

FILED

OCT 05 2010

**DOROTHY BROWN
CLERK OF CIRCUIT COURT**

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

IN THE CIRCUIT COURT OF COOK COUNTY
COUNTY DEPARTMENT – CRIMINAL DIVISION

THE PEOPLE OF THE)
STATE OF ILLINOIS,)
)
Plaintiff,)
)
-vs-)
)
CARLA OGLESBY,)
)
Defendant.)

10 - 1-131438⁰¹

**PEOPLE’S FACTUAL PROFFER
IN SUPPORT OF SETTING BOND**

NOW COME The People of the State of Illinois, Plaintiff herein, through their attorney ANITA ALVAREZ, State’s Attorney of Cook County, by her Assistants, Jack Blakey, Michael Golden, Robert Podlasek and Julie Gunnigle, and hereby present their factual proffer in support of setting bond.

I. Introduction

Section 5/110-5 of the Illinois Code of Criminal Procedure sets forth criteria relevant to determining the amount of bail and conditions of release, including the nature and circumstances of the offenses charged. 725 ILCS 5/110-5. The information used by the Court in its findings with regard to setting the amount of bail may be presented by way of written proffer based upon reliable information offered by the State. 725 ILCS 5/110-5.

The Defendant CARLA OGLESBY (“defendant” or “OGLESBY”) is charged by way of criminal complaint with the class X felony offense of Theft of Government Property over \$100,000 (720 ILCS 5/16-1(a)(1)(b)(6)); the class 1 felony offense of Money Laundering over \$100,000 (720 ILCS 5/29B-1(a)(1)(B)(i)); and the class 3 felony offense of Official Misconduct (720 ILCS 5/33-3(b)). The defendant faces a minimum term of imprisonment of six to thirty years in state prison, without the possibility of probation.

This matter arose through a joint investigation being conducted by the Cook County State’s Attorney’s Office, and the Cook County Office of the Independent Inspector General. In summary, the evidence shows that the defendant and others engaged in a scheme to defraud the people of Cook County through a series of sham vendor contracts (“24-9” contracts). For the

Court's review, two of these 24-9 contracts are outlined below. The investigation remains ongoing.

II. Defendant

The Defendant is 41 years of age and currently resides in Chicago, Illinois. Defendant is currently employed as the Deputy Chief of Staff to the President of the Cook County Board. She has no known prior criminal history.

III. Facts Underlying the Initial Charges

Cook County has enacted several ordinances related to procurement and purchasing. As a general rule, purchases or contracts for services in an amount over \$750 are subject to some form of competitive selection. The Ordinances provide for various methods for competitive selection including closed bidding, Requests for Proposals (RFP), Request for Qualifications (RFQ), or open market quotations.

In limited circumstances, Cook County Ordinance permits contracts to be awarded without any competitive selection process provided certain factors are met. Section 34-155 provides: "Contracts may be awarded without use of the specified method of competitive selection *when the contract requires a contractor with a specialized skill or service or there is only one economically feasible source for the item or services.* Sole source contracts must be indicated clearly and certified as sole source by both the Using Department or Elected Official and Purchasing Agent prior to Board approval." (Emphasis added). Under the accepted practice, when "sole source" contracts are entered into under this section, the Department Head writes what is known as a "justification letter" explaining why, under the law, the contract was exempted from competitive selection. In addition to the bidding requirements, under County Ordinance, any purchase of goods in an amount over \$100,000 or for professional services in an amount over \$25,000 must be first approved by the Cook County Board of Commissioners.

In Illinois, the county comptroller (in this instance, the Cook County Comptroller, hereinafter "Comptroller") is legally responsible for issuing checks to vendors on behalf of the county. Prior to issuing a check, the Comptroller typically verifies that all of the appropriate paperwork has been submitted and approved. Included in the necessary paperwork is: (1) a Vendor Request Form (including a Federal Form W-9) which is used to establish an internal vendor identification number for each vendor; (2) a purchase requisition form signed by the department head and the requisitioner; (3) a purchase order signed by a representative of the department and the purchasing agent; and (4) a voucher signed by the vendor, the purchasing agent, an auditor and the comptroller. In addition, when the contract is a sole source contract under Ordinance 34-155, a justification letter must also be submitted.

