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IGO Releases 2nd Quarter 2012 Report

The City of Chicago Office of Inspector General (IGO) has transmitted its second quarter report for 2012 to the City Council and City officials. Available on the IGO website, the report provides a summary of IGO activity from April 1 through June 30, 2012.

City law mandates that the Quarterly include certain statistics about the number, type, and duration of IGO investigations, as well as summaries of concluded investigations resulting in disciplinary findings and recommendations. In order to further promote the transparency of IGO efforts and accountability in City operations, the Quarterly also includes summaries of IGO audits, program reviews, and recommendations published during the prior three-month period.

“The quarterlies provide City managers and employees information they can use to improve their own operations,” said Inspector General Joe Ferguson. “At the same time, the quarterlies provide City residents more knowledge about our work and also an appreciation that City government takes serious their complaints of waste, fraud, and abuse and is dedicated to bringing greater integrity and efficiency to City government.”

Seven of the 14 investigations summarized in the report involve cases referred to the City’s Department of Procurement Services (DPS). Some of these matters were discussed in previous Quarterly Reports because the IGO originally had a practice of publically reporting contractor cases when DPS notified the IGO how it intended to proceed. Now that the IGO only reports on investigations once the full discipline, debarment, or other corrective remedy is complete, we are providing final updates on multiple older cases.

Highlights from the IGO administrative investigations include:

- 1) An IGO investigation found that a former employee in the Office of Compliance, who had already been terminated for other reasons, accepted over \$3500 in gifts, including tickets to sporting events and meals from three City vendors over whom he/she had contract management authority, in violation of the City’s Ethics Ordinance. Despite abundant evidence to the contrary, including admissions in both electronic evidence and investigative interviews, the Board of Ethics found no evidence that the vendors actually gave the item or service, or, that (the former employee) actually accepted it.” (emphasis in original)

- 2) The IGO concluded an investigation which revealed that a Mayoral appointee and a chief financial officer of a City delegate agency each submitted false statements in several financial disclosures they filed with the City. These false statements concealed the existence of several outstanding state and federal tax liens for the delegate agency's non-payment of its payroll tax obligations. The delegate agency's chief financial officer told IGO investigators that truthful disclosure of the liens and outstanding tax liabilities would likely result in the contract's termination and the end of payments to the delegate agency. Even after he/she acknowledged the existence of the tax liens to IGO investigators, the chief financial officer made additional false statements that concealed the liens in order for the agency to receive a new delegate agency contract with the City for 2012. The City awarded the contract.

- 3) An IGO investigation determined that a City vendor certified by the City as a Minority and Woman-owned Business Enterprise and Disadvantaged Business Enterprise (MWDBE) did not have the staff, equipment, or expertise to perform in areas in which it was certified. The certified firm conspired with a prime contractor on at least three City-funded jobs to act as a MWDBE "pass-through" – passing payments from the prime to the subcontractors actually doing the work in return for a small fee and allowing the primes to claim MWDBE credit for the payments. The prime contractor improperly claimed more than \$3.4 million in MWDBE credit for payments to the certified firm, over 95% of which was passed on to non-certified firms which actually did the work. The prime contractor knew the certified firm was unable to perform most of the work and knew that the certified firm subcontracted its work to non-certified firms. Frequently, the prime contractor even procured the non-certified firms that did the work for the certified firm.

The full Report can be found online at the IGO website: www.chicagoinspectorgeneral.org. Follow the IGO on Twitter [@ChicagoIGO](https://twitter.com/ChicagoIGO) for the latest information on how the IGO continues to fight waste, fraud, abuse, and inefficiency in Chicago government.

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