



TOWN OF EASTON

P.O. Box 520
Easton, Maryland 21601

December 1, 2014

Sharon M. VanEmbrough, Esquire
Ewing, Dietz, Fountain and Kaludis
16 South Washington Street
Easton, Maryland 21601

Dear Ms. VanEmbrough:

You have asked the Town of Easton Ethics Commission for an opinion regarding the potential of a violation of the Town's Conflict of Interest provisions (The Code of the Town of Easton, Chapter 2, Article VI, §2-19). Specifically, you ask whether two members of the Town Council may be prohibited, due to their employment outside of their duties as elected members of the Town Council, from voting on a proposed lease of town owned property to a nonprofit organization. That nonprofit organization would, in turn, sublease the property to a for-profit business. The issue is raised by another for-profit business whose owner perceives that, with the proposed lease arrangement, the Town of Easton would unfairly subsidize the subleasing for-profit business, a potential business competitor. The Easton Economic Development Commission (EEDC), an independent town commission with appointed members, supports the proposed lease.

The Town of Easton council members in question are both employed by an unrelated nonprofit entity outside the Town of Easton. That unrelated nonprofit is governed by a Board of Directors. The spouse of an owner of the for-profit business that would sublease the town property is a member of that Board of Directors. The spouse of the director of the EEDC is also a member of the same Board of Directors. The council members in question do not report directly to the Board of Directors. Instead, they report to a president or vice president of the unrelated nonprofit entity. It is our understanding that neither of the Town council member's employment status or salary is controlled directly by the Board of Directors. We recognize that, as is the case in most nonprofit organizations, that Boards generally have approval authority over matters such as annual budgets that could indirectly impact employees. It is also the case in most nonprofit organizations that individual Board members are usually donors to the organization, again, perhaps indirectly impacting employees. However, we believe, from the facts we

were given, that those possible indirect impacts are speculative and tenuous at best and do not result in a potential conflict of interest as defined by the Code of the Town of Easton.

We conclude that, should the council members in question elect to vote on the proposed lease, they would not violate the Ethics Provisions of the Town. Specifically, we believe that such a vote would not violate the provision that Town of Easton officials shall not “participate on behalf of the Town of Easton in any matter which would, to their knowledge, have a direct financial impact, as distinguished from the public generally, on them, their spouse or dependent child, or a business entity with which they are affiliated...” Ethics Provisions, Sec. 2-19(A). Also, we believe that such a vote would not violate the more general provision that town officials shall not “hold any outside employment relationship that would impair impartiality or independence of judgment...” Ethics Provisions, Sec. 2-19(D). We believe that your inquiry raises no other part of the Town’s conflict of interest provisions.

Sincerely,

A handwritten signature in black ink, appearing to read "John Farrell", written over a light blue horizontal line.

Chair, Easton Ethics Commission