Todd H. Stroger is the current President of the Board ("President"). His four year term is set to expire in December 2010. On February 2, 2010, the President ran for reelection, but lost

the primary to his Democratic challenger. CARLA OGLESBY worked as a spokesperson for the President's unsuccessful campaign.

On February 12, 2010, the President appointed OGLESBY as his Deputy Chief of Staff. She began working for the County in her official position on February 16, 2010.

After she began work, OGLESBY was given signature authority for all departments under the control of the Office of the President. According the President's own staff member(s), the previous Deputy Chief of Staff did not have such signature authority.

(a) The "CGC" Contract

On February 23, 2010, OGLESBY filed a report of dual employment with the Department of Human Resources. In that report, OGLESBY stated that she was a partner at "CGC Communications" and would continue working for the company for ten hours each week to "sign checks and review reports."

OGLESBY sent e-mails to clients of CGC on or about February 15, 2010, in which she informed her clients that she would "not have an active role in the day-to-day operations of CGC Communications." She also informed the clients that she planned to return as Managing Partner in December 2010 and that during the interim "Individual A" would be in charge of CGC's operations. OGLESBY also stated that she would be "never more than a phone call away" and provided her cell phone number to the clients.

CGC Communications is a member managed Limited Liability Corporation (LLC) that was registered with the Illinois Secretary of State in March 2008. According to records maintained by the Illinois Secretary of State, OGLESBY is the lone member of CGC Communications. The Operating Agreement for CGC also lists OGLESBY as the only member.

On February 24, 2010, "Public Official B", the Executive Director of the Department of Homeland Security and Emergency Management, signed a justification letter seeking a no-bid, sole source contract between the County and CGC Communications. According to the letter, the purpose of the contract was to inform County residents of grant funds available for those affected by the floods of 2008. The letter states that CGC Communications would work with the Department of Public Affairs and Communications, the Office of the President, and the Board of Commissioners to strategically implement media tactics to reach affected homeowners. The letter states that "the immediate need for this firm is predicated upon the fact that [the department does] not have the personnel, or the resources, to implement such an endeavor." According to the justification letter, the County was to pay CGC Communications \$24,975 for such services.

In an interview with investigators, "Public Official B" stated the contract with CGC Communications was intended to be paid from the Disaster Relief Grant that his Department oversees. According to "Public Official B", in the middle of January 2010, he sought out "Public Official C" (the President's Media Representative), because he needed public relations help to "get the word out" about the grant. According to "Public Official B", the Disaster Relief

Grant was ending in nine months and was worth \$5.3 million dollars of federal funding. "Public Official C" told "Public Official B" it would be "no problem" and that "I will take care of it."

According to "Public Official B", the next contact he had with "Public Official C" was in mid-February when "Public Official C" asked him to sign justification letters authorizing the award of sole source contracts to CGC Communications and "Communications Contractor A". According to "Public Official B", the first time he had ever heard of CGC Communications or "Communications Contractor A" was when he signed the justification letters. Further, "Public Official B" stated he did not write the justification letters and he never saw any CGC PowerPoint presentations. Even though he signed the justification letters on behalf of his Department, "Public Official B" said that he never had any contact with CGC Communications, because he thought that the Department of Public Affairs and Communications (DPAC) was handling those contracts.

The supporting documents for the CGC contract included a purchase order, requisition, and voucher form. Under the title "Bureau or Department Head" on the form, OGLESBY signed the voucher and purchase requisition, and the delivery instructions on the purchase order and requisition specify that a check payable to CGC Communications was to be personally delivered to OGLESBY herself at the Office of the President.

