

Protecting Our Water Environment



Metropolitan Water Reclamation District of Greater Chicago

100 EAST ERIE STREET

CHICAGO, ILLINOIS 60611-3154

312.751.5600

BOARD OF COMMISSIONERS

Kari K. Steele
President

Patricia Theresa Flynn
Vice President

Marcelino Garcia
Chairman of Finance

Precious Brady-Davis

Yumeka Brown

Cameron Davis

Beth McElroy Kirkwood

Eira L. Corral Sepúlveda

Sharon Waller

October 12, 2026

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: Office of the Interim Inspector General Quarterly Report (3rd Qtr. 2026)

Dear President Steele and Honorable Members of the Board of Commissioners:

On April 3, 2025, the Board of Commissioners of the Metropolitan Water Reclamation District of Greater Chicago (MWRD or District) enacted the Office of the Interim Inspector General Ordinance, O25-011 (September 4, 2025)(Interim IG Ordinance) in accordance with the MWRD Act, 70 ILCS 2605/4. On May 17, 2025, the MWRD Office of Interim Inspector General (Interim IG Office) initiated operations.¹ The purpose of the Office of the Interim IG is to detect, deter and prevent corruption, fraud, waste, mismanagement, unlawful political discrimination or misconduct in relation to MWRD operations and to assure that no interference or influence external to the Office of the Interim IG adversely affects the independence and objectivity of the office. This report is being submitted in accordance with the Interim IG Ordinance to apprise you of the activities of the office during the period of July 1, 2026 through September 30, 2026.²

¹ On September 4, 2025, the Interim IG Ordinance was amended (O25-011) by the Board of Commissioners to (a) clarify the distribution of confidential summary reports and the maintenance of confidential information, (b) create penalties for violation of the ordinance provisions related to the failure to cooperate and the improper disclosure of confidential information, and (c) expand the scope of authorized public statements by the Interim IG in relation to investigations involving District waste and mismanagement. Metropolitan Water Reclamation District of Greater Chicago, Board of Commissioners Meeting Agenda, Item 2 (File # O25-011) (Sept. 4, 2025), mwrld.legistar.com.

² In accordance with Article VII of the Interim IG Ordinance, this office reports on a quarterly basis (a) the number of complaints received along with the number and type of investigations initiated, concluded and pending, (b) any recommendations made by the Interim IG during the reporting period and whether such recommendations were adopted by the MWRD and (c) any concluded investigations that require a response from the District. Interim IG Ordinance, O25-011, art. VII, para. A-C.

Office of the Interim IG Case Activity

The office received a total of 15 complaints during this reporting period. This number includes those matters opened pursuant to my own initiative (Interim IG Ordinance, art. IV, para. 2).³ Ten of these matters are proceeding as an IG Inquiry at this time while a total of 12 IG Inquiries remain pending. No IG Inquiry opened this reporting period has been upgraded to a formal IG Investigation thus far. Three investigations have been completed this reporting period as set forth below while four Interim IG investigations are currently pending. Due to administrative reasons, these matters remain pending beyond 180 days.⁴

Office of the Interim IG Concluded Investigations

During the 3rd Quarter of 2026, the Office of the Interim IG issued three summary reports. The following summary provides a general description of each matter and the investigation conducted along with recommendations made, if any. Specific identifying information is being withheld in accordance with the Office of the Interim IG Ordinance where appropriate.

Summary Report No. OIG 26-068

This investigation was initiated after receiving an anonymous complaint from a District employee asserting that a District Commissioner misused a District vehicle when the Commissioner drove the vehicle to attend a concert on two nights in Chicago while parking in a no parking zone on both occasions. The vehicle was ultimately towed from the concert venue.

During the course of this inquiry, this office considered records maintained by Human Resources, the Finance Department, General Administration as well as Enterprise Fleet Management records. This office also conducted a search of email activity related to this incident and sought records and information through the Chicago police and Chicago Park District. Interviews were also conducted of officials in both the Finance Department and General Administration. While the evidence confirmed the proximity of the vehicle to the concert and its subsequent tow, we determined the alleged misuse of the District vehicle was unfounded as alleged. Accordingly, this aspect of the investigation was closed.

However, during this investigation, this office reviewed the *Monthly Vehicle Milage Logs* submitted by the subject Commissioner for the pertinent time period and determined that the mileage logs did not contain the requisite mileage detail which would allow one to distinguish the

³ Upon the receipt of a complaint, the Interim IG Office will undertake an analysis of each complaint as part of the intake process and determine whether a formal investigation should be initiated or whether the matter should proceed as an "IG Inquiry" or otherwise be referred or closed. This level of review involves a determination of the existence of corroborating evidence before proceeding with a formal investigation. When an IG Inquiry reveals the existence of corroborating evidence, the matter will be upgraded to a formal investigation. Should additional information be developed negating the viability of the complaint, the matter will be closed without further inquiry.

⁴ See Interim IG Ordinance, art. VIII, para. D.

monthly personal mileage from the business mileage driven during a given month. Additional information developed by this office pointed to a potential deficiency in recording the nature of mileage by other District Commissioners operating Class I vehicles as well. The failure to distinguish personal use from business use of District vehicles by a Commissioner (“Class I Vehicle” operators) stands in violation of District policy. This requirement is important for purposes of computing the Internal Revenue Service (IRS) Business Use Deduction for income tax purposes. Accordingly, this investigation was expanded to include an analysis of all *Monthly Vehicle Mileage Logs* submitted by District Commissioners during 2025.⁵

Office of the Interim Inspector General Investigation

Vehicle Classification Types – Admin. P. Manual 3.1.0

The District guidelines for the assignment of vehicles and fringe benefit taxability are set forth in Admin. P. Manual 3.1.0 (June 22, 2021). The District has classified all District Commissioners receiving assignment of a District vehicle as Class I vehicle operators. The procedure states:

