



**Metropolitan Water
Reclamation District
of Greater Chicago**



Office of the Independent Inspector General

“[T]o detect, deter and prevent corruption, fraud, waste, mismanagement, unlawful political discrimination or misconduct in the operation of County government.”

**Metropolitan Water Reclamation District of Greater
Chicago
Quarterly Report
4th Quarter 2024**

January 14, 2025



OFFICE OF THE INDEPENDENT INSPECTOR GENERAL

Tirrell J. Paxton, Inspector General

69 West Washington Street | Suite 1160 | Chicago, IL 60602 | (312) 603-0350

January 14, 2025

Transmittal via email only

Honorable Kari K. Steele
and Honorable Members of the Metropolitan
Water Reclamation District of Greater Chicago
Board of Commissioners
100 East Erie Street
Chicago, Illinois 60601

Re: Independent Inspector General Quarterly Report (4th Qtr. 2024)

Dear President Steele and Members of the Board of Commissioners:

As you know, on April 18, 2019, the Board of Commissioners of the Metropolitan Water Reclamation District of Greater Chicago (“MWRD” or “District”) adopted Ordinance O19-003 entitled Office of the Independent Inspector General that has been designed to promote integrity and efficiency in government and provide independent oversight of the MWRD. Additionally, an Intergovernmental Agreement between the County of Cook and MWRD became effective by full execution of the parties on May 17, 2019, and was extended three times by the MWRD to authorize the OIIG to continue operations relating to the MWRD. This quarterly report is written in accordance with Section 2-287 of the OIIG Ordinance to apprise you of the activities of this office relating to the MWRD during the time period from October 1, 2024, through December 31, 2024.¹

OIIG Case Activity

The OIIG received a total of 7 new complaints relating to the MWRD during this reporting period. This number includes those matters resulting from the exercise of my own initiative (OIIG Ordinance, Sec. 2-284(2)). Three OIIG investigations have been opened and 6 OIIG case inquiries have been initiated during this reporting period while a total of 31 OIIG case inquiries remain pending at the present time.² We have not referred any complaints to management or outside

¹ In accordance with the OIIG Ordinance, this office reports quarterly the number of investigations initiated and concluded during the subject time period along with other relevant data concerning the activities of the Office. Quarterly reports also set forth OIIG recommendations for remedial or other action following the completion of an investigation and track whether recommendations were adopted in whole or in part or otherwise not implemented by the MWRD. Finally, quarterly reports also describe miscellaneous activities of the OIIG that may be of interest to MWRD officials, employees, contractors and members of the public.

² Upon receipt of a complaint, a triage/screening process of each complaint is undertaken. In order to streamline the OIIG process and maximize the number of complaints that will be subject to review, if a complaint is not initially opened as a formal investigation, it may also be reviewed as an “OIIG inquiry.” This level of review involves a determination of corroborating evidence before opening a formal investigation. When the initial review reveals information warranting the opening of a formal investigation, the matter is upgraded to an “OIIG Investigation.”

agencies for further consideration during this reporting period. The OIIG currently has two open cases, and no cases open more than 180 days as of the issuance of this report.

OIIG Summary Reports³

During the 4th Quarter of 2024, the OIIG issued eleven summary reports on MWRD matters. The following provides a general description of each matter and states whether OIIG recommendations for remediation or discipline have been adopted. Specific identifying information is being withheld in accordance with the OIIG Ordinance where appropriate.

IIG23-0510. The OIIG received an anonymous complaint alleging that a MWRD employee is in violation of MWRD residency requirements. It was further alleged that the subject claims residency in Indiana and takes a total of three homestead exemptions. During this investigation, the OIIG reviewed Cook County property tax information, Lake County, Indiana property tax information, employment documents, and conducted surveillance. The OIIG also interviewed the subject employee.

The preponderance of the evidence in this matter does not support the claim that the subject employee is domiciled outside the boundaries of the District. Although the subject employee owns several properties, some of which are in Indiana, he claims a homeowner's exemption at his Illinois residence, his Illinois driver's license reflects that address, and he was observed at that location during multiple surveillances in the early morning hours. The preponderance of the evidence does support the claim that subject employee received a homeowner's exemption from both Cook County, Illinois and Lake County, Indiana, which is prohibited.

Based on our findings, the OIIG recommended that the Human Resources (HR) Department receive confirmation from the employee that he has removed the extra homeowner's exemption. The OIIG recommended that the subject employee address this matter within three months to avoid a recommendation for disciplinary action. In response to the OIIG's recommendation, on December 2, 2024, HR staff met with the subject employee and informed him that he has until January 31, 2025, to rectify this matter and to remove the homeowner exemption on his Indiana property. The employee was also informed to provide documentation that the homeowner exemption was removed, or officially requested to be removed, by the deadline and that HR staff would be following up if the deadline is not met. The subject employee noted the deadline and agreed.

