

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: POST-EMPLOYMENT & FINANCIAL DISCLOSURES

10TH ISSUE (March 2004)

Executive Director's Column

As you might expect, the City's early retirement incentive program has led to a marked increase in the number of employees seeking advice on post-employment restrictions from the Board. We hope that the information in this month's issue of the *Continuing Ethics Education Series*, which takes a look at the post-employment provisions of the Ethics Ordinance, will be helpful to those who are leaving City service, either now or in the future. Also in this issue, you'll find information about Statements of Financial Interests, which must be filed by May 1st. As always, Board staff encourages you to contact us if you have any questions related to the topics covered in this month's edition of the *Continuing Ethics Education Series*.

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Ethics Rules On Post-Employment



The Ethics Ordinance does not prohibit persons leaving City service from working for any particular new employer. But it does restrict those matters on which they may work for a new employer. The restrictions are summarized below.

CONTRACTUAL REHIRING OF RETIRED EMPLOYEES PROHIBITED

A City department cannot rehire retired employees under personal service contracts without written approval of the Mayor's Chief of Staff, the Budget Director and the Corporation Counsel. Moreover, personal service contracts between the City and a former City employee for services that are the same as, or substantially similar to, those the employee performed during City Service are prohibited unless certain conditions are met. (See page 6 (Question #1) for a listing of the necessary conditions.)

ONE-YEAR PROHIBITION

For one year after termination of City employment or term of office, former employees and officials shall not assist or represent any person in a business transaction involving the City if they participated personally and substantially in the subject matter of the transaction during their City service.

PERMANENT PROHIBITION

Former employees and officials are barred permanently from assisting or representing any person as to a contract involving the City or any of its agencies if they exercised contract management authority with respect to that contract during City employment.



Ethics Rules On Financial Disclosures

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

Under *City law*, certain employees and official must file a Statement of Financial Interests (FIS) form. In addition, married City employees are required to file disclosures (which are separate from disclosures made on the FIS form) regarding their spouse's ownership interest in any entities that have contracts with persons doing business with the City.

Under *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 2004

The following chart identifies the employees who must file a Statement of Financial Interests in 2004. Please note that the Board will send a receipt to each person who properly files a Statement of Financial Interests; the filing receipt will indicate that the person has filed and the date of such filing.

WHO	WHEN	WHAT	WHERE	HOW
Who are the persons who must file?	When must the person file?	What must be filed?	Where is the statement filed?	How does one file?
Current employees who are compensated at the rate of \$66,300 a year or more.*	Before May 1, 2004, or be subject to a \$20.00 late filing fee. Failure to file by May 31, 2004 constitutes a violation of the Ethics Ordinance. Employees are subject to penalties, including sanctions or discharge.	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 www.cityofchicago.org/Ethics .)	Board of Ethics, 740 North Sedgwick, Room 500, Chicago, IL 60610	In person, or by mail.
Newly hired employees compensated at the rate of \$66,300 a year or more.	On the date that employment commences.	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 \$66,300 a year or more.	At 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, 2004.

Other Required Disclosures



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, 2004. 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.

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.

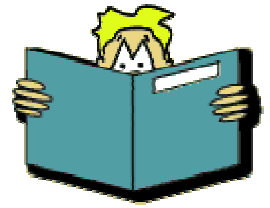
Opinions on Post-Employment & Financial Disclosures

The situations summarized below are examples of issues involving post-employment and financial disclosures that have been addressed by the Board. Anyone who would like an opinion should contact the Board at (312) 744-9660. Please note that only persons involved in the specific cases, or in situations that are not materially different from them, can rely on Board opinions.