Vehicle Classification Types: Class I (Exempt) - Vehicles that are authorized for use in all District and personal travel, other than activities expressly prohibited by the MWRD Ethics Ordinance (i.e., prohibited political activity). Assigned Drivers are responsible for paying all tolls, fuel purchases, and car washes with their personal funds. With the written consent of the Assigned Driver, other eligible District employees may operate a Class I vehicle solely for District-related activities. Personnel other than the Assigned Driver may not operate a Class I vehicle for independent personal use. Vehicles in this class are subject to taxable fringe benefit reporting on the personal usage in accordance with AP 10.1.0, Employee Fringe Benefits Subject to Tax Reporting and Withholding. Assigned Drivers must maintain a vehicle use log identifying date, mileage, and purpose for all vehicle use. Admin. P. Manual, 3.1.0, § I. C. 2. (emphasis in original).⁶

Personal Use of District Automobiles – Admin. P. Manual 10.1.0, § I

As outlined in this procedure, federal and state tax regulations require that the District report certain fringe benefits to employees as taxable income and withhold taxes for these benefits. The procedure specifically requires that each District employee assigned a vehicle is required to complete the 10.1.0 *District Vehicle Tax Form* at year-end. The value of the personal use of an

⁵ This investigation was expanded in accordance with the Interim IG Ordinance (art. IV. A., para. 2) upon the Interim Inspector General’s own initiative.

⁶ Class II, III and IV vehicles are, with the exception of incidental stops, causing neither a significant deviation in time or geography, not to be used for any personal reasons. See Admin. P. Manual, 3.1.0, § I. B. 3. (Permitted Uses).

assigned District vehicle is determined by IRS rules while the *District Vehicle Tax Form* (also referred to as a *Vehicle Tax Form*) incorporates the valuation guidelines necessary to calculate the fringe benefit.

Admin. P. Manual, 10.1.0, II. B. (Tax Reporting) outlines the two IRS approved tax reporting methods. The following rule pertains to Class I (Exempt) vehicle assignments.

2. The Lease Value Rule. This rule applies to any District vehicle used for commuting that has not met the requirements of the commuting Value Rule, including all Class I vehicles. Employees are required to use the Lease Value Rule if they are considered a control employee per IRS guidelines discussed in Publication 15B. The lease value of the automobile is determined by using the IRS automobile fair market value table. The calculated value of the personal miles will be added to the employee's wages as a taxable fringe benefit.

a. Substantiation Requirements: Employees using the Lease Value taxable reporting method are required to submit a 3.1.4 *Monthly Vehicle Mileage Log* at least monthly detailing business miles. The 3.1.4 *Monthly Vehicle Mileage Log* is available upon request through the Finance Department. The District uses an exception based report where employees report all business miles detailing the date, business purpose, location, and miles driven. The beginning and ending mileage will also be reported; therefore, the employee will report all remaining miles as commuting/personal miles. The Automotive Fleet Supervisor will retain custody of the *Monthly Vehicle Mileage Logs*. Lack of documentation for business miles will result in taxation of business miles to employees at 100%, and will be added to the employee's wages as a taxable fringe benefit. (emphasis added).⁷

Analysis of *Monthly Vehicle Mileage Logs*

This office undertook an analysis of each *Monthly Vehicle Mileage Log* maintained by the automotive fleet section for each Commissioner operating an assigned Class I vehicle to ascertain

⁷ On November 12, 2025, the Acting Executive Director issued an inter-office memorandum to all District Commissioners under the subject *Taxation of Automobile Fringe Benefit*. This memorandum outlines the duties of Class I vehicle operators to utilize the Lease Valuation Method of reporting the taxable value of the personal use of District vehicles. The memorandum specifically states that “[a]ll commuting and personal miles driven in a District vehicle are a taxable fringe benefit. It is the responsibility of the District to report the fringe benefit by including the taxable portion in the employees’ income, as determined by the IRS. To meet IRS substantiation requirements, all Lease Valuation Method employees who claim the Business Miles deduction are required to track business miles by maintaining a daily log. (emphasis in original).

whether the logs complied with Administrative Procedures Manual, 10.1.0 and the November 12, 2025 inter-office memorandum setting forth implementation guidelines. In examining the logs provided by each Class I vehicle operator in 2025, we determined that every log contained only odometer readings reflecting the mileage of the vehicle at the beginning and end of each month. However, the logs failed to contain the requisite detail sufficient to distinguish business usage from personal usage of the respective assigned vehicles. Some of the logs did contain information related to vehicle maintenance costs such as oil changes and minor repairs, but there was no evidence that the logs tracked the business miles driven as required by Admin. P. Manual, 10.1.0 and the Acting Executive Director's November 12, 2025 inter-office memorandum.

Analysis of District Vehicle Tax Forms

The Administrative Procedure Manual requires all assigned District operators of assigned vehicles to complete a *Vehicle Tax Form* at year-end. This office reviewed each of the tax forms provided by each of the 8 District Commissioners operating an assigned District Class I vehicle. The tax forms require specific information necessary to formulate the taxability of the fringe benefit under the Lease Value tax reporting method, including the actual percentage of business use for 2025. The percentage of business vehicle use for 2025 reflected in the forms ranged from 31.87% to 98% business use. The average business use reported by Class I vehicle operators in 2025 was 79.4%.

Interview of Finance Department Official

The senior official from the Department of Finance explained that one of their responsibilities is to collect and process the *District Vehicle Tax Forms* pursuant to Admin. P. Manual, 10.1.0 (§ II. A.) that are submitted by each vehicle operator on an annual basis. The senior official explained that the Department of Finance accepts the forms and assumes the information being supplied is accurate. The senior official stated that supporting documentation for the personal/business mileage being claimed is not reviewed as part of the Department of Finance process. The senior official stated that although they are familiar with the *Monthly Vehicle Mileage Logs* which all operators of Class 1 (Exempt) vehicles are required to submit, those forms are collected by General Administration pursuant to Admin. P. Manual 10.1.0. That is, the fringe benefit for personal use of a District vehicle by Class I operators is based solely on the *District Vehicle Tax Form* and not the *Monthly Vehicle Mileage Logs*.

