



**OFFICE OF THE LEGISLATIVE
INSPECTOR GENERAL**

City of Chicago

Semi-Annual Report
July 22, 2013

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TABLE OF CONTENTS

LETTER OF INTRODUCTION.....2

A. MISSION OF THE LEGISLATIVE INSPECTOR GENERAL’S OFFICE6

B. COMPLAINTS6

 Complaints7

 Method of complaints.....7

 Nature of allegations/complaints8

 Number of signed and sworn complaints reduced to investigations.....8

C. INVESTIGATIONS9

 Pending investigations9

 Referred complaints and/or investigations:9

 Completed investigations10

 Number of interviews10

D. NOTABLE CASE SUMMARIES.....11

E. CONCLUSION.....18



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July 19, 2013

The Committee on Committees, Rules and Ethics, and Citizens of Chicago:

Enclosed is the second public report on the operations of the Office of the Legislative Inspector General (OLIG), covering the second half of 2012 and the first half of 2013, filed pursuant to Section 2-55-060(f) of the Municipal Code of Chicago (MCC). This report presents data regarding complaints and investigations currently being conducted by the OLIG, and also seeks to apprise both government officials and members of the public of the work of the OLIG in order to create and maintain public confidence in the integrity of the Chicago City Council.

First, there are some housekeeping and administrative issues to address. After its inception, the OLIG remained a one person office for sixteen months until the 2013 budget was increased, which allowed the gradual hiring of five part time staff members. Each staff member serves as an investigator and is assigned complaints for review and investigation. With this staff since February 2013, the OLIG has been able to far more efficiently and expeditiously conduct interviews, field work, and complete investigations and reports, as documented in this report. Based on the remaining volume of cases, the OLIG will seek an increase in budget for fiscal year 2014 to continue its mandate and responsibilities, especially with the change in the City Governmental Ethics Ordinance that requires completion of investigations within two years, and the takeover of campaign finance and lobbyist investigations from the Board of Ethics, as mandated by the new law, which number in the hundreds.

This leads us to the new Governmental Ordinance that was enacted in February 2013, and went into effect on July 1, 2013. In March 2013, just after enactment of the ordinance, two caucuses were formed within City Council, comprising an aggregate of twenty Aldermen, or almost half of City Council. While both caucuses described their goals as seeking to ensure better transparency in City government related matters, one caucus proposed as their first order of business the elimination of the OLIG, along with the recommendation that oversight be continued by the City Inspector General. First, it is worth noting that only two years prior, many of the same Aldermen were vehemently opposed to such a suggestion, and as a result, created this agency. The OLIG was formed by way of a new City Council oversight ordinance, which passed comfortably. As a result, when it comes to ethics oversight and enforcement, as noted by many observers and commentators, there are two laws in effect which treat the general employees of the City of Chicago differently from the officers and employees of City Council.

For the record, the OLIG supports the call for one inspector general as proposed by the caucuses, *if ALL* City employees, Aldermen, City Council staff, and other officers of this City are subjected to, and abide by, one oversight ordinance of equal standard for all. Our hopes however are tempered in this matter: When the Mayor introduced a stronger ethics ordinance earlier this year for City Council, one that would have allowed, among other changes, anonymous complaints, explicit audit power, and removal of further barricades impeding confidential investigations of aldermen, very similar to the law that is currently in place for other City employees, curiously, each and every single one of these changes was removed from the proposed law, all at the behest of City Council members, who, at the same time, were rallying on the City Council floor against the proposed changes by their colleagues. In the end, an ordinance was passed which resulted in more impediments to investigations and laxer ethical standards for aldermen. This ordinance passed 47 – 0. It was truly an opportunity missed for meaningful ethics reform.

This question of two laws must be answered by the caucuses supporting this change. Half-measures will not suffice to repair our citizens' broken confidence in City Council and ethics reform. The OLIG urges the Council to collectively consider one stronger ordinance for the oversight of all City employees, with no distinction.

Meanwhile, should two laws remain enacted which treat officers and employees of this City differently for identical violations, the net result will be too many questions, and challenges to both the validity and suitability of these standards, thus making the oversight far more difficult and less effective, as evidenced thus far.

