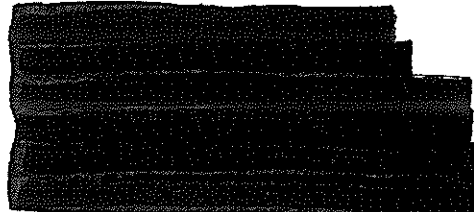


MEH



November 17, 1988



City of Chicago
Eugene Sawyer, Mayor

Board of Ethics
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Executive Director

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Suite 530
205 West Randolph Street
Chicago, Illinois 60606
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Re: Employee Investment Activities and the Ethics Ordinance

Case No. 88118.A

Dear

The Board of Ethics has received your request for an advisory opinion regarding the application of the Ethics Ordinance (Chapter 26.2 of the Municipal Code) to the personal investment activities of City employees. Issues that you wanted the Board to address include:

- 1) Whether any provisions of the Ethics Ordinance apply to the personal investments of City employees;
- 2) Whether any provisions of the Ethics Ordinance put limitations on City employees with regard to stock ownership; and
- 3) The responsibility a City employee has in connection with his or her participation in investment group decisions.

There are several provisions of the Ethics Ordinance which could potentially affect the personal investments of City employees, among them the sections prohibiting "Improper Influence," "Conflicts of Interest" and "Use or Disclosure of Confidential Information" (See Sections 26.2-3, 26.2-8 and 26.2-7). However, the most important guidelines with respect to your questions are contained in Section 26.2-11 (Financial Interests in City Business).

Section 26.2-11 states that no City employee may have a financial interest in his own name or in the name of any other person (natural or legal) in any work, contract or business of the City. At Section 26.2-1(k), the Ethics Ordinance defines a "financial interest" as:

- (i) any interest as a result of which the owner currently receives or is entitled to receive in the future more than \$2,500 per year;



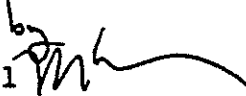
- (ii) any interest with a cost or present value of \$5,000 or more; or
- (iii) any interest representing more than 10% of...any legal entity organized for profit.

Your questions will be considered in the order in which they were presented:

- 1) All City employees are subject to Section 26.2-11 and may not engage in investment activities that would give them a financial interest in City business.
- 2) Similarly, Section 26.2-11 will prohibit any City employee from owning stock which would give him a financial interest in any contract, work or business of the City.
- 3) The prohibition against City employees maintaining financial interests in City business is absolute; this holds true whether or not the employee takes part in the decisions that create such an interest. Simply abstaining from investment group decisions under these circumstances would not constitute compliance with the Ordinance. Furthermore, if his investments give the City employee an economic (but not financial) interest in City business, his participation in the investment group would still be governed by Sections 26.2-3, 26.2-88 and 26.2-7 of the Ethics Ordinance.¹ Sections 26.2-3 and 26.2-8 prohibit employees from making or attempting to influence City decisions in which they have an economic interest distinguishable from that of the general public. Section 26.2-7 states that City employees are prohibited from using or disclosing confidential information gained as a result of their affiliation with the City. For purposes of Section 26.2-7, "confidential information" means information that may not be obtained under the Illinois Freedom of Information Act.

Owing to the general nature of your questions, our discussion here has been necessarily broad. However, if you need more specific guidelines, please do not hesitate to contact the Board of Ethics with a more detailed fact situation.

Sincerely,

S. Brandzel by 

S. Brandzel
Chairman

MA/ma: 88118.M

¹For purposes of this discussion, an "economic interest" is an interest in City business which does not exceed the dollar thresholds established by Section 26.2-1(k) of the Ethics Ordinance.