



***Notice of Adoption of Amendment to Rule on the Dollar Amount With
Respect to “Ownership Interest”
Effective as of January 1, 2002***

NOTICE IS HEREBY GIVEN PURSUANT TO THE AUTHORITY VESTED IN THE Conflicts of Interest Board by Section 2603(a) of the New York City Charter that the Conflicts of Interest Board has adopted an amendment to its rule on Adjustment of Dollar Amount in Definition of Ownership Interest, Section 1-11 of Title 53 of the Rules of the City of New York, to adjust the dollar amount in the definition of “Ownership Interest” (Charter Section 2601(16)) to reflect changes in the Consumer Price Index for the metropolitan New York-New Jersey region published by the United States Department of Commerce, Bureau of Labor Statistics. Pursuant to a notice published on October 25, 2002, in the City Record, a public hearing was held on December 3, 2002, at 2 Lafayette Street, Suite 1010, New York, New York. The Board received no comments on the proposed amendment and adopted the proposed amendment as final. The text of the amendment is set forth below.

**Section 1-11. ADJUSTMENT OF DOLLAR AMOUNT IN DEFINITION OF
“OWNERSHIP INTEREST”**

Effective as of January 1, 2002, the dollar amount in the definition of “Ownership Interest” in subdivision (16) of § 2601 of the New York City Charter shall be adjusted from \$25,000 to [\$32,000] \$35,000.

STATUTORY AUTHORITY: Sections 2601(16) and 2603(a) of the New York City Charter.

STATEMENT OF BASIS AND PURPOSE OF PROPOSED AMENDMENT: Subject to certain exceptions, the conflicts of interest provisions of Chapter 68 of the New York City Charter prohibit New York City public servants from having “interests” in firms engaged in business dealings with the City or from taking actions as a public servant particularly affecting the public servant’s interest in a firm. See Charter Sections 2604(a) and 2604(b)(1). An interest

may be either an ownership interest in a firm or a position with a firm. See Charter Section 2601(12).

“Ownership interest” is, in turn, defined in Charter Section 2601(16) as

an interest in a firm held by a public servant, or the public servant’s spouse or unemancipated child, which exceeds five percent of the firm or an investment of twenty-five thousand dollars in cash or other form of commitment, whichever is less, or five percent or twenty-five thousand dollars of the firm’s indebtedness, whichever is less, and any lesser interest in a firm when the public servant, or the public servant’ spouse or unemancipated child exercises managerial control or responsibility regarding any such firm, but shall not include interests held in any pension plan, deferred compensation plan or mutual fund, the investments of which are not controlled by the public servant, the public servant’s spouse or unemancipated child, or in any blind trust which holds or acquires an ownership interest. **The amount of twenty-five thousand dollars specified herein shall be modified by the board pursuant to subdivision a of section twenty-six hundred three.** (emphasis added)

Charter Section 2603(a) requires the Conflicts of Interest Board, by rule amendment, once every four years to adjust the \$25,000 amount established in Section 2601(16) to reflect changes in the Consumer Price Index for the metropolitan New York-New Jersey region as published by the United States Bureau of Labor Statistics. The forgoing provision became effective on January 1, 1990.

Pursuant to Charter Section 2603(a), Board Rule Section 1-11 was first adopted in 1994 to reflect the change in the Consumer Price Index from 135.1 in January 1990, to 156.0 in January 1994, or an increase of 15.5%, and to raise the original \$25,000 Charter amount in a like percentage to \$29,000, rounded to the nearest \$1,000. In 1998, Board Rule Section 1-11 was amended, effective January 1998, to reflect the change in the Consumer Price Index from 135.1 in January 1990, to 172.1 in January 1998, reflecting a total of a 27.4% increase in the original \$25,000 Charter amount, raising the threshold to \$32,000, rounded to the nearest \$1,000.

According to the United States Department of Commerce, Bureau of Labor Statistics, for the twelve-year period from January 1990, to January 2002, the Consumer Price Index for the metropolitan area increased from 135.1 to 188.5, reflecting a total increase of 39.5%. Thus, the \$25,000 Charter amount should be adjusted to \$35,000, reflecting a 39.5% increase in the \$25,000 Charter amount, rounded to the nearest \$1,000.

Pursuant to Charter Section 1042, this proposed amendment to Board Rule Section 1-11 was published in the Board’s Fiscal Year 2003 regulatory agenda.

FOR ADDITIONAL INFORMATION, CONTACT

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OR VISIT THE BOARD'S WEB SITE AT

<http://nyc.gov/ethics>

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