Conversely, if additional information is developed to warrant the closing of the OIIG inquiry, the matter will be closed without further inquiry.

³ The OIIG issues a Quarterly Report relating to the MWRD separate from the one it issues for other government agencies under its jurisdiction. The Quarterly Reports issued involving MWRD matters can be found at <https://www.cookcountyil.gov/service/metropolitan-water-reclamation-district-greater-chicago>.

IIG24-0126. The OIIG conducted a review for secondary employment compliance of MWRD employees who applied for federal Small Business Administration Paycheck Protection Program loans (“PPP loan”)⁴ to determine whether information submitted by such employees for the PPP loans was consistent with MWRD records and/or in violation of any MWRD Personnel Rules. Based on this review, we discovered an MWRD employee sought a federal PPP loan totaling over \$20,000. On his loan application, the subject employee stated he was the sole proprietor of a business. The OIIG conducted an investigation to determine if the subject employee informed the MWRD that he was engaging in secondary employment and otherwise complied with MWRD Personnel Rules.

During this investigation, the OIIG reviewed the subject employee’s personnel file, public and subpoenaed federal Small Business Administration PPP loan records, Illinois Secretary of State Corporation/LLC record searches, public record searches, and social media platforms. The OIIG also interviewed the subject employee.

The preponderance of evidence in this investigation did not support the conclusion that the subject employee violated MWRD Ethics Ordinance, Article 2, Section (C)(5) – Secondary Employment. This provision requires employees to submit a secondary employment form to the MWRD’s Human Resources Department whether the employee has compensated secondary employment or not and further requires that any subsequent change in status be reported within 14 days. Compensated “self-employment” must also be disclosed. Although the subject employee admitted he engaged in outside employment since 2004, the MWRD did not require employees to disclose secondary employment until the end of 2020 and the subject employee submitted his secondary employment form on February 5, 2021.

The preponderance of evidence developed in this investigation supports the conclusion that the subject employee violated MWRD Ethics Ordinance O22-004, Article I, Section (B)(1) – Public servant code of conduct and MWRD Admin. Proc. Manual 10.27.0, Section 2(j) – Violating the District’s Ethics Ordinance. The evidence shows the subject employee did work for a company as an independent contractor; however, he did not apply for a PPP loan based on his status as an independent contractor for that company. Rather, the subject employee submitted his application claiming to be the sole proprietor of a separate business. On the loan documents the subject employee claimed his business generated \$105,000 in gross receipts. The subject employee admitted that the financial information included on the PPP loan application and Schedule C form was false but denied inputting the figures. The subject employee admitted he electronically signed

⁴ The CARES Act is a federal law enacted on March 29, 2020, to provide emergency financial assistance in connection with economic effects of the COVID-19 pandemic. One source of relief provided by the CARES Act was the authorization of up to \$349 billion in forgivable loans to small businesses for job retention and certain other expenses, through the PPP. The PPP allows qualifying small businesses and other organizations to receive loans with a maturity of two years and an interest rate of 1%. PPP loan proceeds must be used by businesses on payroll costs, interest on mortgages, rent, and utilities. The PPP allows the interest and principal on the PPP loan to be forgiven if the business spends the loan proceeds on these expense items within a designated period of time after receiving the proceeds and uses at least a certain percentage of the PPP loan proceeds on payroll expenses.

and submitted the loan application and supporting documents to the financial institution. He also admitted he received a total of over \$20,000 in loan funds which were deposited into his personal bank account. The evidence shows the subject employee engaged in fraud against the federal government by certifying and submitting documents containing false information with his loan application to obtain a federal PPP loan. After fraudulently obtaining the federal PPP funds, the subject employee admitted to improperly spending those funds. Committing financial fraud directed at the federal government tarnishes the subject employee's reputation and brings discredit to the MWRD as it can erode the public's trust in the MWRD and its employees.

Based on the serious nature of the misconduct involved, the OIIG recommended the subject employee's employment be terminated. We also recommended the MWRD place the subject employee on its *Ineligible for Hire List*. The MWRD adopted these recommendations and is currently pursuing termination of the subject employee.

