


**December 11, 2018, Agenda – Open Meeting Matter A-2**  
December 5, 2018 – Public Hearing  
October 19, 2018, Agenda – Open Meeting  
September 21, 2018, Agenda – Open Meeting  
August 22, 2018, Agenda – Open Meeting

To: The Board  
From: Chad H. Gholizadeh   
Date: December 6, 2018  
Re: Proposed Board Rules

As directed by the Board at its October meeting, Staff published for public comment its proposed rules defining entities that are not “firms” for the purposes of Charter § 2601(11), defining “business or financial relationship” for the purposes of Charter § 2604(b)(14), and creating a new Chapter 4 for the Board’s annual disclosure rules. In accordance with the City’s Administrative Procedures Act, the Board held a public hearing on December 5, 2018, to receive oral comments on the proposed Board Rules. The Board received no written comments in advance of the public hearing, nor did any member of the public testify in person at the public hearing.

Staff recommends that the Board adopt the text of the Rules with one substantive change and with stylistic edits to the commentary to reflect that the Rules are no longer proposals.

Attached are the following:

- 1) Minutes of the August 22, 2018 Open Meeting (**Exhibit 1**);
- 2) Minutes of the September 21, 2018 Open Meeting (**Exhibit 2**);
- 3) Minutes of the October 19, 2018 Open Meeting (**Exhibit 3**);
- 4) Proposed Board Rules and Commentary, as submitted for publication in the City Record on November 1, 2018 (**Exhibit 4**);
- 5) Proposed Notice of Adoption (Tracked Version) (**Exhibit 5**);

6) Proposed Notice of Adoption (Clean Version) (Exhibit 6)

Analysis & Discussion

The only proposed substantive change to Board Rules § 1-10(a)(2) and related change to the Statement of Basis and Purpose comes from Board Staff. Staff recommends that the threshold value for a purchase or a sale of property between a superior and a subordinate to become a prohibited “business or financial relationship” be changed from \$25 over a twelve-month period to \$25 in any single transaction. At its August 2018 meeting, one Board member expressed a concern that the dollar value in subsection 1-10(a)(2) was too low. Staff now believes that a simpler, less restrictive, \$25 limit is both more consistent with the dollar amounts in the other provisions of Board Rules § 1-10, more consistent with Advisory Opinion No. 1998-12, and addresses the concern about the dollar value for sales being too low. Advisory Opinion No. 1998-12, upon which subsection 1-10(a)(2) is based, set the dollar threshold for such sales of property at \$25 per transaction without specifying any annual or cumulative limit. Additionally, the proposed change makes the dollar value necessary to form a business or financial relationship consistent with subsection 1-10(a)(1), which addresses loans. Staff has consulted with the Law Department and been advised that this minor change would not require an additional public hearing. The Notice of Adoption (Exhibit 6) now includes a brief explanation of this revision.

All other changes are non-substantive and can be found tracked on Exhibit 5.

## **Minutes of the Open Meeting of the New York City Conflicts of Interest Board**

**Date:** August 22, 2018

**Location:** Baker Hostetler, 45 Rockefeller Plaza, 14<sup>th</sup> Fl., New York, New York

**Present:**

Board Members: Chair Richard Briffault and Members Fernando A. Bohorquez, Jr., Anthony Crowell, Jeffrey D. Friedlander, and Erika Thomas

Board Staff: Evan Berkow, Ethan Carrier, Chad Gholizadeh, Amber Gonzalez, Chris Hammer, Gavin Kendall, Julia Lee, Carolyn Miller, Katherine Miller, Summer Payton, Jeff Tremblay, Michele Weinstat, and Clare Wiseman.

**Guests:** None

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The meeting was called to order by the Chair at approximately 9:45 a.m. The Chair stated that the meeting was being conducted pursuant to the New York State Open Meetings Law and designated the undersigned as the Recording Secretary for purposes of the meeting.

The Chair stated that the meeting was called to consider Staff's proposed amendments to Title 53 of the Rules of the City of New York.

After a brief introduction by a member of the Board Staff on the proposed amendments to the rules, the Chair then asked for any comments by the Board or Staff concerning the proposed amendment to Title 53 of the Rules of the City of New York.

### **Comments:**

The following comments constitute the changes as agreed upon by the Board and Staff:

- Creation of Chapter 4 in the Rules of the Board titled "Annual Disclosure" and the renumbering of Board Rules §§ 1-08, 1-10, 1-14, and 1-15 to Board Rules §§ 4-01, 4-02, 4-03, and 4-04: No comments.
- Proposed Board Rules § 1-08: To modify introduction of § 1-08 to read: "For the purposes of Charter § 2601(11), the term "other similar entity" includes, but is not limited to, any of the following entities:"; Staff to provide more information on the definition of New York local public authorities in § 1-08(c).
- Proposed Board Rules § 1-10: To modify title to: "Prohibited Business or Financial Relationships between Superior and Subordinate"; to modify § 1-10(a)(7) to read "shared ownership of real property or any other property valued at \$100.00 or more"; to delete § 1-10(a)(10); to modify § 1-10(a)(12) to read "establishing a trust or serving as a trustee of a trust in which one of the public servants or a person associated with one of the public servants is a beneficiary"; in § 1-10(a)(13), to replace "another public servant's" with "each other's"; to delete "communally" in § 1-10(b)(1)
- Proposed reserving of Board Rules §§ 1-14 and 1-15 for future use: No comments.

The Board also requested that Staff amend the language in the Statement of Basis and Purpose to provide a better explanation for proposed Board Rules § 1-08.

Upon motion duly made and seconded, the Board unanimously voted to continue the discussion at the next Board meeting.

The open meeting was adjourned at approximately 10:35 a.m.

Respectfully submitted,

Julia H. Lee  
Recording Secretary

## **Minutes of the Open Meeting of the New York City Conflicts of Interest Board**

**Date:** September 21, 2018

**Location:** Baker Hostetler, 45 Rockefeller Plaza, 11<sup>th</sup> Fl., New York, New York

**Present:**

Board Members: Chair Richard Briffault and Members Fernando A. Bohorquez, Jr., Anthony Crowell, Jeffrey D. Friedlander, and Erika Thomas

Board Staff: Evan Berkow, Ethan Carrier, Chad Gholizadeh, Amber Gonzalez, Christopher Hammer, Gavin Kendall, Julia Lee, Carolyn Miller, Katherine Miller, Summer Payton, Jeff Tremblay, Michele Weinstat, and Clare Wiseman.

Guests: Stephanie Blattmachr

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The meeting was called to order by the Chair at approximately 9:35 a.m. The Chair stated that the meeting was being conducted pursuant to the New York State Open Meetings Law and designated the undersigned as the Recording Secretary for purposes of the meeting.