As part of this investigation, CGC produced documents in its possession related to the CGC-Cook County contract. Included in those documents are several copies of a PowerPoint presentation related to CGC's purported qualifications. The various copies are nearly identical except for the date they purport to have been presented to "Public Official B". The various copies indicate that "Individual B" supposedly presented the PowerPoint to "Public Official B" on January 6, January 25, February 6, February 12, or February 25, 2010. Nowhere in any of these presentations, however, does CGC state specifically what services it will provide or when the services will be performed.

On February 26, 2010, the County issued a check to "CGC Cpmunications [sic]" in the amount of \$24,975. On February 27, 2010, the county check was deposited it into an account "#####7754" at Chase Bank. According to Chase bank records, account number #####7754 was opened in 2008 and is held in the name CGC Communications (General Account). The sole signatory on this account is OGLESBY.

An examination of the bank records for CGC General Account #####7754 reveals that on March 1, 2010, check #2340 was issued to "Individual C" in the amount of \$3,020. Furthermore, on April 6, 2010, check #2341 was issued to "Individual C" in the amount of \$1,060. On May 27, 2010, check #2342 was issued to "Individual C" in the amount of \$530. Each of these checks was signed by OGLESBY and each of these checks cleared. As noted herein, "Individual C" and OGLESBY have a personal and financial relationship.

In addition, the CGC General Account was also used to make numerous payments electronically to various vendors and credit card companies. In addition, an ATM card linked to the CGC General Account was used to make multiple cash withdrawals and purchases. Included

in these transactions are cash withdrawals made at 66 West Washington, which is located across from the county office in which OGLESBY works.

According to bank records, CGC Communications also has a second account at Chase Bank. Account number #####7746 is held in the name CGC Communications Payroll ("Payroll Account"). This account was also opened in 2008. The sole signatory on the Payroll Account is OGLESBY. According to bank records kept by Chase bank, this account is primarily used to draw bi-weekly checks to "Individual B" in the amount of \$1,093, and "Individual D", in the amount of \$700. More frequent checks are made payable to "Individual A" in varying amounts. Before February 2010, "Individual A" was never paid more than \$3000 for any two-week period at CGC.

On or about February 26, 2010, CGC's Payroll Account began making electronic transfers to a Paychex account. Prior to that date, CGC had paid its employees ("Individual A", "Individual B" and "Individual D") by paper and continued to pay some of the employees by paper check until May 15, 2010, even after the transfers to Paychex began.

On or about April 30, 2010, OGELSBY withdrew \$1,277 in cash from the CGC Payroll Account.

In March 2010, a Chicago news agency became aware of the county contract with CGC Communications. During a recorded interview with that news agency, OGLESBY claimed that all work by CGC Communications was performed prior to her employment by the County and that there was thus no conflict of interest. OGLESBY also claimed that she had taken a leave of absence from CGC and would not be taking any profits from the company this year.

On June 4, 2010, investigators interviewed "Public Official D", an Administrative Assistant with the Department of Public Affairs and Communication (DPAC). "Public Official D" reported that her job duties include writing, researching, and performing ad hoc public information work. Her immediate Supervisor is "Public Official C".

"Public Official D" stated that in April 2010 there was a "buzz" in the office about the flood relief grants becoming available. Around that time, "Public Official D" was asked to hurry and prepare two press releases regarding money available under the flood relief grants. She stated that only minimal online research was needed and that she may have surfed the web a little and looked at the FEMA website before writing the press releases. She was not told why there was a rush, but understood that there may have been a concern that "the feds" may take the money back if the County could not provide proof that the work was being done. Accordingly, "Public Official D" prepared two press releases related to flood relief workshops - one for Harwood Heights and one for Calumet Park. "Public Official E" developed flyers for the event and "Public Official F" helped distribute them to the neighborhoods. The flyers gave only a one-week notice of the workshops (which were ultimately conducted by county employees, not CGC).

During an interview with investigators, "Public Official D" was shown an invoice from CGC to the County as well as some of the alleged work product submitted by CGC to the

investigators. After reviewing these documents, "Public Official D" remarked that the materials were not true. "Public Official D" noted that some of the documents included in production from CGC were, in fact, not prepared by CGC but were instead prepared by "Public Official D" herself, including a speech and a press release.