IIG24-0129. The OIIG conducted a review for secondary employment compliance of MWRD employees who applied for federal Small Business Administration Paycheck Protection Program loans ("PPP loan") to determine whether information submitted by such employees for the PPP loans was consistent with MWRD records and/or in violation of any MWRD Personnel Rules. Based on this review, we discovered an MWRD employee sought a federal PPP loan totaling over \$20,000. On her loan application, the subject employee stated she was the sole proprietor of a business. The OIIG conducted an investigation to determine if the subject employee informed the MWRD that she was engaging in secondary employment and otherwise complied with MWRD Personnel Rules.

This investigation consisted of a review of the subject employee's personnel file, public and subpoenaed federal Small Business Administration PPP loan records, Illinois Secretary of State Corporation/LLC record searches, and public record searches. The OIIG also interviewed the subject employee.

The preponderance of evidence in this investigation supports the conclusion that the subject employee did not violate MWRD Ethics Ordinance, Article 2, Section (C)(5) – Secondary Employment. This provision requires employees to submit a secondary employment form to the MWRD's Human Resources Department whether the employee has compensated secondary employment or not and further requires that any subsequent change in status be reported within 14 days. Compensated "self-employment" must also be disclosed. The subject employee admitted she was "driving Uber" as a secondary business in 2019, but stopped in 2019 due to COVID, which was before the MWRD's secondary employment policy was implemented.

The preponderance of evidence developed in this investigation supports the conclusion that the subject employee violated MWRD Ethics Ordinance O22-004, Article I, Section (B)(1) – Public servant code of conduct and MWRD Admin. Proc. Manual 10.27.0, Section 2(j) – Violating the District's Ethics Ordinance. The evidence shows that the subject employee engaged in fraud against the federal government by participating in the certification and submission of documents

containing false information with her loan application to the SBA. When interviewed, the subject employee admitted that the information on the application, as well as the Schedule C form submitted with her SBA loan application, was false. She denied personally applying for the SBA PPP loan but admitted to providing her personal identifiable information to an individual for the purpose of obtaining the PPP loan proceeds. The subject employee admitted she received a total of over \$20,000 in loan funds which were deposited into her personal bank account. After fraudulently obtaining the federal PPP funds, the subject employee admitted to improperly spending those funds. When requesting forgiveness of the PPP loans, the subject employee falsely stated to the federal government that she spent the funds on payroll costs; however, she admitted to OIIG investigators to spending the money on a tax bill and car repairs. Committing financial fraud directed at the federal government tarnishes the subject employee's reputation and brings discredit to the MWRD as it can erode the public's trust in the MWRD and its employees.

Based on the serious nature of the misconduct involved, the OIIG recommended the subject employee's employment be terminated. We also recommended the MWRD place the subject employee on its *Ineligible for Hire List*. The MWRD adopted these recommendations and is currently pursuing termination of the subject employee.

IIIG24-0131. The OIIG conducted a review for secondary employment compliance of MWRD employees who applied for federal Small Business Administration Paycheck Protection Program loans ("PPP loan") to determine whether information submitted by such employees for the PPP loans was consistent with MWRD records and/or in violation of any MWRD Personnel Rules. Based on this review, we discovered an MWRD employee sought a federal PPP loan totaling over \$12,000. On her loan application, the subject employee stated she was the independent contractor of a business. The OIIG conducted an investigation to determine if the subject employee informed the MWRD that she was engaging in secondary employment and otherwise complied with MWRD Personnel Rules.

This investigation consisted of a review of the subject employee's personnel file, public and subpoenaed federal Small Business Administration PPP loan records, Illinois Secretary of State Corporation/LLC record searches and public record searches. The OIIG also interviewed the subject employee.

The preponderance of evidence in this investigation supports the conclusion that the subject employee violated the MWRD Ethics Ordinance, Article 2, Section (C)(5) – Secondary Employment. This provision requires employees to submit a secondary employment form to the MWRD's Human Resources Department whether the employee does or does not have compensated secondary employment and further requires that any subsequent change in status be reported within 14 days. Compensated "self-employment" must also be disclosed. The subject employee claimed to not have earned any compensation and eventually the business was involuntarily dissolved. Nonetheless, the subject employee created an LLC and registered it with the State of Illinois with the intentions of being compensated.

The preponderance of evidence developed in this investigation supports the conclusion that the subject employee violated MWRD Ethics Ordinance O22-004, Article I, Section (B)(1) – Public servant code of conduct and MWRD Admin. Proc. Manual 10.27.0, Section 2(j) – Violating the District’s Ethics Ordinance. The evidence shows that the subject employee engaged in fraud against the federal government by participating in the certification and submission of documents containing false information with her loan application to the SBA. When interviewed, the subject employee admitted that the information on the application, as well as the schedule C submitted with her SBA loan application was false. The subject employee admitted that she did not generate the amount of income listed on the SBA application. She denied personally applying for the SBA PPP loan but admitted to providing her personal identifiable information to an individual for the purpose of obtaining the PPP loan proceeds.