Moving forward, from a substantive standpoint as documented in this report, the OLIG has not only completed a number of investigations where it found misconduct by City Council members, it is still engaged in a number of investigations where serious allegations remain. Without the support of the Mayor's Office, the City Council, and the general public, the job that we are currently undertaking will be far more difficult, and investigation efficiency and ethical oversight could become compromised. The OLIG will continue to conduct sweeping reviews of aldermanic responsibilities, such as the worker's compensation program, but still needs unconditional access to City email and computers, and the ability to enforce its subpoenas independently, as evidenced by the fact that one Alderman has refused to comply with an OLIG investigation for more than seven months, showing little regard for the law.

In conclusion, I will let the semi-annual report from here forward relay the work done by the OLIG. Despite various bumps in the road, I thank City Council for their support in having oversight of their body, and a number of City agencies, such as the Department of Innovation and Technology, the Department of Finance, the Department of Transportation, the Department of Fleet and Facility Management, the Department of Buildings, the Department of Human Resources, the Office of the City Clerk, and the Board of Ethics, who have provided valuable and necessary assistance in the furtherance of investigations by the OLIG within this great City. Many of these departments have actually provided physical assistance in the form of equipment and offices, in light of a very limited budget. In addition, our work in collaboration with many outside agencies such as the Cook County State's Attorney, the Department of Justice and the Illinois Attorney General has helped the OLIG forge a new blueprint of anti-corruption investigations of City Council.

Most importantly, I thank the citizens of Chicago who have bravely come forward with allegations of misconduct by an Alderman and/or their staff, and signed their names to these complaints, thereby recognizing the need for oversight and having their voices heard. Collectively we will work to create a City government which we all desire, and, most importantly, deserve.

As always, I encourage government employees, elected officials, and members of the public to do their part in eliminating misconduct in City Council by sending and referring complaints to the OLIG. The success of this work requires the help and support of all people, private and public alike. Working together, we can ensure the highest degree of confidence in the integrity of the Chicago City Council and its staff.

Respectfully,

Faisal Khan
Legislative Inspector General
City of Chicago

This semi-annual report* provides an overview of the operations of the Office of the Legislative Inspector General (OLIG) during the period from July 1, 2012 through July 15, 2013. The report includes statistics and limited descriptions of the OLIG's activity that the OLIG is required to report per the City's Municipal Code.

*This report is an annual report, but will return to semi-annual issuance going forward.

A. MISSION OF THE OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL

The OLIG is an independent, nonpartisan oversight office whose mission is to investigate allegations of misconduct by members and employees of the Chicago City Council (CCC). The OLIG receives complaints alleging misconduct and conducts investigations thereof at the request or with consent of the City of Chicago Board of Ethics (BOE), and/or members of the public. Based upon these investigations, the OLIG issues confidential reports of findings to the BOE, including, but not limited to, recommendations and dispositions such as sustained or not-sustained findings of allegations.

B. COMPLAINTS

The OLIG conducts investigations against members and employees of City Council. Should an investigation reveal sufficient information that could result in a criminal prosecution, the OLIG shall, as required by law, suspend its investigation and refer the matter to either the Cook County State's Attorney's Office, or the Office of the U.S. Attorney.

Complaints:

The OLIG has received **fifty-eight (58)** complaints resulting in **one hundred and thirty-two (132)** potential individual subjects over the preceding twelve months.

Month	Number of Complaints/Subjects
July 2012	6
August 2012	10
September 2012	3
October 2012	2
November 2012	2
December 2012	3
January 2013	24
February 2013	20
March 2013	18
April 2013	21
May 2013	16
June 2013	2
July 2013	5
Total	132

Method of Complaints:

Method of Complaints	Total
By Email or Mail	88
By Fax	1
By Phone	21
By Referral	18
Other	4
Total	132

Nature of Allegations/Complaints:

Nature of Allegations*	Number of Complaints
Abuse of Authority	34
Campaign Finance Violations	4
Conduct Unbecoming	32
Conflict of Interest	16
Deceptive Practices	20
Electioneering Activities on City Time and/or Property	7
False Filings/Statement	7
Harassment	22
Improper Influence	17
Improper/Fraudulent Record Keeping	2
Improper/Fraudulent Use of Aldermanic Funds	7
Negligent Fiduciary Duty	21
Offering, Receiving, or Soliciting of Gifts/Favors	3
Prohibited Political Activity	6
Residency	5
Unauthorized Use of City-Owned Property	6
Witness Tampering	3
Total	212

*can be multiple allegations per complaint

Number of Signed and Sworn Complaints Reduced To Formal Investigations:

Method of Complaint	Number of Formal Investigations:
By Email or Mail	4
By Fax	2
By Phone	8
By Referral	11
Other	0
Total	25

C. INVESTIGATIONS

Pending Investigations:

Month	Pending/Preliminary Investigations:
Cases Over 1 Year Old < July 2012	11
July 2012	4
August 2012	7
September 2012	3
October 2012	2
November 2012	1
December 2012	2
January 2013	3
February 2013	3
March 2013	2
April 2013	2
May 2013	3
June 2013	2
July 2013	5
Total	50

Referred Complaints and/or Investigations:

Referrals	Total
To the Cook Co. State's Attorney's Office*	78
To the U.S. Attorney's Office	2
To the City Inspector General Office	1
To another jurisdiction	4
To the Board of Ethics	5
Total	90

*A number of these cases are not referred to in other statistical charts due to ongoing investigation status

Completed Investigations:

Month	Completed Investigations
July 2012	4
August 2012	0
September 2012	0
October 2012	0
November 2012	0
December 2012	0
January 2013	0
February 2013	4
March 2013	1
April 2013	3
May 2013	4
June 2013	7
July 2013	4
<u>Total</u>	<u>27</u>

Number of interviews completed with complainants, witnesses, and subjects: 85

D. NOTABLE CASE SUMMARIES

ABUSE OF AUTHORITY:

Pursuant to a signed and sworn complaint received in April 2012, the OLIG completed an investigation and concluded that an Alderman improperly allowed a recycling company to place recycling kiosks on City property, while well aware that the company had no City permits to do so. Moreover, the Alderman also improperly placed his picture on the side of these kiosks during an election in which he was a candidate, thereby also violating state and municipal laws, and never actually paid for the placement of those pictures. This was despite the fact that his office previously claimed to have done so, and neither the Alderman nor his authorized political committee reported this as a political contribution or a gift to the City or State. The Alderman also provided testimony at the OLIG, while under oath, that was false and misleading.

The OLIG investigation showed that a recycling company, who previously had kiosks within the Chicago Park District, sought to expand its product onto City streets, starting with one particular area, at the request of one of its advertisers. It then contacted the Alderman for that particular ward and asked for his support, which the Alderman was willing to provide. However, due to City regulations, this company was unable to secure permits for this operation, but despite this, went ahead and placed the kiosks on City streets. In his testimony at the OLIG, the CEO of the recycling company testified that the Alderman had given the company permission to do so, despite each party knowing that licenses had not been issued. In addition, this company said it offered the Alderman advertising space on the side of its kiosks, as gratitude for his support. He also testified that this was not free; the Alderman would have to pay approximately one hundred (\$100) dollars per kiosk. While no written contract was prepared or signed, the Alderman agreed to this deal and placed his picture on the side of these kiosks. This took place during the time when the Alderman was running for committeeman within his ward. Up to the date of his

interview at the OLIG, the recycling company's CEO had neither billed nor received any payment from the Alderman for the use of the kiosks.

As such, in the fall of 2011, a number of recycling kiosks appeared on City property, many of which had the Alderman's picture on them.

In his testimony at the OLIG, the Alderman denied giving the company permission to put down the kiosks on City property, despite not only contradictory testimony from other witnesses including many of his own staff members, but also his own published writings and internal emails.