Interview of General Administration Official

The senior official from General Administration explained that the *Monthly Vehicle Mileage Logs* are collected from Class 1 vehicle operators and maintained by fleet management in accordance with Admin. P. Manual 10.1.0. The senior official also explained that General Administration does not participate in the process of calculating fringe benefit in relation to business/personal miles of Class I operators and does not provide the logs to the Finance Department.

Findings and Conclusion

The preponderance of the evidence developed during the course of this investigation supports the conclusion that the operators of Class I (Exempt) vehicles fail to report their business/personal mileage use as required by Admin. P. Manual, 10.1.0 on the requisite *Monthly Vehicle Mileage Logs*. We understand that the Class I vehicle operators may be utilizing a separate method to track business/personal mileage, such as a business mile tracking app, to record their vehicle use during the year. However, Admin. P. Manual 10.1.0 specifically admonishes that the Lease Value taxable reporting method requires the submission of *Monthly Vehicle Mileage Logs*. Importantly, the policy also mandates that the “[l]ack of documentation for business miles will result in taxation of business miles to employees at 100%, and will be added to the employee’s wages as a taxable benefit.” Admin. P. Manual, 10.1.0 (§ II. B. 2. a.). As set forth above, neither of these requirements are being adhered to or are being enforced.

The senior officials interviewed have confirmed that both the *District Vehicle Tax Forms* are provided to the Finance Department at year’s end and the senior official from General Administration has confirmed that the incomplete *Monthly Vehicle Mileage Logs* are also being submitted to fleet management. The policy does not require fleet management or the Class I operators to provide the *Monthly Vehicle Mileage Logs* to the Finance Department. The submission of these forms to separate units of the District has caused or contributed to these circumstances.

Recommendations

In accordance with the Interim IG Ordinance (Art. VIII, B. 3.) and based on the foregoing investigation, the following recommendations for remedial action were made:

1. In accordance with Admin. P. Manual 10.1.0, at least monthly, all Class I vehicle operators should report “all business miles detailing the date, business purpose, location, and miles driven” on *Monthly Vehicle Mileage Logs*. The business miles recorded should coincide with the information submitted to the Finance Department at year-end on the *District Vehicle Tax Forms*;
2. The District should implement a protocol or procedure whereby the *Monthly Vehicle Mileage Logs* are submitted to the Finance Department and considered along with the *District Vehicle Tax Forms* for taxation and audit purposes; and
3. An overview of protocols of other Illinois public entities demonstrates that unlimited personal use of assigned public vehicles is not a widespread practice. We recommend that the members of the Board of Commissioners undertake a cost/benefit review of this practice with District management and determine whether it should be eliminated as a fringe benefit.

These recommendations are currently pending.

Summary Report No. OIG 26-069

In accordance with the Interim IG Ordinance (art. IV., sec. A), this investigation was initiated after receiving a May 27, 2026 telephone report from an anonymous individual where it was alleged that a District employee had engaged in fraud in connection with the Federal Paycheck Protection Program (PPP). The subject employee was assigned as a Maintenance Laborer in the Building & Grounds Unit of Stickney WRP.

During the course of this investigation, this office considered records maintained by Human Resources, records obtained via subpoena from Prestamos LLC, a PPP lender, and JP Morgan Chase Bank. This office also conducted open source inquiries of databases and social media platforms in relation to the subject and individuals identified by him during his interview. Additional records maintained by the Illinois Secretary of State and Department of Professional Regulation were also considered as part of this investigation. This office also conducted an interview of the employee.

Small Business Administration's Paycheck Protection Program⁸

An open source search of PPP loan applicants revealed that the subject secured a PPP loan in the amount of \$14,582 in April 2021. The loan was based upon claimed payroll losses in the provision of barber services in Chicago. The loan was secured through Prestamos LLC and subsequently forgiven by the Federal Small Business Administration on October 7, 2021.

Prestamos PPP Loan Records

This office obtained PPP records through subpoena from Prestamos LLC, a PPP lender, pertaining to the subject. The records revealed that the subject employee sought a PPP loan on April 10, 2021 based upon losses in the operation of a sole proprietorship providing barber services under the employee's name which was established in 2019. On a 2020 Federal Schedule C tax form submitted with the application, it was disclosed that the business generated \$70,000 of gross receipts and sales in 2020 for barber services. The business location matches the employee's address in Chicago. The application records also reveal that the business tax identification number (TIN) matches the employee's social security number. The application records include an *Information and Bank Certification and Authorization* form that lists the employee as the account owner of JP Morgan Chase account number XXXXXX18. The Prestamos LLC file also contains a three-page JP Morgan Chase Bank statement pertaining to the time period of January 16, 2020 through February 14, 2020 listing the employee as the account holder. On April 28, 2021, a loan

⁸ The CARES Act is a federal law enacted on March 29, 2020 to provide emergency financial assistance in connection with the economic effect of the COVID-19 pandemic. One source of coverage provided by the CARES Act was the authorization of up to \$349 billion in forgivable loans to small businesses for job retention and other business expenses through the PPP. The PPP allowed qualifying small businesses and other organizations to procure loans with a maturity of two years and an interest rate of 1%. PPP loan proceeds were required to be used for payroll costs, interest on mortgages, rent and/or utilities. The PPP permitted the interest and principal of PPP loan proceeds to be forgiven if the borrower spends the loan proceeds on these expense items within a specified period of time.

disbursement amount of \$14,582 was approved by the lender. The DocuSign Certificate of Completion for the SBA Note includes a signature of employee using IP address 98-167.36.27 on April 28, 2021.⁹

The file also contains a *PPP Loan Forgiveness Application Form* dated August 31, 2021, seeking loan forgiveness in the amount of \$14,582. The loan forgiveness application lists the borrower's email address as XXXXXXXXXX100@gmail.com. The TIN/SSN, business address, and business telephone on the loan forgiveness form correspond with the information supplied in the loan application documents. The Prestamos LLC records indicate that the loan was forgiven by the Federal SBA in the amount of \$14,582 on October 7, 2021.