The subject employee admitted she received a total of over \$12,000 in loan funds which were deposited on a prepaid card. She then spent that money and successfully applied for the loan to be forgiven. Committing financial fraud directed at the federal government tarnishes the subject employee’s reputation and brings discredit to MWRD as it can erode the public’s trust in the MWRD and its employees.

Based on the serious nature of the misconduct involved, the OIIG recommended the subject employee’s employment be terminated. We also recommended the MWRD place the subject employee on the *Ineligible for Hire List*. The MWRD adopted these recommendations and is currently pursuing termination of the subject employee.

IIG24-0132. The OIIG conducted a review for dual employment compliance of MWRD employees who applied for federal Small Business Administration Paycheck Protection Program loans (“PPP loan”) to determine whether information submitted by such employees for the PPP loans was consistent with MWRD records and/or in violation of any MWRD Personnel Rules. Based on this review, we discovered an MWRD employee sought a federal PPP loan totaling over \$20,000. On her loan application, the subject employee stated she was the sole proprietor of a business. The OIIG conducted an investigation to determine if the subject employee informed the MWRD that she was engaging in secondary employment and otherwise complied with MWRD Personnel Rules.

During this investigation, the OIIG reviewed the subject employee’s secondary employment records, public and subpoenaed federal Small Business Administration PPP loan records, Illinois Secretary of State Corporation/LLC records, and other public records. The OIIG also interviewed the subject employee.

The preponderance of evidence in this investigation supports the conclusion that the subject employee did not violate the MWRD Ethics Ordinance, Article 2, Section (C)(5) – Secondary Employment. This provision requires employees to submit a secondary employment form to the MWRD’s Human Resources Department whether the employee has compensated secondary employment or not and further requires that any subsequent change in status be reported within 14

days. Compensated “self-employment” must also be disclosed. The subject employee stated she has never had any outside employment, and this investigation did not reveal any evidence to the contrary.

The preponderance of evidence developed in this investigation supports the conclusion that the subject employee violated MWRD Ethics Ordinance O22-004, Article I, Section (B)(1) – Public servant code of conduct and MWRD Admin. Proc. Manual 10.27.0, Section 2(j) – Violating the District’s Ethics Ordinance. The evidence shows that the subject employee engaged in fraud against the federal government by participating in the certification and submission of documents containing false information with her loan application to the SBA. When interviewed, the subject employee admitted that the information on the application, as well as the Schedule C form submitted with her SBA loan application, was false. The subject employee admitted that she did not operate a business or generate income from any secondary employment in 2019. She denied personally applying for the SBA PPP loan but admitted to providing her personal identifiable information to an individual for the purpose of obtaining the PPP loan proceeds.

The subject employee admitted she received PPP loan funds which were deposited into her personal bank account. Committing financial fraud directed at the federal government tarnishes the subject employee’s reputation and brings discredit to MWRD as it can erode the public’s trust in the MWRD and its employees.

Based on the serious nature of the misconduct involved, the OIIG recommended the subject employee’s employment be terminated. We also recommended the MWRD place the subject employee on the *Ineligible for Hire List*. The MWRD adopted these recommendations and is currently pursuing termination of the employee.

IIG24-0137. The OIIG conducted a review for dual employment compliance of MWRD employees who applied for federal Small Business Administration Paycheck Protection Program loans (“PPP loan”) to determine whether information submitted by such employees for the PPP loans was consistent with MWRD records and/or in violation of any MWRD Personnel Rules. Based on this review, we discovered an MWRD employee sought a federal PPP loan totaling over \$20,000. On her loan application, the subject employee stated she was the sole proprietor of a business. The OIIG conducted an investigation to determine if the subject employee informed the MWRD that she was engaging in secondary employment and otherwise complied with MWRD Personnel Rules.

During this investigation, the OIIG reviewed the subject employee’s secondary employment records, public and subpoenaed federal Small Business Administration PPP loan records, Illinois Secretary of State Corporation/LLC records, and other public records. The OIIG also interviewed the subject employee.

The preponderance of the evidence developed in this investigation supports the conclusion that the subject employee violated Ethics Ordinance O21-002 Article II Section (C)(5) Secondary

Employment. When interviewed by the OIIG, the subject employee admitted she failed to disclose her secondary employment business that she started in the Spring of 2020.

