

## Advisory Opinion 21-03

This Advisory Opinion 21-03 is in response to an Application filed by two employees asking if it would be a violation of ethics for their school to purchase board games for a total price of \$216 from a company at which another current school employee used to work, and from which she will receive compensation for the sale of the games even now.

A school official may not have a financial interest in an entity that is negotiating with or has entered into a contract with the school system. Policy 8363 III A. 1. (b). The former worker at the board games company clearly had, and continues to have, some kind of monetary interest in the game company. Whether it qualifies as a "financial interest" within the meaning of our regulations is the question.

Under Policy 8360 II I, financial interest means the person has received within the past three years, is receiving, or will receive in the future \$1,000 or more in a year as a result of an ownership interest in the company. Also, current ownership of 3% or more of the company is defined as a financial interest. Ordinary salaried or hourly employment alone does not constitute an ownership interest. Based on the response to emailed queries, it appears that the former worker has a relationship with a board game company where she owns 100% of the company and receives all proceeds, and has earned more than \$1000 in any of the past three years as a result of this ownership.

### Conclusion

If the former worker has received \$1,000 or more in any of the past three years from the game company as a result of an ownership interest or will be entitled to \$1,000 or more from the company in this year or in a future year as a result of her ownership interest, or if she currently owns 3% or more of the stock or other securities indicating ownership, she has a financial interest in the company. If she has such a "financial interest," it would be in violation of Policy 8363 III A. 1. (b) for the school to negotiate with or enter into a contract with the company. Thus, we believe that the school cannot ethically purchase these board games with community school grant funds.

This opinion has been adopted by the Ethics Review Panel members on May 6, 2021.

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Chair

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