JP Morgan Chase Account XXXXXXXX08

This office obtained records via subpoena from JP Morgan Chase Bank pertaining to account number XXXXXXXX08 (Chase College Checking) held by the subject employee. The Chase bank statement addresses the time period of April 15, 2021 through May 14, 2021. The statement beginning account balance was \$37.52 and on May 6, 2021, the account balance was \$16.80. On May 7, 2021, the account posted a deposit of \$14,582 from Prestamos for PPP funding leaving a balance in the account of \$14,598.80. The account statement lists a number of subsequent expenditures resulting in an ending balance on May 14, 2021 of \$644.95.

Public Record Searches

This office conducted various searches of public records and open source social media platforms to verify the employee's professional barber licensure and business existence, as well as other indications of barber related services being provided by the employee. No such records were identified.

Confirming the Interview of Employee

The subject employee was contacted by telephone to confirm that he received an email scheduling an interview for September 11, 2026. The employee stated he had received the email and confirmed he was planning to attend. The employee inquired about the topic of the interview and he was advised that it related to a Paycheck Protection Program (PPP) issue. The employee was familiar with the topic and stated, "I have a police report on that. My identity was stolen. Do you think I should bring papers I have explaining that?" The employee was advised to bring whatever documents he may have in his possession that would be relevant to the PPP matter. The employee never mentioned that he was the subject of a "blackmail" attempt in relation to the PPP loan.

⁹ The geolocation for IP Address 98.167.36.27 is in Las Vegas, Nevada.

Interview of Employee

The subject employee was asked if he ever worked as a barber and applied for a loan through the Paycheck Protection Program in 2021 and he responded that he had not and stated that his identity was stolen during that time period. Specifically, the employee stated he was driving to college from Chicago when he was arrested and placed in jail while his car was impounded. After his release and on his way back to school, the employee realized that a pair of pants containing his wallet had been stolen from his vehicle. He could not pinpoint when or where the items were stolen. The employee stated that he filed a police report with Decatur, Illinois police when he arrived at school. The employee also explained that another incident occurred last year when his wallet and cards were stolen from his vehicle in Chicago. No perpetrators were identified though a police report was generated by Chicago police in connection with this theft.

The employee was asked whether he was aware that a PPP loan was applied for using his identity through Prestamos LLC in April 2021 and he stated that he became aware of this when he was contacted by telephone by an unknown man and woman who demanded that he send them \$5,500 of the proceeds of the PPP loan. The employee explained that he rejected this effort as “blackmail” and noted that the unidentified callers also threatened him and his mother and sent him a photograph of their home in Chicago to intimidate him. According to the employee, these same individuals contacted him again on a subsequent occasion to demand a lesser sum out of the PPP proceeds. The employee speculated that one of the persons was trying to hide their voice as if it was an effort to disguise their identity. The employee stated that he did not file a police report concerning these incidents but stated he spoke to a policeman who told him generally that this type of thing can happen.

The subject employee was presented a copy of the PPP loan records received from Prestamos LLC in response to a subpoena issued by this office.¹⁰ The employee was directed to three pages of the records which consist of a JP Morgan Chase account statement pertaining to account number XXXXXXXX08 for the period of January 16, 2020 through February 14, 2020. The Chase account and statement indicate that it belongs to the subject employee. The employee was asked how Prestamos LLC, the lender, could have received a copy of his personal bank statement as part of the PPP application. The employee stated that a family member may have obtained a copy of the statement or that a copy could have been located in his car when his wallet was stolen in 2021 though he could not otherwise account for his bank statement being part of the loan application records.

The employee was asked if he ever used an email address identified as his in the borrower *Application Form for Schedule C* – XXXXXXXX.X@yahoo.com.¹¹ The employee stated he was unfamiliar with the email address and proffered that further investigation of the email origins could

¹⁰ The initial PPP application is dated April 10, 2021 and approval date for the loan was April 22, 2026 while the loan forgiveness date was October 7, 2021 in the amount of \$14,582.00 per the records produced by Prestamos LLC.

¹¹ The email address XXXXXXXX.X@yahoo.com (akin to “John.D@yahoo.com”) is no longer active. Public records suggest that this email address was used by an individual living on the East Coast of the U.S. with no known association with the employee.

lead to the person who made the PPP loan application in his name. The employee was also asked about the email address XXXXXXXXXXXX100@gmail.com which is contained in the *PPP Loan Forgiveness Application Form* dated August 31, 2026. The employee stated that the email belongs to his cousin and explained further that he sees his cousin regularly when they are at their shared grandmother's home where they offer her their assistance. The employee was unaware of why his cousin's email address was used on the loan forgiveness application. The employee's social security number, home address and Chase Bank account are each accurately identified in the loan records.

The employee was then presented with a copy of his JP Morgan Chase account statement pertaining to account number XXXXXXXX08 for the period of April 15, 2021 through May 14, 2021 and informed that these documents were provided by Chase bank to this office pursuant to subpoena. The employee acknowledged that the record pertains to his former bank account with Chase and also acknowledged that the statement starting balance was \$37.52 and on May 6th, the account balance was \$16.80 before a deposit of \$14,582.00 was made by Prestamos LLC on May 7, 2021. The employee also acknowledged his then awareness of the deposit and stated that he called Prestamos during the time period of the deposit to learn what the deposit was for. The employee stated that he spoke to an unknown "lady" who told him that "there was nothing he could do" about the deposit at that point because it was "too late." When asked to explain further, the employee said the "lady" indicated the loan was already forgiven.