According to "Public Official D's" observations, CGC did not perform any work relating to the disaster relief grant, and she was very surprised to hear claims "that CGC had worked tirelessly in December" regarding flood relief and does not believe that CGC did anything regarding the relief effort. According to "Public Official D", CGC took credit for a strategic plan, although no plan for outreach had ever been done and communicated to "Public Official D". Even though CGC claims to have done "indeterminate outreach," "Public Official D" stated that neither OGLESBY nor CGC were involved with any outreach effort. "Public Official D" reported that she "absolutely did not see any CGC involvement" and she was "outraged" that CGC was taking credit for the aforementioned press releases and promotional e-mails that "Public Official D" prepared herself as part of her work for the county.

Given the fact that the justification letter was not signed by "Public Official B" until February 24, 2010, any "sole source" contract between the County and CGC prior to that date would have required some form of competitive bidding in order to be awarded. No such procedure for competitive bidding was done in this case.

The vendor request form, the purchase order, purchasing requisition, voucher form and check related to the CGC contract were all dated February 26, 2010. There is no executed contract which sets forth the dates and scope of the work to be performed, nor are there any certifications which are required under the Section 34-123 of the Cook County Purchasing Ordinance (i.e. certification that the owner of the company owes no outstanding child support, taxes, fees etc.).

During this investigation, CGC Communications produced documents to investigators, including two separate invoices for this contract. The two invoices are both dated February 26, 2010, and they have the same invoice number, general description of work and amount billed. They differ, however, in the alleged dates that work was done, the type of work done, the County Agency for which the work was done, the duration of the work and specific work performed or to be performed. The differences regarding the County Agency is relevant, because the Department Head was required to sign a justification letter before entering a sole source contract. Both of the invoices request that payment be sent via either "FedEx or EFT" to the offices of CGC Communications at 1039 W. Grand Avenue. Unlike the actual purchase order and requisition forms themselves, neither invoice requests that a check be delivered directly to OGLESBY.

The documents submitted by CGC also include flyers dating back to September 2007, even though CGC had no contractual relationship with Cook County at that time, and thus they further demonstrate that CGC took credit and money for work that, in fact, "Public Official D" performed as a County employee.

(b) The "ARREI" Contract

On March 18, 2010, "Public Official G", the executive director of the Department of Environmental Control, signed a justification letter in which he requested authorization to issue a contract to "ARREI Management" in the amount of \$24,995. In the letter, "Public Official G" stated ARREI would "work with the Office of the President, the Board of Commissioners, the Department of Public Affairs and Communication to build awareness of the composting and electronic collection programs to help residents, business and other local governments become more energy efficient and conscious of conservation initiatives." The justification letter was written on letterhead from the Office of the President, and signed by "Public Official G".

OGLESBY and "Public Official H" signed a purchase order and Form 29-A voucher form requesting the comptroller to issue a check to ARREI Management. According to the PowerPoint presentation produced during the course of the investigation, "Individual A" presented ARREI's proposal to perform work for the Department on January 19, 2010. There was no formal contract or reports of progress included in the supporting documentation. "Individual A" is an employee of CGC Communications who, according to OGLESBY'S own e-mails to clients, is in charge of CGC's operations until OGLESBY returns to CGC in December.

On May 12, 2010, during an interview conducted by investigators, "Public Official G" stated that the contract with ARREI Management was granted under the authority of his department and was originally intended to be paid from a federal grant. According to "Public Official G", he first met OGLESBY on March 12, 2010 in her office. "Public Official C" was also present at this meeting. During the meeting, "Public Official C" asked "Public Official G" if he would be supportive of outreach efforts for his departments. "Public Official G" responded that outreach would be helpful, but that the grant did not authorize public relations expenses.