The Chair stated that the meeting was called to consider Staff's proposed amendments to Title 53 of the Rules of the City of New York in continuation of the Open Meeting on August 22, 2018 and Board Rules § 1-13.

After a brief introduction by a member of the Board Staff on the proposed amendments to the rules, the Chair then asked for any comments by the Board or Staff concerning the proposed amendments to Title 53 of the Rules of the City of New York.

**Comments:**

The following comments constitute further changes as agreed upon by the Board and Staff:

- Proposed Board Rules § 1-08: Retain language of § 1-10(a)(3) as it refers to "local public authorities."
- Proposed Board Rules § 1-08: Addition of language defining "local development corporation" in § 1-08(b).
- Proposed Board Rules § 1-10: Retain language of § 1-10(a)(10) as it refers to cooperative apartment buildings.
- Statement of Basis and Purpose: Addition of language providing definitions of New York State local authorities and local development corporations; addition of a sentence that "As stated in Rules § [ ], this list "includes but not limited to" and thus is not exhaustive." as cited in §§ 1-08(a) and 1-10(a) in the paragraphs pertaining to the respective rules.

Upon motion duly made and seconded, the Board unanimously voted to pass Staff's proposed amendments to Title 53 of the Rules of the City of New York with modifications as discussed in the August 22, 2018, Open Meeting and today as the final rule.

The Chair stated that the meeting was called to consider Staff's proposed amendments to Board Rules § 1-13.

After a brief introduction by a member of the Board Staff on the proposed amendments to Board Rules § 1-13, the Chair then asked for any comments by the Board or Staff concerning the proposed amendments to Board Rule § 1-13.

**Comments:**

The following comments constitute the changes as agreed upon by the Board and Staff:

- § 1-13(e)(1): Revise beginning of sentence to state: "An agency head may designate a public servant to perform work..."
- §§1-13(e)(1)(a) and 1-13(e)(2): Replace the word "demonstrable" with "demonstrated"
- § 1-13(e)(a): Delete the word "that"
- § 1-13(e)(1)(c): Revise to state as follows: "the written designation is disclosed to the Conflicts of Interest Board within thirty days and will be posted on the Board's website."
- § 1-13(e)(2): Insert language after "written approval" to state who will be giving written approval
- § 1-13(e)(3): Revise language to clarify the role of elected officials in the approval process
- Statement of Basis and Purpose: Add an explanation of discretionary funding and sponsorship as referenced in § 1-13(e)(1)(b), including citation to the applicable Advisory Opinion, and why "district attorney" is mentioned separately from "elected official" in § 1-13(e)(3).

Upon motion duly made and seconded, the Board unanimously voted to continue the discussion at the next Board meeting.

The open meeting was adjourned at approximately 10:20 a.m.

Respectfully submitted,

Julia H. Lee  
Recording Secretary

## **Minutes of the Open Meeting of the New York City Conflicts of Interest Board**

**Date:** October 19, 2018

**Location:** Baker Hostetler, 45 Rockefeller Plaza, 11<sup>th</sup> Fl., New York, New York

**Present:**

Board Members: Chair Richard Briffault and Members Fernando A. Bohorquez, Jr., Jeffrey D. Friedlander, and Erika Thomas

Board Staff: Evan Berkow, Ethan Carrier, Chad Gholizadeh, Amber Gonzalez, Christopher Hammer, Gavin Kendall, Carolyn Miller, Katherine Miller, Summer Payton, Jeff Tremblay, Michele Weinstat, and Clare Wiseman.

Guests: None

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The meeting was called to order by the Chair at approximately 9:34 a.m. The Chair stated that the meeting was being conducted pursuant to the New York State Open Meetings Law and designated the undersigned as the Recording Secretary for purposes of the meeting.

The Chair stated that the meeting was called to: (1) continue consideration of Staff's proposed amendments to Board Rules § 1-13, which amendments had previously been considered at an Open Meeting held on September 21, 2018; and (2) continue consideration of Staff's proposed amendments to Title 53 of the Rules of the City of New York, which had previously been considered at Open Meetings held on August 22, 2018, and September 21, 2018.

After a brief introduction by a member of the Board Staff on the proposed amendments to Board Rules § 1-13, the Chair asked for any comments by the Board or Staff concerning the proposed amendments to Board Rules § 1-13.

**Comments:**

The following comments constitute further changes as agreed upon by the Board and Staff:

- Proposed Commentary to Board Rules § 1-13(e): Change "demonstrable" to "demonstrated."
- Proposed Board Rules § 1-13(e)(1)(c): Change "the written designation is disclosed to the Conflicts of Interest Board within 30 days and will be posted on the Board's website" to "within 30 days the written designation is disclosed to the Conflicts of Interest Board and will be posted on the Board's website."

Upon motion duly made and seconded, the Board unanimously voted to approve Staff's proposed amendments to Board Rules § 1-13, with modifications as discussed in the September 21, 2018, Open Meeting and today's Open Meeting, as the final rule. The proposed amendments will go to the New York City Law Department and Mayor's Office for certification.

The Chair then turned discussion to Title 53 of the Rules of the City of New York.

A member of the Board Staff explained that the proposed rule amendments approved by the Board at its September 21, 2018, Open Meeting had been certified, with some non-substantive edits, by the New York City Law Department and Mayor's Office. The Chair then asked for any comments by the Board or Staff concerning the proposed amendments to Title 53 of the Rules of the City of New York.

**Comments:**

- None

Upon motion duly made and seconded, the Board unanimously voted to pass the Title 53 of the Rules of the City of New York, as certified by the Law Department and Mayor's Office, as the final rule.

The open meeting was adjourned at approximately 9:47 a.m.

Respectfully submitted,

Jeffrey Tremblay  
Recording Secretary



## New York City Conflicts of Interest Board

### **Notice of Public Hearing and Opportunity to Comment on Proposed Rules Regarding Annual Disclosure, the Definition of “Firm”, and Business or Financial Relationships**

**What are we proposing?** The Conflicts of Interest Board is proposing to amend its rules by: relocating its rules regarding annual disclosure to a new Chapter 4; adding a new definition for “other similar entity” as used in New York City Charter § 2601(11), which defines the term “firm”; and adopting a rule defining business or financial relationship for the purposes of Charter § 2604(b)(14).

**When and where is the Hearing?** The Conflicts of Interest Board will hold a public hearing on the proposed rule. The public hearing will take place at 11:30 a.m. on December 5, 2018. The hearing will be at Spector Hall at 22 Reade Street, New York, New York 10007.

This location has the following accessibility option(s) available: Wheelchair Accessible.