The employee reviewed the Chase bank statement and the individual expenditures after the subject PPP deposit with IG Investigators and acknowledged Zelle transfers to both his then girlfriend and mother in the amount of \$2,750 on the same day of the PPP loan deposit. The employee also acknowledged making the other recorded purchases reflected in his bank statement including from Saks Chicago, Burberry LTD, Nordstrom, and numerous restaurant charges and cash withdrawals of the PPP proceeds resulting in a final cash balance on May 14, 2021 of \$644.95 as reflected in the Chase bank statement. The employee stressed that while he did spend the proceeds, he did not ask for the PPP proceeds and was told there was nothing he could do after the funds were deposited in his account and forgiven.

The employee stated that he came to the realization that "someone close to [him]" made the "blackmail" demand because they knew the money had already been deposited in his bank account. The employee also stated that he never succumbed to the blackmail by paying any money to the individuals who contacted him demanding payment. The employee was asked, based on his view of the circumstances, who in his family or otherwise someone close to him may have submitted the PPP application and/or demanded the money from his account. In response, the employee identified his cousin Bxxxx but did not know his last name or address. The employee also identified his brother Kxxxx who is now living in either "Arizona or Las Vegas" and his aunt, Axxxxx, who lives in the Chicago area though he did not know his aunt's last name. The employee also identified a family friend, Mxxxxxx, who is now incarcerated in Tennessee as a possibility. The employee did not know Mxxxxxx's last name. The employee was asked and agreed to identify the last names of his aunt, Axxxxx, cousin, Bxxxx, and family friend Mxxxxxx and contact this office.

Paycheck Protection Program Applicants

An open source search of PPP loan applicants revealed that the employee's brother, Kxxxx, secured a PPP loan in the amount of \$16,665 on March 28, 2021. The loan was based upon payroll losses in the operation of barber services in Las Vegas. An open source search of social media and other records indicates that Kxxxx of Las Vegas is the brother of the employee.¹² The employee's brother reports on his open source Facebook page that he is a "Digital Creator."

Findings and Conclusion

The preponderance of the evidence developed during the course of this investigation supports the conclusion that the employee knowingly held PPP loan proceeds in his personal JP Morgan Chase account (XXXXXXXX08) that were secured through the provision of false information to the Federal SBA culminating in Prestamos LLC processing the loan and depositing the proceeds into the employee's personal account. The employee then, without delay, spent nearly all of the PPP proceeds within the following seven days.

During his interview, the employee acknowledged that the PPP loan proceeds were deposited into his account and spent by him on personal expenditures with knowledge that the funds did not belong to him. The employee asserts, however, that the loan was sought without his knowledge by an unknown third party who attempted to capitalize on the employee's receipt of the loan proceeds through blackmail. According to the employee, while the fraudsters were successful in securing the federal loan in his name, they ultimately failed to persuade him to share the proceeds despite their efforts to intimidate him and his mother. In other words, the employee asserts that his involvement in the fraudulent loan was limited to spending the ill-gotten loan proceeds.

The employee's explanation of these circumstances exposes certain anomalies that reasonably allow one to question whether the employee sought the loan himself or with the assistance of a third party with his knowledge. According to the employee, when he contacted the lender for information, he was informed by an unknown representative that "there was nothing he could do" to resolve the situation because the loan was forgiven. This could not be true because the employee stated in his interview that he called Prestamos LLC when he received the funds in April 2021 although loan forgiveness was not made until October 7, 2021 almost 6 months later.

The employee also stated in his interview that he became aware of the loan deposit when he was contacted by unknown individuals who sought to blackmail him. The employee stated that he spoke to a policeman about the issue but no official report was made. We find this incredible - that the employee would not bother to officially report a blackmail scheme that included elements of a threat of violence against he and his mother but he did, according to the employee, when his wallet was stolen in 2021 and 2025. We also find it incredible that Chicago police would handle

¹² Records also revealed that the employee's cousin, Bxxxx of Chicago, secured a PPP loan on April 22, 2021 from Prestamos LLC for salary losses under the classification of personal services.

such a report, as suggested by the employee, by shrugging off the circumstances and stating that these things can happen. We believe these circumstances reveal that the employee knew then and now that he and his mother were never in danger of a blackmail attempt or physical threat.

During his interview, the employee suggested that his brother and several other family members may have been involved in applying for the fraudulent loan. As outlined above, the employee's brother also obtained a PPP loan based on barber service losses several weeks before the subject PPP loan was made that resulted in PPP proceeds being deposited in the employee's personal Chase account. We also note that the subject loan application included a DocuSign Certificate of Completion for the SBA Note with a geolocation of an IP address in Las Vegas, Nevada where the employee's brother resides. Additionally, it was noted that the subsequent August 31, 2021 PPP loan forgiveness application utilized his cousin's email address. These circumstances suggest that the employee may have received conspiratorial assistance from his family in securing the loan, especially when one considers that 100% of the fraudulent loan proceeds were used by the employee and no one else. Accordingly, we believe that the employee provided false and/or misleading information during his interview in an effort to disguise his actual knowledge of the fraudulent PPP loan.

Recommendation

Based on all of the foregoing and in accordance with the provisions of the District's Ethics Ordinance (art. I, § B.) and the District's Rules of Conduct (Admin. P. Manual, § 10.27.0), we recommended that the employee be subject to disciplinary action consistent with other cases involving District employees who have committed fraud against the Federal Small Business Administration as part of a Paycheck Protection Program loan. In response to this recommendation, the subject employee's probationary employment with the District was terminated.

