



BOARD OF ETHICS  
CITY OF CHICAGO

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BOARD OF ETHICS**

In the Matter of:

Airbnb,

Respondent

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Case No. 18012.2IG

**SETTLEMENT AGREEMENT**

This Settlement Agreement ("Agreement") is made and entered into between the Chicago Board of Ethics ("Board") and Airbnb ("Respondent"), pursuant to §2-156-385(4) of the City of Chicago Governmental Ethics Ordinance ("Ordinance"). At its January 18, 2019 meeting, the Board found there is probable cause to conclude that Airbnb violated §2-156-305 of the Ordinance, entitled *Retaining and employing lobbyists who have failed to register*, when throughout 2016, it employed William Burns ("Burns"), a former Chicago alderman.

The Board previously determined at its May 16, 2018 meeting that there was probable cause to conclude Burns, while employed by Respondent, violated §2-156-105(a) of the Ordinance, and on January 18, 2019, entered into a settlement agreement with Burns ([see https://www.chicago.gov/content/dam/city/depts/ethics/general/SettlementAgreements/18012.IG\\_Burns.pdf](https://www.chicago.gov/content/dam/city/depts/ethics/general/SettlementAgreements/18012.IG_Burns.pdf)) to resolve allegations that Burns, within one (1) year of his last day in City office, engaged in one (1) or more acts of lobbying (as defined in §2-156-010(p) of the Ordinance) while employed by, and on behalf of, Airbnb, despite the fact that he was prohibited from engaging in such lobbying for one (1) year after leaving elected office, pursuant to §2-156-105, entitled *Post-employment restrictions on lobbying*.

At this time, Respondent Airbnb and the Board of Ethics agree to the following terms to resolve this matter:

**RECITATION OF RELEVANT FACTS**

- (1) Mr. William Burns served as Alderman for the City's 4<sup>th</sup> Ward from May 16, 2011 until February 26, 2016.
- (2) In November 2015, Respondent first contacted then-Alderman Burns regarding employment with Respondent. In early December 2015, Burns received an offer of

employment from Respondent. He began his employment with Respondent on February 29, 2016 as its Midwest Director of Policy and Senior Advisor.

- (3) During the time Burns was an alderman, 42<sup>nd</sup> Ward Alderman Brendan Reilly introduced a proposed Ordinance covering short-term rentals in the City, the final version of which was passed by City Council on June 22, 2016. The City and representatives from Respondent, among others, negotiated the final terms of this ordinance.
- (4) In April or May of 2016, while employed by Respondent, Burns made a late night phone call to Michael Rendina of the Mayor's Office to advocate for changes in the "process by which [Respondent] and the City [could] come to an agreement [regarding that pending ordinance]." Respondent avers that neither it, nor any of its other agents or employees, had any knowledge of this contact until this matter was investigated, nor did any of its other agents or employees direct Burns to make this contact.
- (5) On May 10, 2016, Burns appeared on an episode of "Chicago Tonight" with two (2) sitting aldermen to discuss the pending short-term rental ordinance. During that appearance, Burns, representing Respondent, offered his views on the pending ordinance and its "restrictive" nature.
- (6) In statements made to the Office of the Inspector General ("IG"), Burns estimated that, while the short-term rental ordinance was pending, he participated in conference calls between Respondent and representatives from the City on five (5) occasions. Burns was not identified to representatives of the City as being present and participating in any of those calls. Burns stated that while those calls were on mute, he would tell Respondent's representatives what to say to the City's representatives.
- 7) The Board determined there is probable cause to conclude that Burns lobbied the City within one (1) year of his last day in City office in violation of §2-156-105(a-1) of the Ordinance, and that, as it employed Burns at that time, the Board found probable cause that Respondent violated §2-156-305 of the Ordinance by employing an unregistered lobbyist.

## **STATEMENT OF RELEVANT LAW**

### **Municipal Code of Chicago (MCC) §2-156 Governmental Ethics**

#### **I. §2-156-010 Definitions.**

"Lobbyist" means any person who, on behalf of any person other than himself, or as any part of his duties as an employee of another, undertakes to influence any legislative or administrative action, including, but not limited to: (1) a bond inducement ordinance; a zoning matter; (3) a concession agreement; (4) the creation of a tax increment financing district; (5) the establishment of a Class 6(b) Cook County property tax classification; (6) the introduction, passage or other action to be taken on an ordinance, resolution, motion, order, appointment or other matter before the City Council; (7) the preparation of contract specifications; (8) the solicitation, award, or

administration of a contract; (9) the award or administration of a grant, loan or other agreement involving the disbursement of public monies; or (10) any other determination made by an elected or appointed City official or employee of the City with respect to the procurement of goods, services or construction; provided, however, that a person shall not be deemed to have undertaken to influence any legislative or administrative action solely by submitting an application for a City permit or license by responding to a City request for proposals or qualifications.