**How do I comment on the proposed rules?** Anyone can comment on the proposed rules by:

- **Website.** You can submit comments to the Conflicts of Interest Board through the NYC rules website at <http://rules.cityofnewyork.us>.
- **Email.** You can email comments to Chad H. Gholizadeh at [Rules@COIB.nyc.gov](mailto:Rules@COIB.nyc.gov)
- **Mail.** You can mail comments to Chad H. Gholizadeh, Assistant Counsel, Conflicts of Interest Board, 2 Lafayette Street, Suite #1010, New York, New York 10007.
- **Fax.** You can fax comments to the Conflicts of Interest Board at (212) 437-0705.
- **By Speaking at the Hearing.** Anyone who wants to comment on the proposed rule at the public hearing must sign up to speak. You can sign up before the hearing by calling (212) 437-0730. You can also sign up in the hearing room before the hearing begins on December 5, 2018. You can speak for up to three minutes.

**Is there a deadline to submit comments?** Yes, you must submit written comments by Tuesday, December 4, 2018 at 5:00 p.m.

**Do you need assistance to participate in the hearing?** You must tell the Conflicts of Interest Board if you need a reasonable accommodation of a disability at the hearing. You must tell us if you need a sign language interpreter. You can tell us by mail at the address given above. You may also tell us by telephone at (212) 437-0723. You must tell us by November 30, 2018.

**Can I review the comments made on the proposed rules?** You can review the comments made online on the proposed rules by going to the website at <http://rules.cityofnewyork.us/>. A few days after the hearing, copies of all comments submitted online, copies of all written comments, and a summary of oral comments concerning the proposed rule will be available to the public at the Conflicts of Interest Board, 2 Lafayette Street, Suite #1010, New York, New York 10007.

**What authorizes the Conflicts of Interest Board to make this rule?** Sections 1043, 2601(11) and 2603(a) of the City Charter authorize the Conflicts of Interest Board to make this proposed rule. This proposed rule was not included in the Conflicts of Interest Board’s regulatory agenda for this Fiscal Year because it was not contemplated when the Conflicts of Interest Board published the agenda.

**Where can I find the Conflicts of Interest Board’s rules?** The Conflicts of Interest Board’s rules are in Title 53 of the Rules of the City of New York.

**What rules govern the rulemaking process?** The Conflicts of Interest Board must meet the requirements of Section 1043 of the City Charter when creating or changing rules. This notice is made according to the requirements of Section 1043 of the City Charter.

## **STATEMENT OF BASIS AND PURPOSE**

### Reorganization of rules

In the Section 1 of this rulemaking, the Board proposes to move four sections of the Rules of the Board from Chapter 1, entitled “Conflicts of Interest,” to a new Chapter 4, entitled “Annual Disclosure”: Section 1-08, “Procedures for Obtaining an Extension of Time Within Which to File a Financial Disclosure Report”; Section 1-10, “Retention of Financial Disclosure Reports”; Section 1-14, “City Employees Holding Policymaking Positions for Purposes of the Financial Disclosure Law”; and Section 1-15, “City Employees Whose Duties Involve the Negotiation, Authorization, or Approval of Contracts and of Certain Other Matters”. These four sections, promulgated in 1992, 1994, 2003, and 2005 respectively, are an integral part of the administration of the Annual Disclosure Law set forth in Section 12-110 of the New York City Administrative Code and not relevant to determinations made about “conflicts of interest” under Chapter 68 of the City Charter. By creating a new Chapter 4, the Board’s rules will be better organized, and each chapter of rules will be more clearly related to the other rules within such chapter. The text of the four relocated Board Rules remain otherwise unchanged.

### Proposed definition of “Other Similar Entity” within the definition of “Firm”

The Board proposes a new definition of “other similar entity” within the definition of “firm”, to be numbered § 1-08. Several provisions of the City Charter are relevant to the proposed new definition. At the threshold, City Charter § 2601(11) defines “firm” as follows:

‘Firm’ means sole proprietorship, joint venture, partnership, corporation and any other form of enterprise, but shall not include a public benefit corporation, local development corporation or other similar entity as defined by rule of the board.

Another key term, “interest,” is defined by §2601(12) to mean an “ownership interest in a firm or position with a firm.”

Moreover, the term “firm” is implicated by various provisions of City Charter §§ 2604(a) (“Prohibited interests”) and 2604(b) (“Prohibited conduct”). Charter § 2604(a)(1) proscribes a full-time public servant from having an interest in a firm which such person knows is engaged in business dealings with his or her agency (except as addressed by paragraph (3) of subdivision (a)). Charter § 2604(b)(1) addresses the issue of a public servant taking an action particularly affecting the interest of a firm in which they have an interest; paragraph (b)(3) prohibits a public servant from using or attempting to use his or her position to benefit himself or any person or firm associated with him or her; and paragraph (b)(5) bars a public servant from accepting any valuable gift (as defined by Board Rule § 1-01) from any person or firm which the public servant knows is or intends to become engaged in business dealings with the City.

As noted above, Charter § 2604(a)(1) prohibits a full-time public servant from having an ownership interest or position in a firm that is engaged in business dealings with the City. This means that any full-time public servant who wishes to have a second job with a firm that has business dealings with any City agency must obtain a waiver from the Board to have such an interest. Charter § 2601(11) already exempts public benefit corporations and local development

corporations from the definition of “firm” and grants the Board the authority to exempt “similar entities” that it defines by rule.

The Board proposes this new rule to clarify the entities at which public servants may take positions, such as by taking a second job at the entity, serving on its board, or teaching a class as an adjunct teacher, without requiring a waiver of Charter § 2604(a)(1). The Board is proposing this rule because over the years it has advised numerous public servants that their proposed activities would not violate Chapter 68 because their prospective employer or ownership interest does not fall within the ambit of “firm” for the purposes of City Charter § 2601(11). See, e.g., A.O. Nos. 1992-20, 1994-10, 1997-1, 1999-6, 2000-1, and 2005-2. The Board proposes to include “New York State local public authorities,” as defined in the New York Public Authorities Law § 2(2), as entities exempted from the definition of “firm.” The Board also proposes to limit the definition of “local development corporation,” as used in Charter § 2601(11) , to those local development corporations established by, affiliated with, sponsored by, or created by a unit of New York State government and not to include any private local development corporations. As stated in the rule, the term “other similar entity” includes, but is not limited to, the listed entities; this list is not exclusive.