Summary Report No. OIG 26-076

In accordance with the Interim IG Ordinance (art. IV. sec. A), this investigation was initiated after receiving a complaint asserting that a District Manager "mishandled confidential medical/leave information" related to Subordinate Employee when District Manager discussed the parameters of the Subordinate Employee's medical leave and restrictions for returning to duty following a medical event involving the Subordinate Employee. The medical event occurred on December 15, 2025 while Subordinate Employee was working in the District. At that time, Subordinate Employee suffered a seizure and involved numerous District employees responding to the situation in an effort to assist. The Subordinate Employee was transported by ambulance for medical treatment and took a personal leave of absence following the episode.¹³

¹³ Because the Subordinate Employee was new to the District, he was not yet a "qualified individual" covered under the Family and Medical Leave Act of 1993 (29 USC § 2601) for purposes of a leave of absence.

This Interim IG investigation was initiated to ascertain whether the comments made by District Manager to the senior employee constitute confidential medical information under the Americans with Disabilities Act of 1990 (ADA) and, if so, whether its communication to another senior employee violated the ADA or District policy. This investigation included the interview of four District employees, analysis of relevant law and policy and meetings with senior District officials to develop information related to past District practice involving confidentiality protocols and training. This office also undertook a focused email search of District Manager's email communications on the subject of Subordinate Employee.

Americans With Disabilities Act

It is the stated purpose of the ADA to provide a clear and comprehensive national mandate for the elimination of discrimination against individuals with disabilities and to provide clear, strong, consistent, enforceable standards addressing discrimination against individuals with disabilities. 42 USC § 12101(b)(1-2). Title I of the ADA permits employers to collect information concerning an applicant or current employee's medical condition or history though the information must be appropriately handled by the employer and the information obtained regarding the medical condition or history of the applicant or employee shall be, *inter alia*, collected and maintained on separate forms and in separate medical files and be treated as a confidential medical record. 42 USC §12112(d)(3) and (4).¹⁴ The ADA provides three exceptions:

- (i) supervisors and managers may be informed regarding necessary restrictions on the work or duties of the employee and necessary accommodations;
- (ii) first aid and safety personnel may be informed, when appropriate, if the disability might require emergency treatment; and
- (iii) government officials investigating compliance with this chapter shall be provided relevant information on request.... 42 USC § 12112(d)(3)(B)(i-iii)(emphasis added).

Interview of District Manager

District Manager explained that Subordinate Employee worked as an Environmental Research Technician (ERT) in his chain of command and noted that he is generally the individual in his chain who addresses personnel matters.

District Manager was not on site the day of Subordinate Employee's December 15, 2025 seizure and became aware of it the evening of the medical episode or the following day. Various individuals, including District Police, Stickney WRP's nurse and others were at or arrived on scene shortly after the seizure occurred to assist. Another supervisor accompanied Subordinate

¹⁴ These protections cover all applicants and employees regardless of whether they are a "qualified individual" with a disability under the Act. Great Lakes ADA Center, Employment Legal Briefs: *Confidentiality Requirements under the ADA*, Brief No. 31 (2018), *see also* *Nawarra v. Cook County*, 132 F.4th 1031 (7th Cir. 2025).

Employee to the hospital and remained with him until his father arrived at the hospital. While at the hospital, the supervisor became privy to additional medical related details of Subordinate Employee's treatment and condition. District Manager noted that in July 2025, the District was informed by Subordinate Employee that he had recently suffered a seizure outside of work and required several days off.

Following the medical episode on December 15, 2025, District Manager stated he became worried about Subordinate Employee's condition, as well as the Secretary of State guidelines pertaining to persons suffering from a loss of consciousness in light of the driver's license requirement of Subordinate Employee's position.

District Manager was asked who he spoke to about Subordinate Employee's medical event. District Manager stated that he had spoken to a number of individuals and that they fell into two groups. For example, District Manager stated that this incident drew the attention of the employees working with and around Subordinate Employee. Accordingly, employees would come to District Manager seeking information about Subordinate Employee's condition or otherwise express concern for his safety. In these cases, District Manager would use only generalities. District Manager explained further that he also spoke in more specific terms when discussing Subordinate Employee's history and his concerns over Subordinate Employee's driver safety and eligibility. District Manager was asked to identify those individuals who fell into the second category and he stated that he spoke with Human Resources and Legal Department representatives and certain managers and supervisors. District Manager indicated that these conversations were specifically related to addressing these concerns and Subordinate Employee's return to duty.

District Manager stated that he was familiar with requirements associated with the management of confidential medical information due to his role as a manager in the District. When asked if he received training from Human Resources, District Manager stated that training designed for managers was limited. Rather, District Manager stated that he has become familiar with the provisions of the Family and Medical Leave Act and Americans with Disabilities Act as a result of issues that he has dealt with as a manager.

Findings and Conclusion

Title I of the ADA protects confidential medical information from unauthorized disclosure by an employer. However, not all medical related information held by an employer constitutes confidential medical information protected from disclosure by the ADA. For example, an employee's pure voluntary disclosure of a medical condition to an employer does not receive the same level of protection under the ADA. *See EEOC v. Thrivent Financial Services*, 700 F.3d 1044 (7th Cir. 2012).

