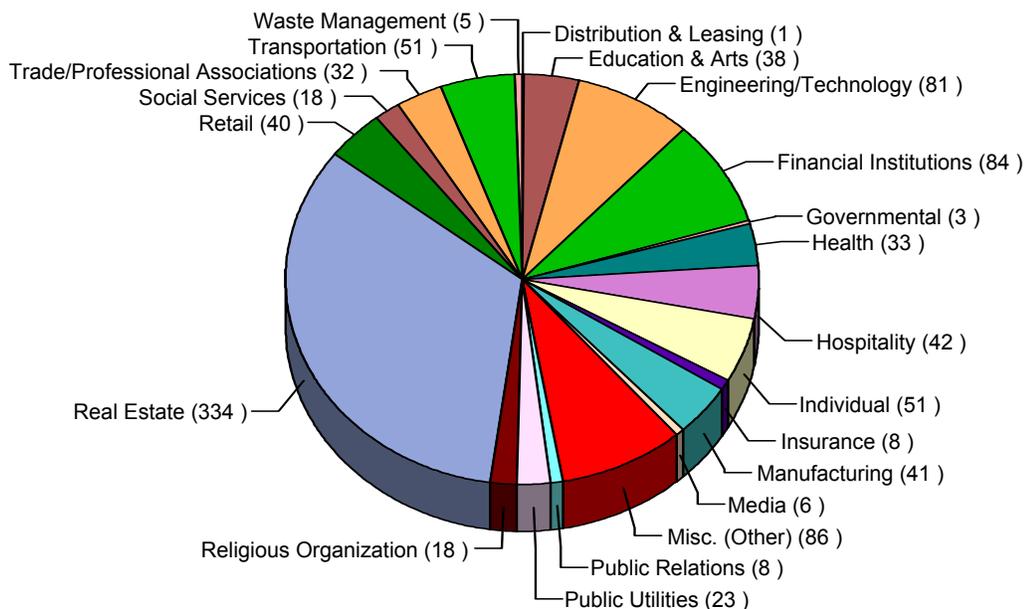
### Table III - Business Interests of Clients Represented by Lobbyists

The following charts compare the number of clients, by the clients' business interests, who were represented by lobbyists during the periods July 1, 2004 through December 31, 2004, and January 1, 2005 through June 30, 2005.

#### July 1, 2004 through December 31, 2004



#### January 1, 2005 through June 30, 2005





### 4. Investigations, Complaints and Preliminary Inquiries

The Board has the authority to receive complaints, 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 may find there is reasonable cause to believe that one or more provisions of the Ordinances may have been violated, in which case it will initiate an investigation. The Board may also close the violated 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 did not commence any preliminary inquiry based on its review of the Statements of Financial Interests filed by City employees and officials.

#### Lobbyists' Filings

During the reporting year, the Board commenced and closed 5 preliminary inquiries (all pertaining to prohibited contingent lobbying fees) based on its review of information disclosed in filed Lobbyist Registration Statements and Activity Reports. The Board closed all of these preliminary inquiries based on subsequently received information.

#### Disclosures filed by City Council Members

During the reporting year, the Board did not commence any preliminary inquiries based on its review of disclosures filed by City Council members.



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#### **Campaign Financing**

Based on its review of campaign contribution reports filed with the Illinois State Board of Elections, City contract records, information provided by the sister agencies and matters referred to City Council Committees, the Board commenced 2 preliminary inquiries into whether certain campaign contributors had violated the City's Campaign Financing Ordinance. One led to an investigation in which the contributor was determined to have violated the campaign contribution limitations; in that case, compliance was effected during the reporting year. The other led to an investigation which was commenced during the reporting year, but in which, as of July 31, 2005, there had not yet been a determination whether the contributor had violated the campaign contribution limitations. (See Table IV, on page 20, for more information).

#### **Concluded Investigations**

As summarized in Table IV, on page 20, during the reporting year, the Board concluded 77 investigations with respect to City employees who failed to file Statements of Financial Interests within the time prescribed by law. With respect to the Campaign Financing Ordinance, the Board concluded 68 investigations. In all of these cases, the Board determined that the contributor had violated the Ordinance (1 of the investigations that began as preliminary inquiries is included in this total), and as of July 31, 2005, the Board had achieved corrective action in 40 cases. In 8 of these cases in which the Board determined that the contributor had violated the contribution limitations, the Board vacated its determination based on subsequently presented information.

The Board also commenced and concluded 21 cases with respect to lobbyists who had not filed activity reports or registration statements as required by the Ordinance, or who had filed incomplete reports or statements. In each case, the lobbyists complied with the Ordinance's requirements prior to a Board determination of a violation of the law.