Public servants who have second jobs with entities that are not “firms” remain subject to other fundamental requirements of Chapter 68, including, but not limited to: their work for the other employing entity must be conducted at times when they are not required to perform services for the City (Charter § 2604(b)(2), Board Rules § 1-13(a)); they may not use City equipment, letterhead, personnel, or other City resources in connection with their second jobs at the employing entity (Charter § 2604(b)(2), Board Rules § 1-13(b)); they may not use their official City positions or titles to obtain any private advantage for themselves, the employing

entity, or any of such entity's clients (Charter § 2604(b)(3)); they may not disclose or use for private advantage any confidential information concerning the City (Charter § 2604(b)(4)); they may not make any appearances before the City on behalf of the employing entity (Charter § 2604(b)(6)); and lastly, they may not be compensated by the employing entity for performing their official duties (Charter § 2604(b)(13)). Additionally, the Board will make a separate determination whether any given entity is a "local, state or federal agency" pursuant to Charter § 2604(d)(6) and therefore a public servant's employment therein would be exempt from the post-employment restrictions of Chapter 68.

Proposed section regarding business and financial relationships between superior and subordinate public servants

City Charter § 2604(b)(14) provides as follows: "No public servant shall enter into any business or financial relationship with another public servant who is a superior or subordinate of such public servant." Charter § 2604(b)(14) recognizes the potential for coercion or favoritism that exists when co-workers who occupy different positions in a City government office hierarchy, in which one person has authority over another, enter into business or financial relationships. The Board has repeatedly been asked to provide advice about whether public servants may enter into certain relationships with their co-workers, supervisors, and subordinates. Its numerous advisory opinions on this topic include A.O. Nos. 1992-28 (prohibiting a subordinate from representing a superior as his attorney); 1998-12 (prohibiting superiors from selling anything to subordinates but permitting subordinates to sell a limited amount of commercial and charitable projects to a superior); 2001-3 (reiterating that a subordinate and a superior may not enter into an attorney-client relationship); 2003-6 (advising that a public servant may be compensated for voluntarily working on his or her superior's

political campaign); 2004-2 (advising that a superior and subordinate cannot participate in the same savings club); 2004-3 (advising that any financial relationship between a community board member and a member of the community board's staff is prohibited); 2012-5 (reiterating that a public servant may be compensated for voluntarily working on his or her superior's political campaign and advising that a superior and subordinate may volunteer on the same campaign and in that capacity one may supervise the other); 2013-1 (advising that while it generally violates Chapter 68 for superiors to solicit or accept gifts from their subordinates, superiors can do so long as such gift-giving is not extremely frequent or extravagant; furthermore, public servants can accept gifts from their peers); 2017-5 (advising that participation by a superior and subordinate in the same lottery pool was an impermissible financial relationship).

Moreover, numerous enforcement actions have been initiated over the years that have resulted in fines for public servants found to have violated this prohibition. Examples include COIB Case Nos. 2016-057 (2017) (a New York City Department of Education ("DOE") Superintendent paid a \$3,000 fine for having sold her house to a teacher she supervised as her Principal); 2016-600 (2017) (a DOE Principal was issued a public warning letter for being regularly driven to and from work by a subordinate); 2015-858(a) (2017) (a former Director of Contracts and Construction in the New York City Department of Transportation's Traffic Division paid a \$4,000 fine for, over the course of three years, lending and repaying his subordinate more than \$40,000); and 2016-902 and 902a (2017) (a DOE Assistant Principal and a teacher whom he supervised at the school found to have entered into an impermissible financial relationships by cohabitating and were fined \$3,750 and \$1,752, respectively).

The Board therefore proposes this new rule to clarify which relationships between superiors and their subordinates are deemed to be business or financial relationships for the

purposes of Charter § 2604(b)(14) and are therefore prohibited. This section would prohibit a public servant from entering into any of the enumerated relationships with any other public servant who either is supervised by him/her or is supervising his/her work, or who has the power to direct his/her work, or whose work he/she directs, or whose terms and conditions of employment the superior public servant has the power to affect or who could affect the terms and conditions of the subordinate public servant's employment. As stated in the rule, the term "business or financial relationship" includes, but is not limited to, the listed relationships; this list is not exclusive.

New material is underlined.

[Deleted material is in brackets.]

Section 1. Title 53 of the Rules of the City of New York is amended by adding a new Chapter 4, entitled "Annual Disclosure".

§ 2. Section 1-08 of Title 53 of the Rules of the City of New York, entitled "Procedures for Obtaining an Extension of Time Within Which to File a Financial Disclosure Report", is renumbered as § 4-01 of Chapter 4 of such title, as added by section 1 of this rulemaking.

§ 3. Section 1-10 of Title 53 of the Rules of the City of New York, entitled "Retention of Financial Disclosure Reports", is renumbered as §4-02 of Chapter 4 of such title, as added by section 1 of this rulemaking.

§ 4. Section 1-14 of Title 53 of the Rules of the City of New York, entitled "City Employees Holding Policymaking Positions for Purposes of the Financial Disclosure Law", is renumbered as § 4-03 of Chapter 4 of such title, as added by section 1 of this rulemaking.

§ 5. Section 1-15 of Title 53 of the Rules of the City of New York, entitled “City Employees Whose Duties Involve the Negotiation, Authorization, or Approval of Contracts and of Certain Other Matters”, is renumbered as § 4-04 of Chapter 4 of such title, as added by section 1 of this rulemaking.

§ 6. Chapter 1 of Title 53 of the Rules of the City of New York is amended by adding a new § 1-08 to read as follows:

§1-08 Definition of “other similar entity” within the definition of “firm”.

(a) For the purposes of Charter § 2601(11), the term “other similar entity” includes, but is not limited to, any of the following entities:

(1) local, state, and federal governments and their agencies;

(2) New York State public authorities;

(3) New York local public authorities;

(4) the United Nations;

(5) the United States Postal Service;

(6) the State University of New York;

(7) the City University of New York;

(8) the Brooklyn Public Library;

(9) the Queens Public Library; and

(10) charter schools created pursuant to New York State Education Law Article 56.

(b) For the purposes of Charter § 2601(11), the term “local development corporation” includes only local development corporations affiliated with, sponsored by, or created by New York State government or by a New York county, city, town, or village.



§ 7. Chapter 1 of Title 53 of the Rules of the City of New York is amended by adding a new § 1-10 to read as follows:

§1-10 Prohibited Business or Financial Relationships Between a Superior and a Subordinate

(a) For purposes of Charter § 2604(b)(14), the term “business or financial relationship” between a superior and subordinate includes but is not limited to:

- (1) outstanding loans collectively amounting to \$25.00 or more;
- (2) a purchase or sale of any property valued at \$25.00 or more within a 12-month period;
- (3) the leasing of any property;
- (4) cohabitation;
- (5) participation in a lottery pool;
- (6) participation in a savings club;
- (7) shared ownership of real property or any other property worth more than \$100.00;
- (8) shared ownership of financial instruments;
- (9) shared ownership interest in a firm other than a publicly traded company;
- (10) shared ownership interest in a cooperative apartment building with fewer than six units
- (11) employer-employee, consultant, contractor, attorney-client, agent-principal, brokerage, or other similar relationships;
- (12) establishing a trust or serving as a trustee of a trust in which one of them or a person associated with one of them has a beneficial interest; and

(13) payment of each other's recurring expenses such as rent or payments for a vehicle.