2. §2-156-105(a-1) Post-Employment restrictions on lobbying.

Starting on January 1, 2014, an alderman shall be prohibited from lobbying the City of Chicago or any city department, board or any other agency for a period of one year after leaving that position.

3. §2-156-305 Retaining and employing lobbyists who have failed to register.

No person shall retain or employ a lobbyist who has failed to register as required in this Article. Any person who violates this section shall be subject to the penalty or penalties, as applicable, provided in Article VII of this Chapter.

#### BOARD CONCLUSIONS AND DETERMINATIONS

- (8) Based on the evidence adduced in the record of the Burns matter, including the investigative report issued by the IG, pursuant to §2-156-385 of the Ordinance, the Board reached the following factual conclusions:
- a) Burns's last day in City office was February 26, 2016. He began employment with Respondent on February 29, 2016. Respondent was negotiating the terms of the pending short-term rental ordinance at that time.
  - b) Within one (1) year of his last day in City office, Burns directly contacted a City employee, Michael Rendina, regarding the then-pending short-term rental ordinance. Respondent avers that neither it nor any of its other agents or employees had any knowledge of this contact until this matter was investigated, nor did any of its agents or employees direct Burns to make this contact.
  - c) Within one (1) year of his last day in City office, during approximately five (5) phone discussions between the City and Respondent during which Burns was purposely not identified as being present and participating, Burns actively guided and counseled Respondent's representatives on what to say about the short-term rental ordinance.
  - d) Within one (1) year of his last day in City office, Burns appeared on "Chicago Tonight" to discuss the pending short-term rental ordinance with two (2) sitting aldermen, and in doing so, undertook to influence the terms of the pending ordinance.

- e) From the record before it, the Board determined there is probable cause to conclude that Burns lobbied the City within one (1) year of his last day in City office in violation of §2-156-105(a-1) of the Ordinance, and that, as it employed Burns during that time, Respondent thereby violated §2-156-305 of the Ordinance by employing an unregistered lobbyist.
- (9) At its November 16, 2018 meeting, the Board sustained its preliminary findings, made at its May 23, 2018 meeting, that there is probable cause to conclude that Burns violated Ordinance §2-156-105(a-1) in each instance described in subparagraphs (b) through (d) above.

#### TERMS OF THE SETTLEMENT AGREEMENT

The above fact recitation, statement of law and Board conclusions and determinations are incorporated into and made a part of this Agreement.

- (10) The parties agree to enter into this Agreement to resolve all factual and legal issues that arose in this matter and to reach a final disposition without the necessity of an evidentiary hearing, pursuant to §2-156-392 of the Ordinance, to determine whether Respondent violated the Ordinance.
- (11) Respondent acknowledges that, from the record before it, the Board determined there is probable cause to conclude that Burns lobbied the City within one (1) year of his last day in City office in violation of §2-156-105(a-1) of the Ordinance. Respondent further acknowledges that, as it employed Burns during that time, the Board has found probable cause that it violated §2-156-305 of the Ordinance by employing an unregistered lobbyist.
- (12) Respondent maintains that, at all times pertinent to this matter, it acted in a manner that it believed, in good faith, was in compliance with the requirements of the Governmental Ethics Ordinance.
- (13) Pursuant to §2-156-385(4)(i), the Board may seek to settle the matter by fine.
- (14) Pursuant to §2-156-465(b)(7), the Board has the authority to impose a fine between \$500 and \$2,000 for any single violation of §2-156-305. The Board determined that it would be appropriate to seek to settle this matter by assessing a \$2,000 fine against the Respondent.
- (15) In recognition of the foregoing, Respondent agrees to pay a fine of TWO THOUSAND AND 00/100 DOLLARS (\$2,000.00) to the Board within thirty (30) days of this Settlement Agreement being approved by the Board, by money order, cashier's or certified check, made payable to the "Board of Ethics," and that, if the Board has not received such amount by that date, Respondent shall pay interest of nine percent (9%) per

annum on the unpaid balance until paid-in-full; provided, however, that no interest shall be due and owing that is greater than provided for in 815 ILCS 205/4.


