



Joseph M. Ferguson
Inspector General

OFFICE OF INSPECTOR GENERAL *City of Chicago*

740 N. Sedgwick Street, Suite 200
Chicago, Illinois 60654
Telephone: (773) 478-7799
Fax: (773) 478-3949

August 29, 2016

Rahm Emanuel
Mayor
City of Chicago
121 N. LaSalle, Suite 500
Chicago, IL 60602

Re: Significant Activity Report

Mayor Emanuel:

Today, August 29, 2016, United States District Court Judge Virginia Kendall sentenced John Bills, a former assistant transportation commissioner for the City of Chicago, to a 10 year term of imprisonment, followed by 1 year of probation for his role in a multi-year kickback scheme perpetrated in connection with the City's red-light camera program. *United States v. John Bills* 14-CR-135 (U.S.D.C. ND IL). As part of the sentence, Judge Kendall also entered an order of restitution for \$2,032,959.50 and a judgment of forfeiture of \$680,107 in addition to over \$224,399 in taxes due.

Bills' conviction is the result of a joint investigation into procurement fraud in one of the nation's largest red-light camera programs and a prosecution spearheaded by the United States Attorney for the Northern District of Illinois working with the City of Chicago Office of Inspector General (OIG), the Federal Bureau of Investigation, and the Internal Revenue Service.

From approximately 2003 to 2011, Bills used his position as a senior official to influence the procurement process that awarded Redflex Traffic Systems Inc. lucrative contracts to supply and service cameras for the City's red-light camera program. During that period, Redflex significantly expanded its business with the City through a sole-source procurement process corruptly facilitated by Bills. In exchange for his efforts, Redflex provided Bills with cash and personal benefits, including meals, golf outings, rental cars, airline tickets, hotel rooms and other entertainment. Redflex ultimately received payments and contracts of over \$100 million.

In 2014, OIG's Audit and Program Review section conducted a separate review of the City's historical management of the red-light camera program under Redflex. OIG found this management to be fundamentally deficient, warranting operational changes, many of which had been and continued to be incorporated into the program and contract management of a new

program vendor which assumed sole responsibility for the operation of the City's camera systems in February 2014.

Following a two-week jury trial in January 2016, a jury returned guilty verdicts on all twenty counts brought against Bills, including nine counts of mail fraud (18 U.S.C. § 1341), three counts of wire fraud (18 U.S.C. § 1343), one count of extortion under color of official right (18 U.S.C. § 1951), one count of conspiracy to commit bribery (18 U.S.C. § 371), three counts of bribery (18 U.S.C. § 666), and three counts of filing false tax returns (26 U.S.C. § 7206(1)).

Bills is the first person sentenced in connection with the scheme. Middleman Martin O'Malley and former Redflex CEO Karen Finley are scheduled to receive sentences on September 12 and November 11, respectively.

Please do not hesitate to direct any questions or requests for additional information to me or Rachel Leven, OIG Public Communications Coordinator, at (773) 478-0534.

Respectfully,



Joseph M. Ferguson
Inspector General
City of Chicago