Moreover, the Alderman disputed the notion that the cost for using the kiosks for "service messages," as he described them, was a gift or a campaign contribution. This fact was contrary however to the Alderman's own press officer who reported to the media that the usage of the kiosks were a campaign contribution, and confirmed to the OLIG he received that information from the Alderman.

The value of the use of the kiosks was at least two thousand (\$2,000.00) dollars, and no verification has been received by the OLIG that payment has been made and/or received for this service; nor has this been reported as a campaign contribution.

This matter is being referred to the Board of Ethics for review and further action.

ABUSE OF AUTHORITY:

Pursuant to an investigation and a signed and sworn complaint received on May 22, 2012, the OLIG has found that an Alderman improperly called another unit of government to inquire on behalf of an employment candidate who had previously worked for him as an intern, with whom he remains family friends, and whose family-affiliated business has contributed money to the Alderman on many occasions.

In this matter, the Alderman in question contacted the Superintendent at the Forest Preserve District and inquired about a candidate for police officer who had been terminated from employment because she had twice failed a state certification exam. Specifically, the Alderman was inquiring as to whether the candidate would be able to take the exam for a third time, outside of normal parameters.

This investigation revealed that the Alderman himself contacted the Superintendent directly about what he described as an inquiry rather than a request. He also testified that he had contacted a State Senator about this matter in an attempt to receive some guidance, but in a phone interview, the Senator denied having any contact with this Alderman and also denied knowledge of this incident.

Reviewing the evidence in its entirety, the OLIG concluded that the Alderman called on behalf of an employment candidate with whom he had a personal, professional, and financial relationship, and should not have involved himself in this process.

ABUSE OF AUTHORITY:

Pursuant to an investigation and a signed and sworn complaint received on August 30, 2012, the OLIG has found that an Alderman abused his authority by improperly instructing a police officer to write the complainant two traffic summonses. The complainant had engaged in an argument with the Alderman on the street, which resulted in the Alderman calling the police and having them respond, over what amounts to a parking dispute.

The complainant alleged that, when he blocked a neighbor's garage with his vehicle for a short period of time, he and the neighbor got into a verbal altercation. The Alderman in question happened to be driving by, saw the argument, interjected himself, and then called the police. The complainant also alleged that the Alderman used a number of vulgarities and profanities towards him, including a racial slur.

While the OLIG could not verify that the Alderman used a racial slur towards the complainant, the evidence did show that the Alderman stopped his vehicle during this argument between the two people, one of whom was later identified as the Alderman's sister-in-law. The Alderman admitted to involving himself in this matter, calling the police, and then instructing one of the officers to write the complainant two summonses for parking violations, one of which neither the Alderman nor the police officer observed. The Alderman testified that a third summons could have been written to the complainant, but he decided to give him a "break."

In sum, the OLIG has concluded that the Alderman abused his authority by instructing a police officer to write summonses, and using his title to effectuate that action, while having no legal authority over the police officer.

ABUSE OF AUTHORITY:

Pursuant to a signed and sworn complaint, the OLIG completed an investigation and found that an Alderman improperly called and attempted to tamper with a potential witness in a criminal investigation for prosecution of a third party. The evidence cited in the investigation showed that the Alderman made this call because he was a personal friend with the criminal attorney of the defendant, the defendant was arrested within his ward, and the complainant/witness owns a number of businesses within his ward.

In this matter, the Alderman in question left a voicemail for the complainant, which was kept, and contained the following, in substantive portion:

"The world is too small, and I've got a friend of mine that I went to high school with who is an attorney for that [REDACTED] case with the State's Attorney. It's really a delicate situation for the young woman, and I understand that you've been at court with Fox News or something like that. My only suggestion is, let's try to help the person, she obviously had a bad night, and we don't need to continue to hurt her dignity about this issue. So let the court do what the court's

supposed to do, and please, we don't need to have theatrics around this issue. It doesn't help your business. You can do what you want to do, but this is just my two cents"

Upon hearing this message, the complainant said he felt threatened by the Alderman, and despite having businesses in this Alderman's ward, felt that if he did not acquiesce to the Alderman's "request," it would hurt his business in some fashion.

