



City of Chicago
Eugene Sawyer, Acting Mayor

April 12, 1988

Board of Ethics
Harriet McCullough
Executive Director

[REDACTED]

Sol Brandzel
Chair
Mary Milano
Vice Chair

Case Number 88031.A

Rev. Don Benedict
Margaret Carter
Angeles Eames
Rev. A. Patterson Jackson
Marlene Rankin
Suite 1320
205 West Randolph Street
Chicago, Illinois 60606
(312) 744-9660

Dear [REDACTED]

The Board of Ethics has reviewed your request for an advisory opinion to clarify the requirements of the Statement of Financial Interests.

In your letter of March 1, 1988 you asked whether a capital gain of over \$5,000.00 derived from the sale of shares of a publicly-owned corporation registered on a stock exchange pursuant to the Securities Exchange Act of 1934 must be disclosed if the amount of shares traded was less than 1% of outstanding shares under Question #3 on the Statement of Financial Interests. It is the opinion of the Board of Ethics that such a capital gain must be disclosed. In addition you asked whether the Ethics ordinance requires you to disclose a capital gain of less than \$5000 when another capital gain of more than \$5000 was derived from a single asset (stock) during one calender year. It is the opinion of the Board that only capital gains totalling more than \$5000 and derived from a single transaction need be disclosed.

I. Distinction between "Financial Interests" and "Capital Gain"

The terms "financial interest" and "capital assets" are not interchangeable. The term "financial interest" (defined in Section 26.2-1(k); attached) means any interest 1) from which the reporting individual receives more than \$2,500 per year; 2) that is worth \$5,000 or more; or 3) that represent more than 10% of a corporation or any legal entity. Some interest, however, are specifically excluded from this definition and need not be reported. For example, an ownership interest of less than 1% of the shares of a cor-



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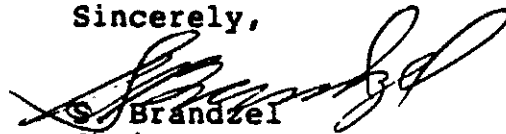
poration that is registered on a securities exchange pursuant to the Securities Exchange Act of 1934 is excluded from the term "financial interest". This exclusion does not however, apply only to the term "capital asset". You must therefore disclose a capital gain of \$5,000 or more derived from the sale or exchange of corporate securities registered on a securities exchange in accordance with Question #3 on the Statement.

II. Only Capital gains from single transaction need be disclosed.

The section of the ordinance regulating the disclosure of capital gains seeks the identity of single transactions which net over \$5000. Therefore any single transaction from which a capital gain of \$5000 or more is realized must be disclosed. This is true even if several transactions involving the same asset occur which would total more than \$5000 if added together.

Thank you for your inquiry. Should you have any further questions, please contact the Board at 744-9660.

Sincerely,


S. Brandzel
Chairman

EC/L-88032