Case Number	Issue(s)	Summary of Opinion
94006.A	A City employee is offered a position to help a private firm update the features of a software program used by the City. In his City position, he has used data generated by the program, though he was not involved in formulating or designing it. If he takes this position, can he perform this work?	The subject matter of the transaction on which he would work for his new employer is the update of the program's design. Although he gained some familiarity with the program during his City employment by using data the program generated, this work is not personal and substantial participation in the program's formulation or design. Therefore, the Ordinance's post-employment restrictions do not prohibit him from performing this work.
92038.A	A 15+ year City employee plans on leaving City service to take a position with a private firm. She asks whether the Ordinance's one-year post-employment restriction would prohibit her from assisting her new employer on a business transaction with which she was substantially involved in years 6 through 9 of her City career—more than one year before her departure from City employment.	Yes. The Ordinance's one-year prohibition would restrict her from assisting or representing her new employer in any business transaction involving the City, provided that, <i>at any time during her City service</i> (even at the beginning of her service), she participated personally and substantially in the subject matter of that transaction.
93046.A	A City employee is owed \$8,000 by another City employee. Must the employee who is owed this debt disclose it on his Statement of Financial Interests?	Yes. The Ordinance requires filers of Statements of Financial Interests to disclose all debts of more than \$5,000 owed by or to the filer, if the creditor or debtor or any guarantor of the debt "has done work for or business with the City" in the preceding calendar year (debt instruments issued by financial institutions at market rates are not subject to this requirement; nor are debt instruments issued by publicly held corporations that are purchased by the filer at market price). The City employee who owed the filer \$8,000 has "done work for the City" by virtue of being a City employee in the preceding calendar year. Therefore, the filer was required to disclose the debt on his Statement.

Test Your Knowledge

... of the Rules on Post-Employment & Financial Disclosures



Answer the following questions with either a YES or a NO, then check your answers.

Yes No

1. I am retiring from City service. My former City department is interested in hiring me as a consultant to the department for services that are the same as, or substantially similar to, those I performed during my City service. Is that permissible?

Answer: The City will not rehire retired employees under personal service contracts without written approval of the Mayor's Chief of Staff, the Budget Director and the Corporation Counsel. Moreover, under the City's ethics laws, such consulting contracts are permissible only if all of the following conditions are met:

A) the City seeks the services of the former employee and stands to benefit substantially by hiring him or her as a consultant;

B) the former employee enters into the contract as an individual, and does not represent the interests, or act as an agent, of any other entity in connection with these consulting responsibilities to the City (e.g., the former employee may not enter into the contract or perform the services as an employee or agent of a corporation or firm, even one of which he or she is the sole shareholder or owner);

C) the contract is written; and

D) the contract contains language obligating the former employee to act at all times in the City's best interests.

2. I am a City employee. I received a 2004 *Statement of Financial Interests* form from the City of Chicago Board of Ethics. A few weeks later, I received a *Statement of Economic Interests* form from the office of the Clerk of Cook County. Must I complete and return both forms?

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

3. I am retiring from City service. I have been offered a position with a company that has contracts with the City. Under the City's ethics laws, am I prohibited from accepting a job with a City contractor after I leave City service?

Answer: City law restricts what former City employees can do for their new employer, not who they can work for. Therefore, the answer to Question #1 is NO, you are not prohibited from accepting employment with a City contractor after you leave City service. However, depending on what you did as a City employee, you may be restricted for one year, or permanently, from certain matters involving the City. (See page 2, *intra*, for a discussion of the "one year prohibition" and the "permanent prohibition.")

PLEASE NOTE

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

Upcoming Ethics Classes For Employees Required By Law To Attend Training

Regularly Scheduled Ethics Training Class Dates

March 3 and 17, April 7 and 21
9 AM - 10:30 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



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

<u>Issue Topic</u>	<u>Date</u>	<u>Webpage</u>
Post-Employment	September 2002	www.cityofchicago.org/Ethics/pdf/Newsletter.9.02.pdf
Gifts	November 2002	www.cityofchicago.org/Ethics/pdf/Newsletter.11.02.pdf
Political Fundraising	January 2003	www.cityofchicago.org/Ethics/pdf/Newsletter.01.03.pdf
Public Disclosures	March 2003	www.cityofchicago.org/Ethics/pdf/Newsletter.03.03.pdf
Lobbying	May 2003	www.cityofchicago.org/Ethics/pdf/Newsletter.5.03.pdf
Outside Employment and Business Activities	July 2003	www.cityofchicago.org/Ethics/pdf/Newsletter.7.03.pdf
Employment of Relatives	September 2003	www.cityofchicago.org/Ethics/pdf/Newsletter.9.03.pdf
Gifts	November 2003	www.cityofchicago.org/Ethics/pdf/Newsletter.11.03.pdf
Contractors	January 2004	www.cityofchicago.org/Ethics/pdf/Newsletter.1.04.pdf

