

# Continuing Ethics Education Series

City of Chicago  
Richard M. Daley, Mayor



Dorothy J. Eng, Executive Director Darryl L. DePriest, Chair

A City of Chicago Board of Ethics Publication

SUBJECT: **PUBLIC DISCLOSURES**

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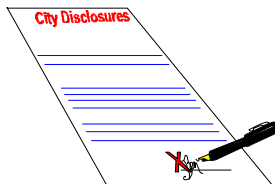
## Executive Director's Column

This issue explains the written disclosures that City employees are required by law to make. Such disclosures are generally perceived as an effective means of fostering the public's confidence in an honest and impartial government. Clearly, their value is to inform the public, help reveal and deter conflicts, and promote honesty and fairness in the administration of government. All financial disclosure forms filed with this agency are reviewed for completeness, and each response to each question on the form is audited by staff. Further inquiry is made if warranted, and investigations may be commenced based on the information provided on the forms. All disclosures are available to the public. Press members and law enforcement agencies often review employees' financial interests disclosures.

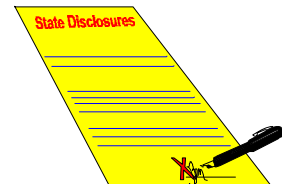
### Inside ...

Executive Director's Column  
Ethics Rules on **Public Disclosures**  
Employees Who Must File a Statement of Financial Interests in 2003  
Public Inspection of Statements of Financial Interests  
Disclosure of Gifts and Honoraria  
Other Required Disclosures  
Q&A - Statements of Financial Interests  
Test Your Knowledge  
Upcoming Ethics Classes

*Dorothy J. Eng*



## Ethics Rules On **PUBLIC DISCLOSURES**



City and State laws require certain persons in City government to make financial disclosures concerning their sources of income, gifts received, and interests held.

### **City Law - Disclosures Filed with the City of Chicago Board of Ethics**

Certain employees and officials must file a Statement of Financial Interests (FIS form).

All City employees and officials must report the receipt of any gift accepted on behalf of the City.

City employees and officials must report any honorarium they receive.

Married City employees are required to file disclosures regarding their spouse's ownership interest in any entities that have contracts with persons doing business with the City.

### **State Law**

Certain City employees and officials are required to file Statements of Economic Interests with the Cook County Clerk.

## Employees Who Must File With The City A Statement Of Financial Interests In 2003

The following chart identifies the employees who must file in 2003 and gives other needed information.

Please note that the Board will send a receipt to each person who properly files a Statement of Financial Interests, which will indicate that the person has filed and the date of such filing.

<b>WHO</b> Who are the persons who must file?	<b>WHEN</b> When must the person file?	<b>WHAT</b> What must be filed?	<b>WHERE</b> Where is the statement filed?	<b>HOW</b> How does one file?
Current employees who are compensated at the rate of \$64,600 a year or more.*	Before May 1, 2003, or be subject to a \$20.00 late filing fee.  <i>Failure to file by May 31, 2003 constitutes a violation. Employees are subject to penalties, including sanctions or discharge.</i>	City of Chicago Statement of Financial Interests.  (Please note that blank FIS forms may be obtained from the Board office, or from our Web site at <a href="http://www.cityofchicago.org/Ethics">www.cityofchicago.org/Ethics</a> .)	Board of Ethics, 740 North Sedgwick, Room 500, Chicago, IL 60610	In person, or by mail.
Newly hired employees compensated at the rate of \$64,600 a year or more.	The date of employment.	City of Chicago Statement of Financial Interests.	Board of Ethics, 740 North Sedgwick, Room 500, Chicago, IL 60610	In person, or by mail.
Employees who receive a pay increase that raises their compensation to the rate of \$64,600 a year or more.	The time the increase is received.	City of Chicago Statement of Financial Interests.	Board of Ethics, 740 North Sedgwick, Room 500, Chicago, IL 60610	In person, or by mail.

\*These employees will receive from the Board of Ethics written notification of the filing requirement on or about March 1, 2003.

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## Public Inspection of **Statements of Financial Interests**



By City law, all Statements of Financial Interests (FIS forms) filed by City employees and officials with the Chicago Board of Ethics [or in the case of aldermen, filed with the City Clerk] must be made available to the public. Any person wishing to examine or duplicate any FIS form filed with the Board must complete a request form indicating the requestor's name, address, telephone number, occupation and employer, as well as the date and reason for the request. Within 7 days of receipt of a request, Board staff must notify the employee or official whose FIS form has been requested, by sending him/her a copy of the completed request form. Prior to the examination or duplication of any FIS form, Board staff redacts the form, for purposes of confidentiality, removing the home address and social security number of the filer. FIS forms are maintained by the Board for 7 years, and then are disposed of pursuant to State law.