In the present circumstances, according to District Manager, Subordinate Employee first notified the District in July 2025 that he suffered a seizure outside of work which required time off. Thus, Subordinate Employee's initial disclosure of a medical condition was voluntary. However, as noted in *EEOC v. Thrivent*, additional inquiries by an employer with knowledge of a

medical condition that results in further disclosure may not be considered voluntary. *Id.* On December 15, 2025, Subordinate Employee suffered from a seizure at work which involved a notable response from individuals in the workplace and emergency transport of Subordinate Employee to the hospital. A District supervisor accompanied Subordinate Employee to the hospital and remained until Subordinate Employee's father arrived. During this time, a District supervisor received additional medical information due to his proximity to Subordinate Employee while receiving medical treatment and reported this to the District Manager. With all of this information, District Manager became concerned about the safety of Subordinate Employee and others knowing that Subordinate Employee was required to drive in his position. Accordingly, District Manager contacted Human Resources to seek guidance and resolution. Subordinate Employee remained on leave for several months while HR engaged in the interactive process with Subordinate Employee under Admin. P. Manual 10.13.0. District Manager also participated in subsequent discussions with HR concerning both Subordinate Employee's return to duty as well as his concerns over safety in the workplace. We believe that the preponderance of the evidence supports the conclusion that while a voluntary disclosure by Subordinate Employee occurred in this case, subsequent employer inquires based on this information triggered the confidentiality protections of the ADA.

The next question concerns whether District Manager's comments to senior employee constitute an authorized disclosure of confidential information. The ADA specifically contemplates that supervisors and managers may be informed regarding necessary restrictions on the work or duties of the employee. 42 USC § 12112(d)(3)(B)(ii). In *O'Neil v. City of New Albany*, the Seventh Circuit recognized that confidential information may be disclosed to appropriate decision makers in the workplace who are involved in making employment decisions. *O'Neil v. City of New Albany*, 293 F. 3d 998, 1008-09 (7th Cir. 2002). In reaching this conclusion, the Seventh Circuit relied on EEOC guidelines which provide that "the employer may only share the medical information with individuals involved... who need to know the information." *Id.*, citing EEOC Compl. Man. (CCH), para. 6903 at 5380.

During his interview, District Manager acknowledged speaking with individuals in the workplace about these circumstances and placed them into two groups. The first group included Subordinate Employee's co-workers expressing concern over the December 15, 2025 medical episode. District Manager would address their concerns using only general language that would not involve a discussion of confidential information. The other group of individuals identified by District Manager were other managers involved in addressing these circumstances who were in a "need to know" position. In this regard, we believe that District Manager acted reasonably and appropriately in discussing his safety concerns and Subordinate Employee's return to duty.

However, the senior employee, who is a manager, explained to this office that he/she was not in Subordinate Employee's chain of command and "would have no opinion" on the concerns being raised by District Manager in their conversation and did not believe he/she was in a position of needing to know any of the work safety concerns being discussed. Accordingly, we believe that District Manager strayed from the safe harbor set forth in 42 USC § 12112 (d)(3) during his discussion with senior employee.

Recommendations

In accordance with the Interim IG Ordinance (art. VIII, B. 3.) the following recommendations were made:

1. District Manager should be counselled to carefully maintain the confidentiality of information subject to the parameters of 42 USC § 12112 (d)(3) and release such information only to those in a “need to know” capacity;” and
2. This case highlights the importance of preparing District managers and supervisors in their important administrative roles under the ADA, as well as other statutory mandates such as the Freedom of Information Act, Civil Rights Act of 1964, Age Discrimination in Employment Act, Family and Medical Leave Act, Illinois Personnel Records Review Act and the Illinois Right to Privacy in the Workplace Act. Currently, the District lacks a comprehensive approach to training managers and supervisors in matters of confidentiality. Accordingly, we recommend that the District consider expanding its manager/supervisor training modules to include guidance in this area. We also recommend that the District enact a comprehensive policy pertaining to confidentiality in the workplace.¹⁵

These recommendations are currently pending.

Interim IG Quarterly Report – July 13, 2026

When an Interim IG summary report is issued with recommendations for disciplinary or remedial action, the District is required to respond within 45 days or, if approved, a 30-day extension thereof. *See* Interim IG Ordinance, art. VII, para C.

Summary Report No. OIG 25-008

In accordance with the Interim IG Ordinance (art. IV. sec. A), this investigation was initiated after receiving a complaint alleging the subject Senior Official exhibited favoritism toward a subordinate Department Employee when the Senior Official sought the creation of a high level new position and during the selection process leading to the promotion of the Department Employee into the new position. This investigation was undertaken to ascertain whether the alleged conduct occurred and, if so, whether the fiduciary duty provision of the Ethics Ordinance has been implicated. Metropolitan Water Reclamation Dist. of Greater Chi., Off. of the Interim Inspector Gen., Quarterly Report, pp. 2-8: Second Quarter 2026 (July 13, 2026), mwr.org.

On July 29, 2026, the District adopted the Interim IG recommendation to admonish the Senior Official through a written warning and notice by the Executive Director and was informed

¹⁵ We note that Cook County, Illinois has adopted such a policy to address State and Federal statutes pertaining to confidentiality in the workplace. *See Cook County Personnel Rules*, 10.3, *et seq.* (February 2023).

that the Senior Official be recused from any classification, examination or selection activities for positions which the Department Employee may be a candidate.

Summary Report No. OIG 25-016

This investigation was initiated after receiving an anonymous email complaint from an individual alleging that District Employee, an employee of the District since 2016, resides outside of the District's territorial boundaries and has done so since the beginning of his employment with the District in violation of the Metropolitan Water Reclamation Act, (70 ILCS 2605). Metropolitan Water Reclamation Dist. of Greater Chi., Off. of the Interim Inspector Gen., Quarterly Report, pp. 8-16: Second Quarter 2026 (July 13, 2026), mwrdd.org.

This investigation resulted in a recommendation for the District to initiate disciplinary action against District Employee for his failure to maintain his domicile within the District's territorial boundaries. We also recommend that the District seek the imposition of discipline that is consistent with the level of discipline imposed in other similar cases of an employee's failure to adhere to these requirements. On July 15, 2026, the District placed the subject employee on suspension pending discharge proceedings before the Civil Service Board.

