

**Frigo, Victoria (COE)**

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**From:** Frigo, Victoria (COE)  
**Sent:** Monday, January 03, 2011 1:46 PM  
**To:** Sloan, Phyllis (MDFR)  
**Subject:** Further discussion re: INQ 10-201

Dear Ms. Sloan-Simpkins:

In a telephone conversation today, you asked for further clarification regarding the ability of the nonprofit organization, MAJESTIC'S YOUTH & ARTS ACADEMY, INC., to enter into contracts with the County Department of Parks & Recreation.

You stated that MAJESTIC'S YOUTH & ARTS ACADEMY, INC., has receive tax-exempt 501 (c)(3) status from the IRS. This means that you have no ownership interest in the organization, since nonprofit organizations cannot be privately owned. For example, any theatrical props or costumes owned by MAJESTIC'S YOUTH & ARTS ACADEMY, INC., could not be sold to benefit you personally. Rather, if owned by the nonprofit organization, the props and costumes would have to be disposed of in accordance with IRS requirements, such as donating the assets to another 501(c)(3) corporation or some other method established by the IRS.

Although the County Ethics Code allows the nonprofit organization to enter into contracts with the County, your situation is somewhat troubling because MAJESTIC'S YOUTH & ARTS ACADEMY, INC., does not currently have a full Board of Directors. In fact, only you alone serve on the Board. This means that a County contract with the organization might create an appearance of impropriety if the contract were to benefit you alone to the exclusion of the organization's public purpose. The County Code at Sec. 2-11.1 (g) prohibits exploitation of one's official position with the County to secure a special privilege or exemption for oneself other others. Having a full board would lessen the appearance, and also the likelihood, that you were exploiting your official position.

Although this issue goes beyond the scope of the County Ethics Code, you may wish to obtain legal advice regarding whether MAJESTIC'S YOUTH & ARTS ACADEMY, INC., may continue to function as a bona fide nonprofit organization with only one person sitting on the Board of Directors.

Also, as discussed in your previous letter, please remember that you cannot appear before any County board or agency to make a presentation or to seek a benefit on behalf of the nonprofit organization. In particular, this means that you, personally, may not try to influence any County staff member or elected official regarding a contract between the County Parks Department and MAJESTIC'S YOUTH & ARTS ACADEMY, INC. This prohibition appears at Sec. 2-11.1 (m) of the County Code.

I hope this resolves some of your questions. As always, please feel free to contact me to discuss these issues further, if necessary.

Sincerely,

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