## Disclosure of

### **Gifts Accepted on Behalf of the City and Honoraria**

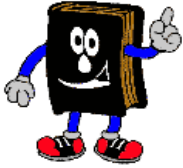


City law allows City employees and officials to accept gifts on behalf of the City. The person accepting a gift on behalf of the City is required to promptly report receipt of the gift to the Board and to the Comptroller, who will add it to the inventory of City property.



Honoraria (gifts or money for participating in speaking engagements, lectures, debates or discussion forums) received in the course of employment also may be accepted by employees and officials. Any City employee or official who receives an honorarium is required to report it to the Board within 5 business days.

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## Other Required Disclosures

Some City employees may also have to file the disclosures described below.



### Executive Order 97-1, Disclosure of Spouse's Interests

Executive Order 97-1 requires married City employees to disclose to the Board of Ethics, on or before May 1 of each year, their spouse's ownership interests in any entity that, in the previous calendar year, had contracts with persons doing business with the City.

A City employee must file this information only if the following conditions are met:

1. He or she is married; and
2. His or her spouse had an ownership interest in any entity that, in the previous calendar year, had one or more contracts with any person who was doing business with the City.

If these conditions are NOT met, the City employee is NOT required to file this form with the Board.



### Statement of Economic Interests

Under the Illinois Governmental Ethics Act (5 ILCS 420) certain governmental employees throughout the state are required to file Statements of Economic Interests with their local county clerk. City employees who are required to file under this law should receive notification from the Cook County Clerk by April 1, 2003. This notification will include a copy of the prescribed form for this statement, which must be filed with the Cook County Clerk by May 1. If you have questions regarding this statement, you can contact the Cook County Clerk's Office at (312) 603-0907. The Cook County Clerk's Office also has a Web site located at [www.cookctyclerk.com](http://www.cookctyclerk.com).

Do not confuse the State form (which is a yellow form) with the City's Statement of Financial Interests form (which comes in white, green or pink, depending on the City department that you work in).

**Failure to file this statement with the Cook County Clerk in a timely manner can result in prosecution by the State's Attorney and in serious financial penalties being imposed.**



## Q&A



### **The City of Chicago's Statement of Financial Interests Form\***

#### **1. Question #5 of the Form**

**My husband has a financial interest in his employer because he received more than \$5,000 in salary last year. Question 5 asks me to list the names of his employer's clients, if those clients did business with the City (or other named "sister agencies"), and those clients paid my husband's employer more than \$5,000 for services rendered. Must I ask my husband who his employer's clients are, and which of those clients did City (or other government) business? If he doesn't know, must he find out?**

If a filer's spouse has a financial interest in a person by virtue of receiving an employment salary from the person of \$5,000 or more, and the employer does business with the City, then neither the filer nor spouse is obliged to ask whether the employer's clients did business with the City or the named sister agencies. There would be an obligation to ask about such employer "client" information only if the filer has reason to believe that, in the previous year, an entity that did business with the City (or other named governmental agency) also paid the spouse's employer more than \$5,000 for services. This depends on the specific facts.

#### **2. Question #8 of the Form**

**In 2002, I sold common stock of two publicly traded companies. I sold company A shares in a single sale, realizing a capital gain of \$10,000. I sold company B shares at 3 different times during 2002, realizing a total capital gain of \$9,000. But none of the 3 Company B sales alone resulted in capital gains of \$5,000 or more. How do I answer Question 8?**

The Ordinance requires disclosure of the name of any asset sold from which the filer realized a capital gain of \$5,000 or more from a *single transaction*. So, although you realized capital gains of more than \$5,000 from sales of both company's stocks, only the gain from the Company A stock sale is derived from a single transaction, and only this capital gain need be disclosed on your Statement of Financial Interests.

#### **3. Question #9 of the Form**

**I own a 2-flat building in Chicago. I live in one unit, and rent out the other. I expect to receive \$9,600 in rental income from this unit in 2003. How do I answer Question 9, given that the law requires disclosure of any "financial interest in real estate located in the City other than [my] principal place of residence?"**

A filer who receives or expects to receive income from real estate has a financial interest in the real estate (and thus must report it) if it yields income of \$2,500 or more per year. Thus, you must report the address of this property in Question 9, even though it includes your principal place of residence.

