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**FORMER REDFLEX CEO PLEADS GUILTY TO CORRUPTION IN AWARDING OF
CITY OF CHICAGO'S RED-LIGHT CAMERA CONTRACTS**

CHICAGO — The former chief executive officer of Chicago's first red-light camera vendor pleaded guilty to a federal bribery charge Thursday.

As the CEO of Redflex Traffic Systems Inc., KAREN FINLEY funneled cash and other personal financial benefits to a City of Chicago official and his friend, knowing that the payments would help persuade the city to award red-light camera contracts to Redflex, according to a plea agreement. The benefits included golf trips, hotels and meals, as well as hiring the city official's friend as a highly compensated contractor for Redflex, according to the plea agreement.

The benefits flowed over a nine-year period, from 2003 to 2011, during which time the city expanded the Digital Automated Red Light Enforcement Program by awarding millions of dollars in contracts to Phoenix-based Redflex, the plea agreement states.

Finley, 55, of Cave Creek, Ariz., pleaded guilty to one count of conspiracy to commit bribery in a federal program. U.S. District Judge Virginia Kendall scheduled a sentencing hearing for Feb. 18, 2016. Finley faces a maximum sentence of 5 years in prison, a maximum fine of \$250,000 or twice the gross gain or gross loss from the offense, and mandatory restitution.

The guilty plea was announced by Zachary T. Fardon, United States Attorney for the Northern District of Illinois; John A. Brown, Acting Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation; Joseph M. Ferguson, Inspector General for the City of Chicago; and Stephen Boyd, Acting Special Agent-in-Charge of the Internal Revenue Service Criminal Investigation Division in Chicago.

According to the plea agreement, Redflex first began competing for the Chicago contract in early 2003, while Finley was then Redflex's vice president of operations. In the course of the competition, Finley learned that John Bills, who was then an assistant Chicago transportation commissioner in charge of the city's red-light camera program, was championing Redflex by providing pointers and inside information to Redflex, the plea agreement states.

After Redflex was awarded its first Chicago contract in approximately late May 2003, Finley hired Bills' friend Martin O'Malley as a contractor for Redflex, in an effort to ensure that Bills would continue to provide assistance to Redflex in future contract negotiations with the city. Finley admitted in the plea agreement that she knew O'Malley was a friend of Bills and that it was important to Bills that Redflex hire him. Finley personally signed O'Malley's contract, which included provisions for lucrative increases in O'Malley's compensation as new red-light cameras were added, according to the plea agreement.

After Finley became CEO of Redflex in 2007, O'Malley's commissions escalated and Bills continued to assist the company, including having at least one red-light contract "sole-sourced" to Redflex, the plea agreement states. Finley states in the plea agreement that she knew Redflex was also paying personal expenses for Bills in order to buy his influence and expand Redflex's business with the city. These expenses included meals, golf outings, rental cars, airline tickets to Phoenix, rooms at the Biltmore Hotel and other entertainment, according to the plea agreement.

Redflex's technology uses cameras to automatically record and ticket drivers who run red lights. Between 2004 and 2008, the city paid Redflex approximately \$25 million, according to the indictment against Finley, Bills and O'Malley. Bills was a voting member of the city's Request For

Proposal evaluation committee that recommended awarding the contracts to Redflex, the indictment states. In February 2008, the city awarded the “sole-sourced” contract to Redflex, paying the company approximately \$33 million, according to the indictment. The city followed up that contract with another one the same month – agreeing to pay Redflex approximately \$66 million for the installation of nearly 250 additional red-light cameras.

Bills, 54, of Chicago, was indicted on nine counts of mail fraud, three counts of wire fraud, three counts of federal program bribery, three counts of filing a false federal income tax return, and one count each of extortion and conspiracy to commit federal program bribery. He has pleaded not guilty and is scheduled to proceed to trial on Jan. 11, 2016, before Judge Kendall. Bills retired from the city in 2011.

O’Malley, 74, of Worth, pleaded guilty in December to one count of conspiracy to commit bribery in a federal program. No sentencing date has been set.

The government is represented by Assistant United States Attorney Laurie J. Barsella.

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