



**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
3rd Quarter 2024**

October 15, 2024



OFFICE OF THE INDEPENDENT INSPECTOR GENERAL

Tirrell J. Paxton, Inspector General

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October 15, 2024

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 (3rd 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 July 1, 2024, through September 30, 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 3 OIIG case inquiries have been initiated during this reporting period while a total of 30 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 10 open cases, and no cases open more than 180 days as of the issuance of this report.

OIIG Summary Reports³

During the 3rd Quarter of 2024, the OIIG issued two 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.

IIG24-0128. 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”)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 that an MWRD employee sought a federal PPP loan totaling \$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

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>.

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.

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. This recommendation is currently pending.

IIG24-0134. 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 that an MWRD employee sought a federal PPP loan in excess of \$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 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. Although the subject employee admitted she had a secondary business in 2018, she stated she had stopped in 2019, which was before the secondary employment policy was implemented.

The preponderance of evidence developed in this investigation 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 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 the OIIG interviewed the subject employee, she 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 operate a business or generate income from any secondary employment in 2020. She denied personally applying for the SBA PPP loan but admitted to providing her personal information to an individual for the purpose of obtaining the PPP loan proceeds. The subject employee also admitted that the loan funds 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 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 placed the subject employee on suspension pending discharge proceedings.

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. During this reporting period, there are no outstanding responses to recommendations from prior periods.

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

Hon. Kari K. Steele and Hon. Members of the Metropolitan
Water Reclamation District of Greater Chicago
Board of Commissioners
October 15, 2024
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cc: Mr. Brian A. Perkovich, Executive Director
Ms. Susan T. Morakalis, General Counsel
Mr. John T. Joiner, Administrative Aide to the President