#### **Filed Complaints**

During the reporting year, 13 complaints were filed with the Board. Three of these alleged violations involving the lobbyist registration provisions of the Ordinance, and 1 alleged a violation of the Employments of Relatives or Domestic Partners provisions; the other 9 raised issues outside the Board's jurisdiction (though, in all these 9 cases, the Board referred the complainant to other appropriate agencies or persons). As required by law and the Board's Rules and Regulations, the Board reviewed each complaint to determine whether there was reasonable cause to initiate an investigation into the allegations. The Board dismissed the 9 complaints referred to above for lack of jurisdiction and dismissed the remaining 4 for failure to establish reasonable cause.



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### TABLE IV - Subject Matter of Investigations, Complaints and Preliminary Inquiries

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 Inquiries Commenced or Concluded	Investigations Commenced	Investigations Concluded
City Property	-	-	-	-
Disclosure of Financial Interests	-	-	29 <sup>1</sup>	77 <sup>2</sup>
Campaign Financing	-	2	83	68 <sup>3</sup>
Lobbyist Registration/Disclosure	3	5 <sup>4</sup>	21	21
No Jurisdiction	9	-	-	-
Employment of Relatives/Domestic Partners	1	-	-	-
<b>Total</b>	<b>13</b>	<b>7</b>	<b>133</b>	<b>166</b>

1. This figure represents 29 investigations commenced during the reporting year with respect to employees and officials who failed to timely file their 2005 Statements of Financial Interests. The Board determined that all 29 had violated the Ordinance. At the end of the reporting year, these investigations remained open, pending appropriate resolution (which may include filing, imposition of discipline, or closing of the case).

2. This includes 2 investigations concluded with respect to City employees found in violation of the Ordinance for having failed to timely file their 2003 Statements of Financial Interests, and 75 cases concluded during this reporting (but commenced during the previous reporting year) with respect to those found in violation of the Ordinance for having failed to timely file their 2004 Statements of Financial Interests.

3. In all 68 of these cases, the Board determined that the contributor had violated the Ordinance (1 of these cases began as a preliminary inquiry). As of July 31, 2005, the Board had achieved corrective action in 40 cases. In 8 of these cases, the Board vacated its determination based on subsequently presented information.

4. Each of these preliminary inquiries concerned apparent contingent lobbying fees (these fees are prohibited); none resulted in Board investigations.

## 5. Executive Order 97-1 Disclosures

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 requires that employees in executive departments make written disclosure to the Board of Ethics each year of their spouses' ownership interest in entities that contract with persons doing City business.



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In this past reporting year, the Board published the disclosure form (it is also posted on the Board's internet home page), coordinated its distribution to approximately 23,000 married City employees, collected the returned forms, and referred to the Law Department 22 forms requiring further review.

#### 6. Aldermanic Disclosures

The Conflicts of Interest provision of the Governmental Ethics Ordinance requires members of City Council to file written disclosure 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, 2005, the Board received 48 of these disclosures, covering 323 distinct pending matters or items. These figures represent a 17% increase in the number of disclosures received over the number received during the previous reporting year, and a 50% increase in the number of separate matters disclosed over the number disclosed during the previous reporting year.



**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](http://www.cityofchicago.org/Ethics/DisclosuresnNotifications.html)



#### **E. Examination 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 2004-2005 reporting year, the Board received 558 requests<sup>1</sup> to examine Statements of Financial Interests filed by 83 individual City employees and officials, 1 request to examine Aldermanic disclosures (for one entire year's disclosures by all aldermen), and 50<sup>2</sup> requests to examine a total of 3,377<sup>3</sup> distinct filings made by 275<sup>4</sup> separate lobbyists. The Board also received 25 requests to view other material; these included 7 requests to view advisory opinions, and 8 requests to view past lists of registered lobbyists.

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<sup>1</sup>This figure represents a 26-fold increase in the number of requests received as compared with the previous reporting year.

<sup>2</sup>This figure represents a 100% increase in the number of requests received as compared with the previous reporting year.

<sup>3</sup>This figure represents a 10-fold increase in the number of filing requested for review as compared with the previous reporting year.

<sup>4</sup>This figure represents a 10-fold increase in the number of lobbyists whose filings were requested for review as compared with the previous reporting year.



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### **FOR MORE INFORMATION**

Board of Ethics staff members are available to answer any inquiries you may have about the Board, or to provide you with 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 [deng@cityofchicago.org](mailto:deng@cityofchicago.org)

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\*\*](http://www.cityofchicago.org/Ethics)

There, you will find 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, educational materials, disclosures filed by City Council members regarding potential conflicts of interests, the Board's last five Annual Reports and other helpful information.