(b) Expenses for activities related to public servants' City jobs which are shared between public servants, including superiors and subordinates, such as expenses related to a carpool or a coffee club, will not be deemed a "business or financial relationship" within the meaning of Charter § 2604(b)(14) if:

(1) the benefit is shared by the participants; and

(2) each public servant bears a fair proportion of the expense or effort involved for the activity.

§ 8. The titles of sections 1-14 and 1-15 of Chapter 1 of Title 53 of the Rules of the City of New York are amended to read, respectively, as follows:

§1-14 [City Employees Holding Policymaking Positions for Purposes of the Financial Disclosure Law] Reserved.

§1-15 [City Employees Whose Duties Involve the Negotiation, Authorization, or Approval of Contracts and of Certain Other Matters] Reserved.

**NEW YORK CITY LAW DEPARTMENT  
DIVISION OF LEGAL COUNSEL  
100 CHURCH STREET  
NEW YORK, NY 10007  
212-356-4028**

**CERTIFICATION PURSUANT TO  
CHARTER §1043(d)**

**RULE TITLE:** Amendment of Financial Disclosure and Other Rules

**REFERENCE NUMBER:** 2018 RG 111

**RULEMAKING AGENCY:** Conflicts of Interest Board

I certify that this office has reviewed the above-referenced proposed rule as required by section 1043(d) of the New York City Charter, and that the above-referenced proposed rule:

- (i) is drafted so as to accomplish the purpose of the authorizing provisions of law;
- (ii) is not in conflict with other applicable rules;
- (iii) to the extent practicable and appropriate, is narrowly drawn to achieve its stated purpose; and
- (iv) to the extent practicable and appropriate, contains a statement of basis and purpose that provides a clear explanation of the rule and the requirements imposed by the rule.

/s/ STEVEN GOULDEN  
Acting Corporation Counsel

Date: October 3, 2018

**NEW YORK CITY MAYOR'S OFFICE OF OPERATIONS  
253 BROADWAY, 10<sup>th</sup> FLOOR  
NEW YORK, NY 10007  
212-788-1400**

**CERTIFICATION / ANALYSIS  
PURSUANT TO CHARTER SECTION 1043(d)**

**RULE TITLE: Amendment of Financial Disclosure and Other Rules**

**REFERENCE NUMBER: COIB-4**

**RULEMAKING AGENCY: Conflicts of Interest Board**

I certify that this office has analyzed the proposed rule referenced above as required by Section 1043(d) of the New York City Charter, and that the proposed rule referenced above:

- (i) Is understandable and written in plain language for the discrete regulated community or communities;
- (ii) Minimizes compliance costs for the discrete regulated community or communities consistent with achieving the stated purpose of the rule; and
- (iii) Does not provide a cure period because it does not establish a violation, modification of a violation, or modification of the penalties associated with a violation.

/s/ Shevani Patel  
Mayor's Office of Operations

October 3, 2018  
Date

## New York City Conflicts of Interest Board

### Notice of Adoption of Final Rules

NOTICE IS HEREBY GIVEN PURSUANT TO THE AUTHORITY VESTED IN THE NEW YORK CITY CONFLICTS OF INTEREST BOARD by Section 1043 of the City Charter and Section 3-907 of the New York City Administrative Code, that the Conflicts of Interest Board is proposing to amendhas adopted Board Rules to relocate its rules by: relocating its rules Rules regarding annual disclosure to a new Chapter 4; addingadd a new definition for “other similar entity” as used in New York City Charter § 2601(11), which defines the term “firm”; and adoptingadopt a ruleRule defining business or financial relationship for the purposes of Charter § 2604(b)(14). The proposed Rules were published in the City Record on November 1, 2018, and a public hearing was held on December 5, 2018. No testimony or comments were received. The Conflicts of Interest Board now adopts the following Rules, with amendment to the limit on purchases and sales of property between superiors and subordinates.

### Statement of Basis and Purpose

#### Reorganization of rulesRules

In the Section 1 of this rulemaking, the Board ~~proposes to move~~ moves four sections of the Rules of the Board from Chapter 1, entitled “Conflicts of Interest,” to a new Chapter 4, entitled “Annual Disclosure”: Section 1-08, “Procedures for Obtaining an Extension of Time Within Which to File a Financial Disclosure Report”; Section 1-10, “Retention of Financial Disclosure Reports”; Section 1-14, “City Employees Holding Policymaking Positions for Purposes of the Financial Disclosure Law”; and Section 1-15, “City Employees Whose Duties Involve the Negotiation, Authorization, or Approval of Contracts and of Certain Other Matters”. These four sections, promulgated in 1992, 1994, 2003, and 2005 respectively, are an integral part of the administration of the Annual Disclosure Law set forth in Section 12-110 of the New York City Administrative Code and not relevant to determinations made about “conflicts of interest” under Chapter 68 of the City Charter. By creating a new Chapter 4, the Board’s ~~rules~~ Rules will be better organized, and each chapter of rules will be more clearly related to the other rules within such chapter. The text of the four relocated Board Rules remain otherwise unchanged.

#### Proposed definition

#### Definition of “Other Similar Entity” within the definition of “Firm”

The Board ~~proposes~~ adopts a new definition of “other similar entity” within the definition of “firm”, to be numbered § 1-08. Several provisions of the City Charter are relevant to the ~~proposed~~ new definition. At the threshold, City Charter § 2601(11) defines “firm” as follows:

‘Firm’ means sole proprietorship, joint venture, partnership, corporation and any other form of enterprise, but shall not include a public benefit corporation, local development corporation or other similar entity as defined by rule of the board.

Another key term, “interest,” is defined by §2601(12) to mean an “ownership interest in a firm or position with a firm.”

Moreover, the term “firm” is implicated by various provisions of City Charter §§ 2604(a) (“Prohibited interests”) and 2604(b) (“Prohibited conduct”). Charter § 2604(a)(1) proscribes a full-time public servant from having an interest in a firm which such person knows is engaged in business dealings with his or her agency (except as addressed by paragraph (3) of subdivision (a)). Charter § 2604(b)(1) addresses the issue of a public servant taking an action particularly affecting the interest of a firm in which they have an interest; paragraph (b)(3) prohibits a public servant from using or attempting to use his or her position to benefit himself or any person or firm associated with him or her; and paragraph (b)(5) bars a public servant from accepting any valuable gift (as defined by Board Rule § 1-01) from any person or firm which the public servant knows is or intends to become engaged in business dealings with the City.