- (16) Respondent acknowledges that this Agreement is a public and final resolution of the potential violations and recommendations made by the IG in its investigative report as presented to and reviewed by the Board of Ethics in this matter. Respondent also acknowledges that the Board shall make this Agreement public, pursuant to §2-156-385(4), and, except as may be provided by applicable law, all writings or records with respect to the settlement agreement or its negotiations in the Board's possession will remain confidential.
- (17) Respondent confirms that it has entered into this Agreement freely, knowingly and intentionally, without coercion or duress; and, after having had the opportunity to be represented by an attorney of its choice, accepts all the terms and conditions contained herein without reliance on any other promises or offers previously made or tendered by any past or present representative of the Board. Respondent confirms that it fully understands all the terms of this Agreement. The terms of this Agreement are contractual and not mere recitals. If any of the provisions of this Agreement shall be found invalid or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.
- (18) Respondent understands and voluntarily waives and assigns, on its and its successors' behalf, any and all: (i) procedural rights under the City's Municipal Code, including a merits hearing pursuant to §2-156-392 of the Ethics Ordinance, or to subpoena witnesses to testify, confront and cross-examine all witnesses; and (ii) rights to commence any judicial or administrative proceeding or appeal before any court of competent jurisdiction, administrative tribunal, political subdivision or office of the State of Illinois or the United States, arising out of Respondent having employed an unregistered lobbyist.
- (19) Respondent releases and holds harmless the Board and its staff from any potential claims, liabilities, and causes of action arising from the Board's enforcement and settlement of the violation described in the Agreement, and agrees not to contest the lawfulness, authority, jurisdiction, or power of the Board in imposing the sanction which is embodied in this Agreement, and the right to make any legal or equitable claim or to initiate legal proceedings of any kind against the Board, or any members or employees thereof, relating to or arising out of this Agreement or the matters recited herein.
- (20) Once executed by Respondent, the Board staff shall submit this Agreement to the Board at its next regularly scheduled meeting. The Board must determine by a majority vote that it approves the Agreement and the Board must execute and date the Agreement before the Agreement becomes effective.
- (21) The parties agree that this Agreement shall become invalid in the event that the Board refuses to approve it. Respondent acknowledges that if the Agreement is not approved or executed by the Board that the Board may seek to proceed to a hearing on the merits, pursuant to §2-156-392 of the Ethics Ordinance. Respondent further agrees that no

member of the Board or its staff shall be disqualified from participating in any subsequent proceedings in this matter held pursuant to §2-156-392 of the Ethics Ordinance. If this Agreement is not approved by the Board, the parties agree that no statements or representations of any kind made in the course of negotiating this agreement will be used by either party for the purpose of establishing liability at any future hearing or proceeding.

- (22) Respondent agrees that failure to comply with the terms of this Agreement constitutes a breach of the Agreement and that the Board can proceed to a hearing on the merits or take any other action as permitted by law.
- (23) In consideration of Respondent's full compliance with all of the terms pursuant to this Agreement, the Board waives any further penalties or fines against Respondent for any further proceedings arising out of the investigation and/or recommendations described in this Agreement.
- (24) The Agreement contains the entire agreement between the Board and the Respondent and it may not be modified unless the modified Agreement is re-executed and re-dated by both parties. This Agreement is entered into in the State of Illinois and shall be construed and interpreted in accordance with its laws.
- (25) This Agreement shall not be effective until all parties have affixed their signature below.

Dated as executed below:

**FOR THE CITY OF CHICAGO BOARD OF ETHICS**

  
\_\_\_\_\_  
Steven I. Berlin, Executive Director

4-26-19  
Date

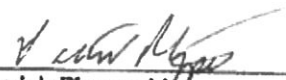
  
\_\_\_\_\_  
William Conlon, Board Chair

4-26-19  
Date

**FOR THE RESPONDENT**

  
\_\_\_\_\_  
Respondent Airbn

4/23/19  
Date

  
\_\_\_\_\_  
Patrick Fitzgerald  
Counsel for Respondent

4/23/19  
Date