

April 19, 1988



Case Number 88039.A

CONFIDENTIAL

Dear

At a recent forum held by members of the Board of Ethics staff, you requested an opinion regarding the disclosure of discounts. Specifically, you requested that the Board determine whether a City official who receives a discount on a car from a dealer must disclose this on his or her Statement of Financial Interests.

It is our opinion that there is no restriction or reporting requirement contained in the Ethics Ordinance which would affect a City official who receives a discount on the price of a car provided that: (1) the savings offered to the official is not significantly greater than that offered to other persons contemplating the purchase of similar merchandise under similar market conditions; and (2) there are no other circumstances which suggest that an attempt to improperly influence the recipient's governmental decisions is involved.

Section 26.2-4 of the Ethics Ordinance (enclosed) contains three main restrictions on the acceptance of gifts by City officials and employees.

- (1) City employees and officials may not accept gifts from anonymous donors (26.2-4(a));
- (2) City employees and officials may not accept cash gifts of any amount or any item or service worth \$50 or more on the basis of some understanding that such gifts will influence their governmental decisions (26.2-4(b)); and



City of Chicago
Eugene Sawyer, Acting Mayor

Board of Ethics
Harriet McCullough
Executive Director

Sol Brandzel
Chair

Mary Milano
Vice Chair

Rev. Don Benedict
Margaret Carter
Angeles Eames
Rev. A. Patterson Jackson
Marlene Rankin

Suite 1320
205 West Randolph Street
Chicago, Illinois 60606
(312) 744-9660



April 19, 1988

- (3) City employees and officials may not accept cash gifts or any item or service worth \$50 or more from any person who has an economic interest in a transaction with the City if the official may substantially affect this transaction. (26.2-4(c)).

These restrictions apply to the acceptance of "anything of value" and would therefore apply to discounts on the price of merchandise or services.

In addition to these restrictions, Section 26.2-16(e) of the Ordinance requires that a reporting individual who receives more than \$500 worth of benefits from a single individual or entity during the previous year must disclose the name of that individual or entity on his or her Statement of Financial Interests.

The Board has determined that the gifts provisions of the Ordinance and the reporting requirements concerning gifts do not apply to set discounts, promotions or other cost reductions which are equally available to most other persons. With respect to the purchase of a car, it is customary to pay less than the sticker price or the dealer's original asking price. Such discounts or price reductions after typical negotiating procedures would not constitute a gift or a special benefit restricted or subject to reporting requirements under the Ethics Ordinance, unless the savings received is significantly greater than that afforded to other persons under similar circumstances; or unless there are other circumstances which indicate that the discount is offered in an attempt to influence an official's governmental decisions.

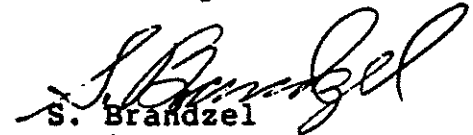
If the discount you receive is significantly above that offered to other persons in similar buying situations, or a dealer has in some way indicated that you are receiving a discount in virtue of your City position, the case would be subject to review under Sections 26.2-4(b) and (c) of the Ethics Ordinance (summarized above). If there are circumstances involved such as these, or if you have some other reason to believe that you are receiving preferential treatment from a car dealer in virtue of the fact that you are a City official, we would suggest that you relate the details concerning your prospective purchase in writing to the Board of Ethics for an advisory opinion. In addition, if the discount you receive is as much as \$500 or more above what most persons receive in a similar buying situation, you would be required to disclose the identity of the dealer on question 5 of your Statement of Financial Interests.

Page Three

April 19, 1988

Thank you for your inquiry. We hope this has adequately addressed your questions, regarding the requirements of the Ethics Ordinance with respect to discounts. Please do not hesitate to contact the Board if you have further questions regarding this or related matters.

Sincerely,


S. Brandzel
Chairman

JH/jh 