Summary Report No. OIG 26-040

On January 20, 2026, a Senior District Official and Department Head met with the Interim IG to review a potential practice of a Commissioner assigning staff member duties that support the operations of Private Water Association, a 501(c)(6) entity.¹⁶ The Commissioner is also an officer of Private Water Association, Illinois Chapter, and, as set forth in the Commissioner's private company's website under the "Practice Area" tab, the Commissioner "has ongoing work as a Principal Investigator (PI) with [Private Water Association]. Based on this information, this investigation was initiated to ascertain whether (a) the assignment of staff in support of Private Water Association is appropriate and (b) whether the Commissioner holds a pecuniary interest in the Private Water Association as a Principal Investigator giving rise to, *inter alia*, a conflict of interest.¹⁷ Metropolitan Water Reclamation Dist. of Greater Chi., Off. of the Interim Inspector Gen., Quarterly Report, pp. 16-24: Second Quarter 2026 (July 13, 2026), mwrdd.org.

This office determined that, while the mission of the Private Water Association may align with the District's mission in certain circumstances they do not overlap and without a legislative enactment of the MWRD Board of Commissioners, the protections afforded by Article VIII, § 1

¹⁶ A 501(c)(6) is a tax designation for nonprofit organizations promoting common business interests or industry conditions as opposed to 501(c)(3) nonprofit charities that benefit the general public. *See* 26 U.S.C. §501(c)(3) and (6).

¹⁷ The District's Ethics Ordinance states that "No Commissioner, Officer or Employee shall make, or participate in making, any District governmental decision with respect to any matter in which the Commissioner, Officer or Employee or their Relative, has any economic interest distinguishable from that of the general public." MWRD Ethics Ordinance, O22-004, art. II, § C. 1. (Conflicts of Interest).

of the Illinois Constitution caution against dedicating resources of the District for the benefit of the Private Water Association.

This investigation failed to identify a conflict of interest involving the Commissioner or staff member. However, the findings of this case demonstrated that the conditions that existed in 2022 leading to the OIIG's findings and recommendations set out in the Cook County Office of Indep. Inspector Gen., Summary Report on Commissioner Aide Positions (March 22, 2022) continue to exist. Accordingly, we recommended that the District renew its efforts to set minimum qualifications and scope of duties for the Assistant/Aide to the Commissioner positions. As previously noted in IIG21-0183, these qualifications, duties and functions should also correlate with established salary ranges of MWRD positions with similar qualifications and duties. *Id.* These recommendations are pending.

Summary Report No. OIG 26-049

In accordance with the Interim IG Ordinance (art. IV. §. A), this investigation was initiated after receiving a complaint alleging a District Senior Environmental Research Technician (Supervisory Employee) was exhibiting favoritism to a subordinate Environmental Research Technician (Subordinate Employee) when scheduling work assignments within their assigned unit. At all relevant times, the Supervisory Employee and Subordinate Employee have been involved in a consensual romantic relationship and are currently engaged. This investigation was undertaken to ascertain whether the alleged conduct occurred and, if so, whether the fiduciary duty and/or conflict of interest provisions of the Ethics Ordinance have been implicated. Metropolitan Water Reclamation Dist. of Greater Chi., Off. of the Interim Inspector Gen., Quarterly Report, pp. 24-28: Second Quarter 2026 (July 13, 2026), mwrdd.org.

The following recommendations for remedial action were made:

1. All direct oversight responsibilities by the Supervisory Employee over the Subordinate Employee should be removed and reassigned, even when the oversight only occurs intermittently;
2. The District should consider the implementation of a District-wide policy addressing personal relationships in the workplace including issues related to employee disclosure of personal relationships and managing the workplace risks associated with them.
3. Similarly, the District should eliminate the current statutory vulnerability contained in the Ethics Ordinance (art. II, §. C. 6.) wherein it permits commissioners, officers and employees to directly supervise or evaluate a relative's job performance if the relationship existed prior to April 7, 2022.

These recommendations are currently pending.¹⁸

Summary Report No. OIG 26-050

On March 13, 2026, this office received an anonymous one page complaint stating:

It is recommended that the Inspector General look at an email address that is being used by an aid to a Commissioner that gives the appearance of the email coming from an official District email account.

Specifically, [Employee A] is an aid to [Commissioner A]. [Employee A] uses the personal email address: XXXX.mwrd@gmail.com to conduct official District business. This has caused confusion as to whether such emails are being sent in a personal capacity or [are] coming from the District. The use of this personal email address also may be an attempt to end-run around any Freedom of Information Act (FOIA) requests.

At a minimum, the use of this [G]mail email address containing reference to “MWRD” is misleading and should be stopped.

[Commissioner A] should also be looked at as to whether she is using the same type of [G]mail account to conduct official District business. Thank you for your attention to this matter. Metropolitan Water Reclamation Dist. of Greater Chi., Off. of the Interim Inspector Gen., Quarterly Report, pp. 28-30: Second Quarter 2026 (July 13, 2026), mwrd.org.

In balancing the legitimate government interest identified in this investigation of developing efficiencies in managing the Commissioner’s office against the security, transparency, compliance and professionalism concerns of the District, this office recommended that the District adopt a clear business model requiring all official business of the District be conducted using the District’s official email accounts. This recommendation is pending.

Conclusion

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

¹⁸ Recommendations number 2 and 3 were initially provided in Summary Report OIG 25-004 (December 19, 2025) and are currently pending as set forth in Interim Inspector General Quarterly Report (1st Qtr. 2026) issued on April 14, 2026.

Honorable Kari K. Steele and Honorable Members of the Metropolitan
Water Reclamation District of Greater Chicago Board of Commissioners
October 12, 2026
Page | 20

Very truly yours,



Patrick M. Blanchard
Interim Inspector General
Blanchardp@mwr.org
312.751.6590

cc: John P. Murray, Executive Director
Susan T. Morakalis, General Counsel
James Fisher, Director of Human Resources