As noted above, Charter § 2604(a)(1) prohibits a full-time public servant from having an ownership interest or position in a firm that is engaged in business dealings with the City. This means that any full-time public servant who wishes to have a second job with a firm that has business dealings with any City agency must obtain a waiver from the Board to have such an interest. Charter § 2601(11) already exempts public benefit corporations and local development corporations from the definition of “firm” and grants the Board the authority to exempt “similar entities” that it defines by rule.

The ~~Board proposes this~~ Board’s new rule to clarify Rule clarifies the entities at which public servants may take positions, such as by taking a second job at the entity, serving on its board, or teaching a class as an adjunct teacher, without requiring a waiver of Charter § 2604(a)(1). The Board is ~~proposing~~ adopts this rule because over the years it has advised numerous public servants that their proposed activities would not violate Chapter 68 because their prospective employer or ownership interest does not fall within the ambit of “firm” for the purposes of City Charter § 2601(11). See, e.g., A.O. Nos. 1992-20, 1994-10, 1997-1, 1999-6, 2000-1, and 2005-2. The Board ~~proposes to include~~ includes “New York State local public authorities,” as defined in the New York Public Authorities Law § 2(2), as entities exempted from the definition of “firm.” The Board also ~~proposes to limit~~ limits the definition of “local development corporation,” as used in Charter § 2601(11), to those local development corporations established by, affiliated with, sponsored by, or created by a unit of New York State government and not to include any private local development corporations. As stated in the ~~rule~~ Rule, the term “other similar entity” includes, but is not limited to, the listed entities; this list is not exclusive.

Public servants who have second jobs with entities that are not “firms” remain subject to other fundamental requirements of Chapter 68, including, but not limited to: their work for the other employing entity must be conducted at times when they are not required to perform services for the City (Charter § 2604(b)(2), Board Rules § 1-13(a)); they may not use City equipment, letterhead, personnel, or other City resources in connection with their second jobs at the employing entity (Charter § 2604(b)(2), Board Rules § 1-13(b)); they may not use their official City positions or titles to obtain any private advantage for themselves, the employing entity, or any of such entity’s clients (Charter § 2604(b)(3)); they may not disclose or use for private advantage any confidential information concerning the City (Charter § 2604(b)(4)); they may not make any appearances before the City on behalf of the employing entity (Charter § 2604(b)(6)); and lastly, they may not be compensated by the employing entity for performing

their official duties (Charter § 2604(b)(13)). Additionally, the Board will make a separate determination whether any given entity is a “local, state or federal agency” pursuant to Charter § 2604(d)(6) and therefore a public servant’s employment therein would be exempt from the post-employment restrictions of Chapter 68.

Proposed section

Section regarding business and financial relationships between superior and subordinate public servants

City Charter § 2604(b)(14) provides as follows: “No public servant shall enter into any business or financial relationship with another public servant who is a superior or subordinate of such public servant.” Charter § 2604(b)(14) recognizes the potential for coercion or favoritism that exists when co-workers who occupy different positions in a City government office hierarchy, in which one person has authority over another, enter into business or financial relationships. The Board has repeatedly been asked to provide advice about whether public servants may enter into certain relationships with their co-workers, supervisors, and subordinates. Its numerous advisory opinions on this topic include A.O. Nos. 1992-28 (prohibiting a subordinate from representing a superior as his attorney); 1998-12 (prohibiting superiors from selling anything to subordinates but permitting subordinates to sell a limited amount of commercial and charitable projects to a superior); 2001-3 (reiterating that a subordinate and a superior may not enter into an attorney-client relationship); 2003-6 (advising that a public servant may be compensated for voluntarily working on his or her superior’s political campaign); 2004-2 (advising that a superior and subordinate cannot participate in the same savings club); 2004-3 (advising that any financial relationship between a community board member and a member of the community board’s staff is prohibited); 2012-5 (reiterating that a public servant may be compensated for voluntarily working on his or her superior’s political campaign and advising that a superior and subordinate may volunteer on the same campaign and in that capacity one may supervise the other); 2013-1 (advising that while it generally violates Chapter 68 for superiors to solicit or accept gifts from their subordinates, superiors can do so long as such gift-giving is not extremely frequent or extravagant; furthermore, public servants can accept gifts from their peers); 2017-5 (advising that participation by a superior and subordinate in the same lottery pool was an impermissible financial relationship).

Moreover, numerous enforcement actions have been initiated over the years that have resulted in fines for public servants found to have violated this prohibition. Examples include COIB Case Nos. 2016-057 (2017) (a New York City Department of Education (“DOE”) Superintendent paid a \$3,000 fine for having sold her house to a teacher she supervised as her Principal); 2016-600 (2017) (a DOE Principal was issued a public warning letter for being regularly driven to and from work by a subordinate); 2015-858(a) (2017) (a former Director of Contracts and Construction in the New York City Department of Transportation’s Traffic Division paid a \$4,000 fine for, over the course of three years, lending and repaying his subordinate more than \$40,000); and 2016-902 and 902a (2017) (a DOE Assistant Principal and a teacher whom he supervised at the school found to have entered into an impermissible financial relationships by cohabitating and were fined \$3,750 and \$1,752, respectively).

The Board has made one small substantive change to Board Rules § 1-10(a)(2) since its publication in the City Record. In this subsection, it was the Board’s intention to codify the

advice given in Advisory Opinion No. 1998-12 regarding the sale of property. In keeping with that intention, and in order to be more consistent with the other provisions of the Rule, Board Rules § 1-10(a)(2) has been revised to remove the one-year cap.

The Board therefore ~~proposes~~adopts this ~~new rule~~Rule to clarify which relationships between superiors and their subordinates are deemed to be business or financial relationships for the purposes of Charter § 2604(b)(14) and are therefore prohibited. This section ~~would prohibit~~prohibits a public servant from entering into any of the enumerated relationships with any other public servant who either is supervised by him/her or is supervising his/her work, or who has the power to direct his/her work, or whose work he/she directs, or whose terms and conditions of employment the superior public servant has the power to affect or who could affect the terms and conditions of the subordinate public servant's employment. As stated in the ~~rule~~Rule, the term "business or financial relationship" includes, but is not limited to, the listed relationships; this list is not exclusive.

New material is underlined.

[Deleted material is in brackets.]

