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[illegible] 2003

CONFIDENTIAL

VIA FACSIMILE AND FIRST CLASS MAIL

[illegible]

Re: Campaign Contributions to [illegible] *Campaign Committee*
Case No. 03010.55.CF

Dear Mr. [illegible]

In a letter dated April 16, 2003, the Board informed [illegible] that the Board had determined that [illegible] had exceeded the campaign contribution limitations during the 2001-2002 reporting year by contributing [illegible] to the [illegible] *Campaign Committee.*

In a letter to the Board, dated May 6, 2003, you responded to the Board's April 16th letter as follows:

> *. . . [T]he contributions in question came from two (2) separate and distinct corporate entities– [illegible] Incorporated and [illegible] Corp . . .*
>
> *While they operate in the heating and cooling industry, they operate at opposite ends of the spectrum. Also, neither corporation owns the stock of the other and they are not the subsidiary or parent of the other. However, as the ordinance . . . does not define "otherwise affiliated," I cannot answer whether they are "otherwise affiliated." I look to you for guidance on that issue . . .*

At its November 20, 2003 meeting, the Board took up the issue of the meaning of the term "otherwise affiliated" as used in Section 2-164-040 (b) of the Campaign Financing Ordinance. At that meeting, the Board concluded that the term "affiliated company," for purposes of Section 2-164-040(b) of the Ordinance, shall mean "an entity that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the entity specified."[1]

NEIGHBORHOODS

[1] In its deliberations on this matter, the Board noted that this definition is consistent with the definition of the term "affiliate" as used in § 2-92-420 of the Municipal Code, entitled "City's Minority-Owned and Women-Owned Business Enterprise Procurement," § 2-92-320 of the Municipal Code, entitled "Ineligibility for Award of Contracts," and § 5/7.85(D)(4) of the Illinois Business Corporation Act of 1983, 805 ILCS 5/7.85(D)(4).

The Board next addressed whether l Corp. and l are "affiliated companies," under this definition.

In communications with Board staff regarding this matter, you stated the following:

1. the name " " is a "generic name" for several corporations, which includes l Corp. and l;
2. F , not , has done business with the ;
3. and l do not share office space; however, oes utilize storage space at 's facility;
4. the two companies do not share employees; however, 's accounting department "assists" with s accounting;
5. the two companies do not have common managers;
6. the two companies do not share equipment; and
7. the two companies do not have a common parent company with power to control both entities.

In a June 26, 2003 letter to you, Board staff requested additional information regarding the corporate structure of the two companies. According to your July 9, 2003 response, the two companies:

1. have four officers in common:), president of both; , secretary of both; , treasurer of both; and , vice-president of and assistant secretary of
2. have one board member in common:
3. have one common shareholder: who owns 52% of Corp. and is the sole shareholder of
4. have one person who has authority to make, or to authorize the making of, campaign contributions on behalf of both companies:
5. have one address where bill payments are handled; and
6. have the same "head of accounting" who "monitor[s] and oversee[s] the status of account payables and receivables."

Based on these facts, the Board concluded that Corp. and Incorporated are "under common control,"and, thus, are "affiliated companies" for purposes of Section 2-164-040(b), and a "single person" for purposes of Section 2-164-040(a), of the Ordinance. Therefore, the Board's April 16, 2003 determination in this matter (that the " Group" was subject to and exceeded the contribution limitations of Section 2-164-040 of the City's Campaign Financing Ordinance by contributing $3,000 to the *Campaign Committee* during the period July 1, 2001 through June 30, 2002) is affirmed.

Accordingly, if the Group has already received reimbursement of the excess $1,500 contribution from the *Campaign Committee*, please advise the Board in writing. If not, please forward to the Board within 15 days a copy of Group's request to the committee for a refund.

The Board appreciates your cooperation and looks forward to the resolution of this matter. If you have any questions regarding this matter, please feel free to contact Board staff attorney Mary Rose D. Silva.

Very truly yours.

Darryl L. DePriest
Chair

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