The preponderance of evidence developed in this investigation also supports the conclusion that the subject employee violated MWRD Ethics Ordinance O22-004, Article I, Section (B)(1) – Public servant code of conduct and MWRD Admin. Proc. Manual 10.27.0, Section 2(j) – Violating the District’s Ethics Ordinance. The evidence shows the subject employee did own and operate a business in 2020; however, she grossly overstated her income to obtain the maximum loan amount. When interviewed by the OIIG, the subject employee admitted that the financial information included on the PPP loan application was fabricated for the purpose of obtaining the PPP loan funds. After fraudulently obtaining the federal PPP funds, the subject employee admitted to improperly spending those funds. When requesting forgiveness of the PPP loans, the subject employee falsely stated to the federal government that she spent the funds on payroll costs. Committing financial fraud directed at the federal government tarnishes the subject employee’s reputation and brings discredit to MWRD as it can erode the public’s trust in the MWRD and its employees.

Based on the serious nature of the misconduct involved, the OIIG recommended the subject employee’s employment be terminated. We also recommended MWRD place the subject employee on the *Ineligible for Hire List*. The MWRD adopted these recommendations and is currently pursuing termination of the employee.

IIG24-0139. The OIIG conducted a review for secondary employment compliance of MWRD employees who applied for federal Small Business Administration Paycheck Protection Program loans (“PPP loan”) to determine whether information submitted by such employees for the PPP loans was consistent with MWRD records and/or in violation of any MWRD Personnel Rules. Based on this review, we discovered an MWRD employee sought a federal PPP loan totaling over \$18,000. On her loan application, the subject employee stated she was the sole proprietor of a business. The OIIG conducted an investigation to determine if the subject employee informed the MWRD that she was engaging in secondary employment and otherwise complied with MWRD Personnel Rules.

This investigation consisted of a review of the subject employee’s personnel file, public and subpoenaed PPP loan records, Illinois Secretary of State Corporation/LLC record searches, and public record searches. The OIIG also interviewed the subject employee.

The preponderance of evidence in this investigation supports the conclusion that the subject employee violated MWRD Ethics Ordinance, Article 2, Section (C)(5) – Secondary Employment. This provision requires employees to submit a secondary employment form to the MWRD’s Human Resources Department whether the employee has compensated secondary employment or not and further requires that any subsequent change in status be reported within 14 days. Compensated “self-employment” must also be disclosed. The subject employee signed the dual

employment form in 2021, attesting she did not have any secondary employment, but admitted to starting a business in 2020 that was active until 2023.

The preponderance of evidence developed in this investigation also supports the conclusion that the subject employee violated MWRD Ethics Ordinance O22-004, Article I, Section (B)(1) – Public servant code of conduct and MWRD Admin. Proc. Manual 10.27.0, Section 2(j) – Violating the District’s Ethics Ordinance. The evidence shows that the subject employee engaged in fraud against the federal government by participating in the certification and submission of documents containing false information with her loan application to the SBA. When interviewed the subject employee admitted that the information on the application, as well as the Schedule C form submitted with her SBA loan application was false. The subject employee admitted that she did not operate a business in 2019, and the other business she began in 2020 did not serve as the basis for her loan application that was for a different type of alleged business. She denied personally applying for the SBA PPP loan but admitted to providing her personal identifiable information to an individual for the purpose of obtaining the PPP loan proceeds. The subject employee admitted she received the loan funds, which were deposited into her business bank account, and she spent that money improperly on rent and utilities, rather than payroll costs. Committing financial fraud directed at the federal government tarnishes the subject employee’s reputation and brings discredit to MWRD as it can erode the public’s trust in the MWRD and its employees.

Based on the serious nature of the misconduct involved, the OIIG recommended the subject employee’s employment be terminated. We also recommended the MWRD place the subject employee on the *Ineligible for Hire List*. The MWRD adopted these recommendations and is currently pursuing termination of the employee.

IIG24-0140. The OIIG conducted a review for secondary employment compliance of MWRD employees who applied for federal Small Business Administration Paycheck Protection Program loans (“PPP loan”) to determine whether information submitted by such employees for the PPP loans was consistent with MWRD records and/or in violation of any MWRD Personnel Rules. Based on this review, we discovered an MWRD employee sought a federal PPP loan totaling over \$20,000. On his loan application, the subject employee stated he was the sole proprietor of a business. The OIIG conducted an investigation to determine if the subject employee informed the MWRD that he was engaging in secondary employment and otherwise complied with MWRD Personnel Rules.

This investigation consisted of a review of the subject employee’s personnel file, public and subpoenaed federal Small Business Administration PPP loan records, Illinois Secretary of State Corporation/LLC record searches, and public record searches for the subject employee. The OIIG also interviewed the subject employee.