Section 1. Title 53 of the Rules of the City of New York is amended by adding a new Chapter 4, entitled "Annual Disclosure".

§ 2. Section 1-08 of Title 53 of the Rules of the City of New York, entitled "Procedures for Obtaining an Extension of Time Within Which to File a Financial Disclosure Report", is renumbered as § 4-01 of Chapter 4 of such title, as added by section 1 of this rulemaking.

§ 3. Section 1-10 of Title 53 of the Rules of the City of New York, entitled "Retention of Financial Disclosure Reports", is renumbered as §4-02 of Chapter 4 of such title, as added by section 1 of this rulemaking.

§ 4. Section 1-14 of Title 53 of the Rules of the City of New York, entitled "City Employees Holding Policymaking Positions for Purposes of the Financial Disclosure Law", is renumbered as § 4-03 of Chapter 4 of such title, as added by section 1 of this rulemaking.

§ 5. Section 1-15 of Title 53 of the Rules of the City of New York, entitled "City Employees Whose Duties Involve the Negotiation, Authorization, or Approval of Contracts and of Certain Other Matters", is renumbered as § 4-04 of Chapter 4 of such title, as added by section 1 of this rulemaking.

§ 6. Chapter 1 of Title 53 of the Rules of the City of New York is amended by adding a new § 1-08 to read as follows:

§1-08 Definition of "other similar entity" within the definition of "firm".

(a) For the purposes of Charter § 2601(11), the term "other similar entity" includes, but is not limited to, any of the following entities:



- (1) local, state, and federal governments and their agencies;
- (2) New York State public authorities;
- (3) New York local public authorities;
- (4) the United Nations;
- (5) the United States Postal Service;
- (6) the State University of New York;
- (7) the City University of New York;
- (8) the Brooklyn Public Library;
- (9) the Queens Public Library; and
- (10) charter schools created pursuant to New York State Education Law Article 56.

(b) For the purposes of Charter § 2601(11), the term “local development corporation” includes only local development corporations affiliated with, sponsored by, or created by New York State government or by a New York county, city, town, or village.

§ 7. Chapter 1 of Title 53 of the Rules of the City of New York is amended by adding a new § 1-10 to read as follows:

§1-10 Prohibited Business or Financial Relationships Between a Superior and a Subordinate

(a) For purposes of Charter § 2604(b)(14), the term “business or financial relationship” between a superior and subordinate includes but is not limited to:

- (1) outstanding loans collectively amounting to \$25.00 or more;
- (2) a purchase or sale of any property valued at \$25.00 or more within a 12-month period;
- (3) the leasing of any property;
- (4) cohabitation;
- (5) participation in a lottery pool;
- (6) participation in a savings club;
- (7) shared ownership of real property or any other property worth more than \$100.00;
- (8) shared ownership of financial instruments;
- (9) shared ownership interest in a firm other than a publicly traded company;
- (10) shared ownership interest in a cooperative apartment building with fewer than six units
- (11) employer-employee, consultant, contractor, attorney-client, agent-principal, brokerage, or other similar relationships;
- (12) establishing a trust or serving as a trustee of a trust in which one of them or a person associated with one of them has a beneficial interest; and
- (13) payment of each other’s recurring expenses such as rent or payments for a vehicle.

(b) Expenses for activities related to public servants’ City jobs which are shared between public servants, including superiors and subordinates, such as expenses related to a carpool or a coffee club, will not be deemed a “business or financial relationship” within the meaning of Charter § 2604(b)(14) if:

(1) the benefit is shared by the participants; and

(2) —~~(2)~~ each public servant bears a fair proportion of the expense or effort involved for the activity.

§ 8. The titles of sections 1-14 and 1-15 of Chapter 1 of Title 53 of the Rules of the City of New York are amended to read, respectively, as follows:

§1-14 [City Employees Holding Policymaking Positions for Purposes of the Financial Disclosure Law] Reserved.

§1-15 [City Employees Whose Duties Involve the Negotiation, Authorization, or Approval of Contracts and of Certain Other Matters] Reserved.

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### **Statement of Basis and Purpose**

#### **Reorganization of Rules**

In the Section 1 of this rulemaking, the Board moves four sections of the Rules of the Board from Chapter 1, entitled “Conflicts of Interest,” to a new Chapter 4, entitled “Annual Disclosure”: Section 1-08, “Procedures for Obtaining an Extension of Time Within Which to File a Financial Disclosure Report”; Section 1-10, “Retention of Financial Disclosure Reports”; Section 1-14, “City Employees Holding Policymaking Positions for Purposes of the Financial Disclosure Law”; and Section 1-15, “City Employees Whose Duties Involve the Negotiation, Authorization, or Approval of Contracts and of Certain Other Matters”. These four sections, promulgated in 1992, 1994, 2003, and 2005 respectively, are an integral part of the administration of the Annual Disclosure Law set forth in Section 12-110 of the New York City Administrative Code and not relevant to determinations made about “conflicts of interest” under Chapter 68 of the City Charter. By creating a new Chapter 4, the Board’s Rules will be better organized, and each chapter of rules will be more clearly related to the other rules within such chapter. The text of the four relocated Board Rules remain otherwise unchanged.

#### **Definition of “Other Similar Entity” within the definition of “Firm”**

The Board adopts a new definition of “other similar entity” within the definition of “firm”, to be numbered § 1-08. Several provisions of the City Charter are relevant to the new definition. At the threshold, City Charter § 2601(11) defines “firm” as follows:

‘Firm’ means sole proprietorship, joint venture, partnership, corporation and any other form of enterprise, but shall not include a public benefit corporation, local development corporation or other similar entity as defined by rule of the board.

Another key term, “interest,” is defined by §2601(12) to mean an “ownership interest in a firm or position with a firm.”

Moreover, the term “firm” is implicated by various provisions of City Charter §§ 2604(a) (“Prohibited interests”) and 2604(b) (“Prohibited conduct”). Charter § 2604(a)(1) proscribes a full-time public servant from having an interest in a firm which such person knows is engaged in business dealings with his or her agency (except as addressed by paragraph (3) of subdivision (a)). Charter § 2604(b)(1) addresses the issue of a public servant taking an action particularly affecting the interest of a firm in which they have an interest; paragraph (b)(3) prohibits a public servant from using or attempting to use his or her position to benefit himself or any person or firm associated with him or her; and paragraph (b)(5) bars a public servant from accepting any valuable gift (as defined by Board Rule § 1-01) from any person or firm which the public servant knows is or intends to become engaged in business dealings with the City.