In his OLIG testimony, the Alderman claimed his intent was to protect his ward and businesses by keeping them out of the news. Yet, when asked under oath, he said that he was unfamiliar with the allegations in the underlying criminal matter (the defendant and another person had allegedly assaulted a staff member of the business the complainant owned). The Alderman did however acknowledge that he knew the defense attorney in the criminal matter, and made the call to the complainant after the attorney called him, despite the fact that the complainant had been trying to reach him for months, unsuccessfully about a road construction issue within the ward.

The Alderman also denied making this call on behalf of the defendant, even though he admitted that the defendant's attorney called him to tell him that he was representing the defendant in this case. The defense attorney refused to cooperate with the OLIG in this investigation, claiming attorney-client privilege.

In sum, the evidence adduced shows that this Alderman contacted a potential witness by voicemail in a battery case, one of which the Alderman himself admittedly had no knowledge and played no part or role.

This matter is also being referred to the Board of Ethics for review and further action.

CAMPAIGN FINANCE VIOLATION

Pursuant to a signed and sworn complaint received in April 2012, the OLIG concluded that an Alderman improperly accepted campaign donations from a company doing business with the City of Chicago in excess of \$1500 for that reporting year.

Campaign contribution records indicate that a glass company located in Chicago, which is or previously was under contract with various government sister agencies, donated funds to one Alderman in excess of the amount allotted by law. Records also indicated that this company operates under a number of different names, and has made multiple donations.

The OLIG referred these findings to the Board of Ethics in May 2013.

THEFT AND ABUSE OF AUTHORITY:

Pursuant to a signed and sworn complaint received in December 2012, the OLIG reviewed allegations that an Alderman improperly provided taxpayer funded severance payments to two City employees, one employed by the Alderman as Chief of Staff, and the other as Aldermanic Aide. The first employee was asked to leave the service of the Alderman in April 2007; the second was fired in November 2009, after she complained about political work being done in the taxpayer funded ward office by other City employees, on behalf of the Alderman, in violation of City ethics laws.

This matter was referred by the OLIG to the Cook County State's Attorney's Office and the Federal Bureau of Investigation (FBI).

As a result of the preponderance of the evidence adduced in the state and federal investigations, it is clear that in 2007, this Alderman relieved the chief of staff of his duties, and provided him with eighty-one (81) days of pay after his completion of employment. However, at the time, the most the employee could have accumulated via unused vacation days was 26 days. But, instead he received an extra fifty-five (55) days of pay, valued at thirteen thousand four hundred and ninety seven (\$13,497.00) dollars, all of it taxpayer monies.

The OLIG also concluded that in November 2009, this Alderman fired another employee after she had complained about political work being done in the ward office -- a violation of City and ethics laws. When she was terminated, the Alderman told her that should she not speak to anyone about the activities at the ward office, and he would provide her with three and a half months of salary, in this case, until March 2010. This amount was valued at eight thousand seven hundred and nine (\$8,709.00) dollars, again at taxpayer expense. The evidence also unequivocally showed that the Alderman's current chief of staff was complicit in this matter.

At the time of her termination, the employee stated she contacted the City Inspector General's Office for guidance, but was unable to receive any since she did not want to identify herself or the Alderman to that office. She also contacted the FBI and was interviewed about what took place.

In December 2012, after seeing a newspaper article about the creation of the OLIG and subsequent discussion of an investigation reportedly being undertaken regarding timesheets, this employee contacted the OLIG to file her complaint.

Both the Alderman and his chief of staff have been interviewed by federal authorities. Charges have not been filed at this time. Due to both civil and state statute of limitations, this matter cannot be pursued by the OLIG, the Board of Ethics, or by the Cook County State's Attorney's Office. However, this Alderman has been contacted and asked to return twenty two thousand, two hundred and six (\$22,206.00) dollars of taxpayer money that he improperly gave to his employees at the termination of their employment.

E. CONCLUSION

In the following months, the OLIG will release reports on the completion of several other investigations containing serious and substantive allegations, as well as policy and procedure recommendations as to how to address various problems in the fight to eliminate corruption within City Council.

Faisal Khan

Legislative Inspector General