The preponderance of evidence in this investigation did not support the conclusion that the subject employee violated MWRD Ethics Ordinance, Article 2, Section (C)(5) – Secondary Employment. This provision requires employees to submit a secondary employment form to the

MWRD's Human Resources Department whether the employee has compensated secondary employment or not and further requires that any subsequent change in status be reported within 14 days. Compensated "self-employment" must also be disclosed. The subject employee did submit the form as required, documenting he did not have any secondary employment.

However, the preponderance of evidence developed in this investigation supports the conclusion that the subject employee violated MWRD Ethics Ordinance O22-004, Article I, Section (B)(1) – Public servant code of conduct and MWRD Admin. Proc. Manual 10.27.0, Section 2(j) – Violating the District's Ethics Ordinance. The evidence shows that the subject employee engaged in fraud against the federal government by participating in the certification and submission of documents containing false information with his loan application to the SBA. When interviewed, the subject employee admitted that the information on the application, as well as the Schedule C form submitted with his SBA loan application was false. The subject employee admitted that he did not operate a business or generate income from any secondary employment in 2020. He denied personally applying for the SBA PPP loan but admitted to providing his personal identifiable information to an individual for the purpose of obtaining the PPP loan proceeds.

The subject employee admitted he received over \$20,000 in PPP loan funds which were deposited into his personal bank account. After fraudulently obtaining the funds, the subject employee admitted to improperly spending those funds on home renovations. Committing financial fraud directed at the federal government tarnishes the subject employee's reputation and brings discredit to the MWRD as it can erode the public's trust in the MWRD and its employees.

Based on the serious nature of the misconduct involved, the OIIG recommended the subject employee's employment be terminated. We also recommended the MWRD place the subject employee on its *Ineligible for Hire List*. The MWRD adopted these recommendations and is currently pursuing termination of the employee.

IIG24-0217. The OIIG received a complaint alleging that an MWRD employee used normal work hours to test several refrigerators, one of which was later posted on the State of Illinois iBid website and purchased by the subject employee. This investigation consisted of a review of the subject employee's time records, photos submitted anonymously, the State of Illinois iBid auction listing at issue, and MWRD internal documents from the Procurement and Materials Management Department. The OIIG also interviewed the subject employee and another MWRD employee.

The preponderance of evidence in this investigation supports the conclusion that the subject employee violated MWRD Administrative Procedures Manual 10.27.0 section 1(m) - Employees must adhere to all district policies and Personnel Rules and 2(l) - Employees shall not engage in non-district activities during working hours. A witness told an OIIG investigator that he saw the subject employee working on a refrigerator in the iBid area. Additionally, the witness stated that no MWRD employee should be repairing iBid items. The evidence supports the conclusion that

the subject employee repaired a refrigerator during his work hours and violated the MWRD's policies with this conduct. The subject employee stated he used his break time to work on the refrigerator and admitted to bringing in tools to test the refrigerators. Furthermore, the first bid that was placed on the refrigerator took place while the subject employee was on the clock.

The evidence in this case supports the conclusion that the subject employee violated MWRD Administrative Procedures Manual 10.27.0 section 2(j) - Violating the District's Ethics Ordinance. The subject employee ultimately had an unfair advantage when purchasing this iBid item because he had firsthand knowledge about the item. Namely, he was able to test the refrigerators to determine whether they worked prior to bidding by virtue of his MWRD employment, an advantage that was not available to members of the public.

Based on our findings, the OIIG recommended that the subject employee receive discipline consistent with factors set forth in MWRD Personnel Rules, including practices in recent similar cases. In addition, we recommended that the MWRD implement a policy prohibiting MWRD employees involved with items placed on iBid or the iBid process itself, as well as their household members, from bidding on MWRD items listed on iBid. MWRD's response to these recommendations is not yet due.

IIG24-0473. The OIIG conducted a review for secondary employment compliance of MWRD employees who applied for federal Small Business Administration Paycheck Protection Program loans ("PPP loan") to determine whether information submitted by such employees for the PPP loans was consistent with MWRD records and/or in violation of any MWRD Personnel Rules. Based on this review, we discovered an MWRD employee sought a federal PPP loan totaling over \$14,000. On his loan application, the subject employee stated he was the "Independent Contractor" of a business. The OIIG conducted an investigation to determine if the subject employee informed the MWRD that he was engaging in secondary employment and otherwise complied with MWRD Personnel Rules.

During this investigation, the OIIG reviewed the subject employee's personnel file, public and subpoenaed federal Small Business Administration PPP loan records, Illinois Secretary of State Corporation/LLC record searches and other public record searches for the subject employee. The OIIG also interviewed the subject employee.