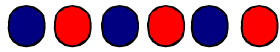
#### **4. Question #12 of the Form**

**In 2002, I made a \$6,000 personal loan to a fellow City employee, payable back to me over three years. Must I disclose anything about this loan in Question 12 of my Statement of Financial Interests?**

The Ordinance requires filers to disclose the name and instrument of all debts over \$5,000 owed by or to the filer, if the debt's creditor, debtor or guarantor "has done work for or business with the City" in the preceding calendar year. City employees are included in the category of persons who have "done work for the City." Thus, in Question 12, you must disclose the debtor's name, that he is a debtor, and the type of instrument (i.e. personal loan).

\* To download the actual FIS form go to [www.cityofchicago.org/Ethics](http://www.cityofchicago.org/Ethics) and click "Public Disclosure Forms."

## Test Your Knowledge



### . . . of the Employee Rules on Public Disclosure



Answer the following questions with either a **YES** (the activity is permitted) or a **NO** (it is not permitted), then check your answers.

**Yes**   **No**

1. A City employee expects to receive a salary increase in June 2003. The increase will put her annual salary at the rate of \$64,900. Does she have to file an FIS form in 2003?

**Answer:** Employees who are compensated at the rate of \$64,600 per year or more must file an FIS form with the City's Board of Ethics in 2003. If her salary increase is effective in June 2003, she must file at the time she receives the raise. Therefore, assuming she receives the raise in June 2003, the answer to Question #1 is YES, she must file an FIS form in 2003.

2. A City employee was hired by the City in November 2002 at an annual salary rate of \$68,000, and he filed a 2002 FIS form at that time. In March 2003, he receives a 2003 FIS form from the Board. His salary remains at \$68,000, and nothing he disclosed in his 2002 form has changed. Must he file a 2003 FIS form, even though he filed one just four months ago?

**Answer:** City Ordinance requires that each employee compensated for services per year at or above the specified rate must file by May of each year, unless they have already filed in that same calendar year. Because his first form was filed in 2002, he is required to file a 2003 form. Therefore, the answer to Question #2 is YES, he must file in 2003.

3. You are a City employee, and you receive a 2003 FIS form from the Chicago Board of Ethics. Then, the next month, you receive a Statement of Economic Interest form from the Cook County Clerk. Do you have to file both forms?

**Answer:** The Statement of Financial Interests is required by City law, and the Statement of Economic Interests is required by State law. They are two separate and distinct forms. Therefore, the answer to Question #3 is YES, you must file both forms.

4. In the course of your City employment, you participate in a discussion forum at an educational conference. The sponsors of the conference give you a check for \$200 for your participation? May you accept the check? If so, do you have to disclose your receipt of the check?

**Answer:** City employees and officials may accept honoraria (gifts or money for participating in speaking engagements, lectures, debates or discussion forums) received in the course of their employment. Any City employee or official who receives an honorarium is required to report it to the Board within 5 business days. Therefore, the answer to Question #4 is YES, you may accept the check, and YES, you must report your receipt of the check to the Board.

#### **PLEASE NOTE**

The opinions and answers as stated in this publication are for general information only and are NOT intended to provide specific advice or recommendation for any individual. For specific advice, contact the Board office at (312) 744-9660.

## Upcoming Ethics Training Classes

**Regularly Scheduled Ethics Training Class Dates**

**March 5 and 19, April 2 and 16  
9 AM - 740 North Sedgwick, Suite 500**

If you have any questions or need additional information, you can contact us at:

**City of Chicago Board of Ethics  
740 North Sedgwick, Suite 500  
Chicago, IL 60610  
Tel. (312) 744-9660  
TTY (312) 744-5996  
FAX (312) 744-2793  
[www.cityofchicago.org/Ethics](http://www.cityofchicago.org/Ethics)**



To see past issues of *Continuing Ethics Education Series*, see the webpage(s) listed below:

<b><u>Issue Topic</u></b>	<b><u>Date</u></b>	<b><u>Webpage</u></b>
Post Employment	September 2002	<a href="http://www.cityofchicago.org/Ethics/pdf/Newsletter.9.02.pdf">www.cityofchicago.org/Ethics/pdf/Newsletter.9.02.pdf</a>
Gifts	November 2002	<a href="http://www.cityofchicago.org/Ethics/pdf/Newsletter.11.02.pdf">www.cityofchicago.org/Ethics/pdf/Newsletter.11.02.pdf</a>
Political Fundraising	January 2003	<a href="http://www.cityofchicago.org/Ethics/pdf/Newsletter.01.03.pdf">www.cityofchicago.org/Ethics/pdf/Newsletter.01.03.pdf</a>