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The Board’s new Rule clarifies the entities at which public servants may take positions, such as by taking a second job at the entity, serving on its board, or teaching a class as an adjunct teacher, without requiring a waiver of Charter § 2604(a)(1). The Board adopts this Rule because over the years it has advised numerous public servants that their proposed activities would not violate Chapter 68 because their prospective employer or ownership interest does not fall within the ambit of “firm” for the purposes of City Charter § 2601(11). See, e.g., A.O. Nos. 1992-20, 1994-10, 1997-1, 1999-6, 2000-1, and 2005-2. The Board includes “New York State local public authorities,” as defined in the New York Public Authorities Law § 2(2), as entities exempted from the definition of “firm.” The Board also limits the definition of “local development corporation,” as used in Charter § 2601(11) , to those local development corporations established by, affiliated with, sponsored by, or created by a unit of New York State government and not to include any private local development corporations. As stated in the Rule, the term “other similar entity” includes, but is not limited to, the listed entities; this list is not exclusive.

Public servants who have second jobs with entities that are not “firms” remain subject to other fundamental requirements of Chapter 68, including, but not limited to: their work for the other employing entity must be conducted at times when they are not required to perform services for the City (Charter § 2604(b)(2), Board Rules § 1-13(a)); they may not use City equipment, letterhead, personnel, or other City resources in connection with their second jobs at the employing entity (Charter § 2604(b)(2), Board Rules § 1-13(b)); they may not use their official City positions or titles to obtain any private advantage for themselves, the employing entity, or any of such entity’s clients (Charter § 2604(b)(3)); they may not disclose or use for private advantage any confidential information concerning the City (Charter § 2604(b)(4)); they may not make any appearances before the City on behalf of the employing entity (Charter § 2604(b)(6)); and lastly, they may not be compensated by the employing entity for performing their official duties (Charter § 2604(b)(13)). Additionally, the Board will make a separate

determination whether any given entity is a “local, state or federal agency” pursuant to Charter § 2604(d)(6) and therefore a public servant’s employment therein would be exempt from the post-employment restrictions of Chapter 68.

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that intention, and in order to be more consistent with the other provisions of the Rule, Board Rules § 1-10(a)(2) has been revised to remove the one-year cap.

The Board therefore adopts this Rule to clarify which relationships between superiors and their subordinates are deemed to be business or financial relationships for the purposes of Charter § 2604(b)(14) and are therefore prohibited. This section prohibits a public servant from entering into any of the enumerated relationships with any other public servant who either is supervised by him/her or is supervising his/her work, or who has the power to direct his/her work, or whose work he/she directs, or whose terms and conditions of employment the superior public servant has the power to affect or who could affect the terms and conditions of the subordinate public servant's employment. As stated in the Rule, the term "business or financial relationship" includes, but is not limited to, the listed relationships; this list is not exclusive.

New material is underlined.

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Section 1. Title 53 of the Rules of the City of New York is amended by adding a new Chapter 4, entitled "Annual Disclosure".

§ 2. Section 1-08 of Title 53 of the Rules of the City of New York, entitled "Procedures for Obtaining an Extension of Time Within Which to File a Financial Disclosure Report", is renumbered as § 4-01 of Chapter 4 of such title, as added by section 1 of this rulemaking.

§ 3. Section 1-10 of Title 53 of the Rules of the City of New York, entitled "Retention of Financial Disclosure Reports", is renumbered as §4-02 of Chapter 4 of such title, as added by section 1 of this rulemaking.

§ 4. Section 1-14 of Title 53 of the Rules of the City of New York, entitled "City Employees Holding Policymaking Positions for Purposes of the Financial Disclosure Law", is renumbered as § 4-03 of Chapter 4 of such title, as added by section 1 of this rulemaking.

§ 5. Section 1-15 of Title 53 of the Rules of the City of New York, entitled "City Employees Whose Duties Involve the Negotiation, Authorization, or Approval of Contracts and of Certain Other Matters", is renumbered as § 4-04 of Chapter 4 of such title, as added by section 1 of this rulemaking.

§ 6. Chapter 1 of Title 53 of the Rules of the City of New York is amended by adding a new § 1-08 to read as follows:

§1-08 Definition of "other similar entity" within the definition of "firm".

(a) For the purposes of Charter § 2601(11), the term "other similar entity" includes, but is not limited to, any of the following entities:

- (1) local, state, and federal governments and their agencies;
- (2) New York State public authorities;

- (3) New York local public authorities;
- (4) the United Nations;
- (5) the United States Postal Service;
- (6) the State University of New York;
- (7) the City University of New York;
- (8) the Brooklyn Public Library;
- (9) the Queens Public Library; and
- (10) charter schools created pursuant to New York State Education Law Article 56.

(b) For the purposes of Charter § 2601(11), the term “local development corporation” includes only local development corporations affiliated with, sponsored by, or created by New York State government or by a New York county, city, town, or village.

§ 7. Chapter 1 of Title 53 of the Rules of the City of New York is amended by adding a new § 1-10 to read as follows:

§1-10 Prohibited Business or Financial Relationships Between a Superior and a Subordinate

(a) For purposes of Charter § 2604(b)(14), the term “business or financial relationship” between a superior and subordinate includes but is not limited to:

- (1) outstanding loans collectively amounting to \$25.00 or more;
- (2) a purchase or sale of any property valued at \$25.00 or more;
- (3) the leasing of any property;
- (4) cohabitation;
- (5) participation in a lottery pool;
- (6) participation in a savings club;
- (7) shared ownership of real property or any other property worth more than \$100.00;
- (8) shared ownership of financial instruments;
- (9) shared ownership interest in a firm other than a publicly traded company;
- (10) shared ownership interest in a cooperative apartment building with fewer than six units
- (11) employer-employee, consultant, contractor, attorney-client, agent-principal, brokerage, or other similar relationships;
- (12) establishing a trust or serving as a trustee of a trust in which one of them or a person associated with one of them has a beneficial interest; and
- (13) payment of each other’s recurring expenses such as rent or payments for a vehicle.

(b) Expenses for activities related to public servants’ City jobs which are shared between public servants, including superiors and subordinates, such as expenses related to a carpool or a coffee club, will not be deemed a “business or financial relationship” within the meaning of Charter § 2604(b)(14) if:

- (1) the benefit is shared by the participants; and
- (2) each public servant bears a fair proportion of the expense or effort involved for the activity.

§ 8. The titles of sections 1-14 and 1-15 of Chapter 1 of Title 53 of the Rules of the City of New York are amended to read, respectively, as follows:

§1-14 [City Employees Holding Policymaking Positions for Purposes of the Financial Disclosure Law] Reserved.

§1-15 [City Employees Whose Duties Involve the Negotiation, Authorization, or Approval of Contracts and of Certain Other Matters] Reserved.