The preponderance of evidence in this investigation supports the conclusion that the subject employee violated the MWRD Ethics Ordinance, Article 2, Section (C)(5) – Secondary Employment. This provision requires employees to submit a secondary employment form to the MWRD's Human Resources Department whether the employee does or does not have compensated secondary employment and further requires that any subsequent change in status be reported within 14 days. Compensated "self-employment" must also be disclosed. The subject employee admitted to working with another governmental entity as a vendor during the time he was employed with the MWRD, but he twice submitted a form indicating he did not have secondary employment.

The preponderance of evidence developed in this investigation also supports the conclusion that the subject employee violated MWRD Ethics Ordinance O22-004, Article I, Section (B)(1) – Public Servant Code of Conduct and MWRD Admin. Proc. Manual 10.27.0, Section 2(j) – Violating the District’s Ethics Ordinance. The evidence shows that the subject employee engaged in fraud against the federal government by participating in the certification and submission of documents containing false information with his loan application to the SBA. Although the subject employee did own a company, he admitted that the company only had two jobs between 2018 and 2022. When asked if he made \$70,000, as he claimed on his PPP loan application, the subject employee stated that he was unsure if that was accurate.

The subject employee stated that he received a total of over \$14,000 in loan funds, which were deposited into his business account. However, based on the OIIG’s investigation, the funds were deposited into a personal bank account. When confronted with this information, the subject employee declined to provide any additional details. The OIIG provided the subject employee with time to submit additional documentation to corroborate his explanation, which included his IRS tax transcript and his business bank account statement showing the PPP loan deposit, but he failed to do so. He spent the money and successfully applied for the loan to be forgiven, claiming to have spent the money on payroll costs, despite his assertion to the OIIG that he spent the money on supplies. Committing financial fraud directed at the federal government tarnishes the subject employee’s reputation and brings discredit to MWRD, as it can erode the public’s trust in MWRD government and its employees.

Based on the serious nature of the misconduct involved, the OIIG recommended the subject employee’s employment be terminated. We also recommended the MWRD place the subject employee on the *Ineligible for Hire List*. A response to these recommendations is not yet due.

IIG24-0475. The OIIG conducted a review for secondary employment compliance of MWRD employees who applied for federal Small Business Administration Paycheck Protection Program loans (“PPP loan”) to determine whether information submitted by such employees for the PPP loans was consistent with MWRD records and/or in violation of any MWRD Personnel Rules. Based on this review, we discovered an MWRD employee sought a federal PPP loan totaling over \$20,000. On his loan application, the subject employee stated he was the “Sole Proprietor” of a business. The OIIG conducted an investigation to determine if the subject employee informed the MWRD that he was engaging in secondary employment and otherwise complied with MWRD Personnel Rules.

During this investigation, the OIIG reviewed the subject employee’s personnel file, public and subpoenaed PPP loan records, Illinois Secretary of State Corporation/LLC record searches and other public record searches for the subject employee. The OIIG also interviewed the subject employee.

The preponderance of the evidence developed in this investigation supports the conclusion that the subject employee violated Ethics Ordinance O21-002 Article II Section C(5) Secondary

Employment. The MWRD did not require employees to disclose secondary employment until the end of 2020 and the subject employee acknowledged that he failed to disclose his secondary employment business, which he was engaged in when the requirement was implemented.

The preponderance of evidence developed in this investigation also supports the conclusion that the subject employee violated MWRD Ethics Ordinance O22-004, Article I, Section (B)(1) – Public servant code of conduct and MWRD Admin. Proc. Manual 10.27.0, Section 2(j) – Violating the District’s Ethics Ordinance. The evidence shows the subject employee submitted his application claiming to be the sole proprietor of a business. When interviewed by the OIIG, the subject employee stated he generated a small income per weekend with his business; however, on the loan documents the subject employee claimed he owned a different business that generated over \$97,000 in gross receipts. The subject employee stated that the financial information included on the PPP loan application and Schedule C form was false. He denied personally applying for the SBA PPP loan but admitted to providing his personal identifiable information to an individual for the purpose of obtaining the PPP loan proceeds and paying her to complete the loan application for him.

The subject employee stated that he received a total of over \$20,000 in PPP loan funds which were deposited into his personal bank account. Committing financial fraud directed at the federal government tarnishes the subject employee’s reputation and brings discredit to the MWRD as it can erode the public’s trust in the government, and their employees.

Based on the serious nature of the misconduct involved, the OIIG recommended the subject employee employment be terminated. We also recommend the MWRD place the subject employee on its *Ineligible for Hire List*. A response to these recommendations is not yet due.

