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FOR IMMEDIATE RELEASE

MAY 14, 2014

**RETIRED CHICAGO OFFICIAL ARRESTED ON FEDERAL BRIBERY CHARGE
FOR TAKING CASH AND PERSONAL BENEFITS TO STEER \$124 MILLION
IN CITY CONTRACTS TO REDFLEX FOR RED LIGHT CAMERA PROGRAM**

CHICAGO — A retired City of Chicago official who managed the city's red light camera program for nearly a decade was arrested today for allegedly accepting cash and personal benefits totaling hundreds of thousands of dollars to steer \$124 million in city contracts to Redflex Traffic Systems, Inc., to establish, operate and expand the program. The defendant, JOHN BILLS, allegedly received cash bribes, other forms of payment, and an Arizona condominium, all funneled from Redflex through unnamed Individual A, Bills' one-time friend who received \$2 million in salary, bonuses, and commissions as a consultant to Redflex.

Bills, 52, of Chicago, was charged with one count of federal program bribery in a criminal complaint that was filed yesterday and unsealed today. Bills was scheduled to appear at 3 p.m. before U.S. Magistrate Judge Maria Valdez in Federal Court.

Between 2003, when the city awarded Phoenix-based Redflex its initial contract, and 2011, Bills allegedly received from Individual A cash and checks directly and indirectly for his

benefit, including to repay loans, for his retirement party, and catering for another party. Individual A also purchased for Bills a Glendale, Ariz., condominium for \$177,000, which Bills, often with friends and family, visited 22 times between May 2008 and 2012.

Bills, who retired in 2011 as managing deputy commissioner of the city's transportation department after 32 years with the city, managed the city's red light program and served as a member of the city's contract evaluation committee.

According to an FBI affidavit supporting the charges, in October 2003, the city awarded a contract to Redflex for the installation, maintenance and operation of the city's first Digital Automated Red Light Enforcement Program (DARLEP), which used cameras to automatically record and ticket drivers who ran red lights. Between 2004 and 2008, the city paid Redflex approximately \$25 million under this contract, and Redflex installed and maintained 136 camera systems in Chicago intersections, and assisted in reviewing and processing violations. Bills, then assistant transportation commissioner, was a voting member of the city's request for proposal (RFP) evaluation committee that recommended awarding the contract to Redflex after a one-month trial run of competing systems by Redflex and another finalist. In February 2008, the city awarded a new, non-competitive contract to Redflex to operate and maintain the previously installed 136 camera systems, and paid Redflex approximately \$33 million under that contract.

Also in February 2008, following the competitive RFP process, the city awarded a new DARLEP contract to Redflex that was similar to the first. Bills was an advisory member of this RFP evaluation committee. The city paid Redflex approximately \$66 million under this contract, which resulted in approximately 248 red light cameras being installed, bringing the total number

of Redflex cameras to 384 and the total amount the city has paid Redflex to approximately \$124 million.

By 2010, Chicago had the largest red light camera program in the United States, representing 20 percent of the total camera systems that Redflex operated nationwide. For Redflex, a subsidiary of Australian-based Redflex Holdings Ltd., the Chicago contract was its most important because of the revenue it generated and the name recognition it gave the company, according to the affidavit.

The complaint affidavit is supported by information from Confidential Source 1 (CS1), a former Redflex employee who initially provided Bills in 2002 with an unsolicited proposal to install red light cameras in Chicago. Frequent communications between CS1 and Bills led CS1 to understand that Bills was trying to determine if he could get money from Redflex in return for the company getting the red light camera contract. Shortly after a Jan. 3, 2003, pre-bid meeting that CS1 attended with other vendors, Bills asked CS1 to get him and his friends a hotel room in Los Angeles. CS1 paid for Bills' hotel room with the approval of CS1's superiors, believing that it would influence Bills to help Redflex get the Chicago contract. As CS1 anticipated, Bills did not offer and did not reimburse CS1 for the hotel room and instead thanked CS1, who submitted a voucher and was reimbursed by Redflex.

Between February and May 2003, during a pilot phase with Redflex and a competing vendor, Redflex paid for drinks and meals for Bills. Upon Bills' recommendation, Redflex hired Company A as a subcontractor. In May 2003, before the city contract was awarded, Bills made comments to remind CS1 that Bills was being courted by the competing vendor. After Bills and CS1 strategized to ensure a favorable result, on May 27, 2003, the evaluation committee and city

transportation commissioner recommended that Redflex be awarded the DARLEP contract, which went into effect in October 2003.

At a celebratory dinner in June 2003, Bills allegedly told CS1 words to the effect of, “It’s time to make good,” which CS1 understood to mean that Bills wanted and expected to be paid for helping Redflex win the Chicago contract. Bills allegedly floated alternative suggestions for funneling benefits to him, including suggesting that Redflex could pay him through the newly created Chicago customer liaison position. During the summer and fall of 2003 Redflex hired Individual A to fill that position and negotiated his compensation structure. In addition to salary and bonuses, Redflex payments to Individual A included commissions totaling more than \$1.34 million between 2008 and 2011.

Before Bills retired, he allegedly made it known to CS1 and other Redflex employees that he wanted a job with Redflex. After it was decided that Redflex could not hire him directly, Redflex arranged for Bills to get a job with Company B, which was funded by Redflex. That job lasted through the early spring of 2012.

The affidavit alleges that between late 2003 and November 2012, Individual A and Bills used several different methods to transfer funds to Bills. In 2008, Individual A purchased the Glendale, Ariz., condominium for Bills’ use. In addition, checks written on Individual A’s bank account were used to repay debts Bills had accumulated and also to pay for personal expenses of Bills and his family. Individual A also withdrew large amounts of cash, totaling more than \$643,000 between 2006 and 2011, which temporally correspond to Bills’ repayment of loans as well as Bills’ payment of numerous personal expenditures, including purchasing a \$12,500 used Mercedes-Benz, with cash. Although some of Bills’ cash expenditures do not correspond to

specific withdrawals by Individual A, Bills' financial records reflect no withdrawals of cash by him to support the personal expenditures. In fact, records reflect very little cash on-hand by Bills during this time period.

The charges were announced by Zachary T. Fardon, United States Attorney for the Northern District of Illinois; Robert J. Holley, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation; James C. Lee, Special Agent-in-Charge of the Internal Revenue Service Criminal Investigation Division in Chicago; and Joseph Ferguson, Inspector General for the City of Chicago. The investigation is continuing, they said.

The government is being represented by Assistant U.S. Attorneys Carrie Hamilton and Laurie Barsella.

The public is reminded that a complaint contains only charges and is not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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