Outstanding OIIG Recommendations

The OIIG has followed up on outstanding recommendations for which no response was received at the time of our last quarterly report. Under the OIIG Ordinance, responses from management are required within 45 days of an OIIG recommendation or after a grant of an additional 30-day extension to respond to recommendations. Below is an update on responses we received during this quarter to recommendations made in prior quarters.

IIIG24-0128. The OIIG conducted a review for dual employment compliance of MWRD employees who applied for federal Small Business Administration Paycheck Protection Program loans (“PPP loan”) to determine whether information submitted by such employees for the PPP loans was consistent with MWRD records and/or in violation of any MWRD Personnel Rules. Based on this review, we discovered that an MWRD employee sought a federal PPP loan totaling over \$16,250. On her loan application, the subject employee stated she was the sole proprietor of a business. The OIIG conducted an investigation to determine if the subject employee informed the MWRD that she was engaging in secondary employment and otherwise complied with MWRD Personnel Rules.

During this investigation, the OIIG reviewed the subject employee's secondary employment records, public and subpoenaed federal Small Business Administration PPP loan records, Illinois Secretary of State Corporation/LLC records, and other public records. The OIIG also interviewed the subject employee.

The preponderance of the evidence developed in this investigation supports the conclusion that the subject employee violated the MWRD Ethics Ordinance, Article II, Section (C)(5) - Secondary Employment. This provision requires employees to submit a secondary employment form to the MWRD's Human Resources Department whether the employee has compensated secondary employment or not and further requires that any subsequent change in status be reported within 14 days. Compensated "self-employment" must also be disclosed. When interviewed by the OIIG the subject employee admitted she failed to disclose her secondary employment business.

The preponderance of evidence developed in this investigation also supports the conclusion that the subject employee violated the MWRD Ethics Ordinance, Article I, Section (B)(1), which provides that all MWRD employees must remember that they are public servants who must place loyalty to federal and State laws and ethical principles above their private gain. The evidence shows that although the subject employee did own and operate a business in 2020, she grossly overstated her income to obtain the maximum loan amount. When interviewed by the OIIG, the subject employee admitted that the financial information included on the PPP loan application was fabricated for the purpose of obtaining over \$16,000 in PPP loan funds. Thus, the subject employee engaged in fraud against the federal government by certifying and submitting documents containing false information with her loan application to obtain a federal PPP loan. After fraudulently obtaining the federal PPP funds, the subject employee admitted to improperly spending those funds. When requesting forgiveness of the PPP loans, the subject employee falsely stated to the federal government that she spent over \$9,000 of the funds on payroll costs. Committing financial fraud directed at the federal government tarnishes the subject employee's reputation and brings discredit to the MWRD as it can erode the public's trust in the MWRD and its employees.

Based on the serious nature of the misconduct involved, the OIIG recommended the subject employee's employment be terminated. The MWRD adopted this recommendation and is currently pursuing termination proceedings against the subject employee.

Other Important Matters

The Intergovernmental Agreement between the OIIG and the MWRD ("IGA")

It is paramount to remember that the OIIG's primary responsibility is to the County, but we also believe in assisting other governmental agencies especially those with an overlapping constituency. Nonetheless, we have an obligation to fulfill our mission to the County pursuant to the OIIG Ordinance. Therefore, both parties must enter into a mutually beneficial agreement going forward.

Hon. Kari K. Steele and Hon. Members of the Metropolitan
Water Reclamation District of Greater Chicago
Board of Commissioners
January 14, 2025
Page 15 of 15

The OIIG has evaluated the IGA with the MWRD and communicated our concerns to the MWRD's Executive Director and General Counsel. We are currently negotiating a modification in the IGA or, alternatively, considering not to renew the IGA in May 2025. When the IGA was negotiated and executed in 2019, neither party operated under the assumption that the agreement would continue in perpetuity. In May 2025, the IGA's expiration will mark a six-year period where the OIIG provided services to the MWRD. Although the MWRD provided remuneration in exchange for OIIG services, the MWRD's payments only covered salaries and benefits, limited administrative services, and per-hour billings for other OIIG personnel when applicable. These benefits were all provided to the MWRD at cost and no benefits accrued to the County.

Conclusion

Thank you for your time and consideration with these issues. Should you have any questions or wish to discuss this report further, please do not hesitate to contact me.

Very truly yours,



Tirrell J. Paxton
Independent Inspector General

cc: Mr. Brian A. Perkovich, Executive Director
Ms. Susan T. Morakalis, General Counsel
Mr. John T. Joiner, Administrative Aide to the President