During the week of March 22, 2010, "Public Official G" received two unsigned "justification letters" from the President's Office, printed on the President's letterhead, for contracts between the County and ARREI Management and "Communications Contractor B" respectively. According to "Public Official G", he signed the letter regarding ARREI, because he viewed it as a contract with the President's Office that related to his Department. He did not sign the letter for "Communications Contractor B" at that time.

At a meeting with OGLESBY, "Public Official C" and others, held on March 26, 2010, "Public Official G" expressed his concern that he did not have any of the requisite documentation regarding ARREI or "Communications Contractor B". "Public Official G" was also concerned that the two vendors were being paid to perform the same work and that his Department did not have funding to pay for the contracts. According to "Public Official G", despite his concerns, he signed the justification letters, because "Public Official C" pressured him to do so. Even though "Public Official G" signed the letters, he asked for additional documentation regarding the contracts and companies.

On April 16, 2010, "Public Official G" received some additional documentation regarding ARREI Management and "Communications Contractor B". The same day, two

employees from Comptroller's Office appeared in his office requesting that he sign the requisitions for both companies. He refused to sign the documents until after he had reviewed the background materials on each company. Unbeknownst to "Public Official G", both companies had already submitted invoices and had already been paid on March 26, 2010.

"Public Official G" further reported that it typically takes several weeks from the time the paperwork is submitted to the Comptroller before the Comptroller issues a check to a vendor. Further, if a vendor has not previously obtained a vendor number, it takes additional time for vendors to become registered with the County. Unlike the normal practice, however, in the case involving ARREI and "Communications Contractor B" all of these events occurred on the same day.

On March 26, 2010, the Comptroller issued a check to ARREI Management in the amount of \$24,995. The check was deposited into Chase bank account #####1297 held in the name of ARREI Event Planners Ltd.

At the time the county check was deposited into ARREI Event Planner's account, OGLESBY and "Individual C", were the only two signatories on Chase account #####1297. The account was opened May 3, 2006 at Washington Mutual Bank as a sole proprietorship with OGLESBY as the sole signatory at that time. Individual C was added as a signatory on March 24, 2008, by which time the account was changed to "sole proprietorship/husband & wife" in joint tenancy with right of survivorship. (Chase Bank subsequently acquired Washington Mutual Bank. The account number for the ARREI account did not change at that time.)

According to records maintained by the Illinois Secretary of State, ARREI Management was an Illinois LLC until its involuntary dissolution in 2007. The Secretary of State filings do not include a president of the organization, although it does list its registered agent as "Individual E". On her employment application for Cook County, OGLESBY stated that she was a partner at ARREI Management from January 1, 2004 until December 31, 2007.

ARREI Event Planners Ltd. was also an Illinois LLC until its involuntary dissolution in 2007. According to the Secretary of State filings, "Individual E" was the registered agent for ARREI Event Planners and OGLESBY was the president and owner of that company. The address for ARREI Event Planners listed with the Secretary of State and with Chase bank is 910 W. Van Buren, #346, Chicago, IL 60607.

Before the county check was deposited, the ARREI Event Planners account (Chase Account #####1297) had a balance of zero dollars and had been inactive for months. After the check was deposited, on six occasions between March 31, 2010 and April 9, 2010, funds were transferred electronically from the ARREI account. Five of the electronic transfers, totaling \$14,800, were made into the aforementioned accounts of CGC Communications at Chase Bank which were personally controlled by OGLESBY.

Follow-up investigation has revealed that the address for ARREI Management/ARREI Event Planners at 910 W. Van Buren is, in fact, a UPS store. While visiting that address,

investigators found mail and packages addressed to "Carla Oglesby at P.O. Box 346" at the UPS Store.

On March 5, 2010, OGLESBY also opened a personal checking account at Chase Bank, Account #*****4576, and she listed her address for that account as 910 W. Van Buren, Unit 346.

Investigators interviewed "Individual F" on May 28, 2010. During the interview, "Individual F" claimed that at some time in the "fall or winter of 2008" he assumed control of ARREI from OGLESBY. "Individual F" admitted, however, that there was no record of the transfer of ownership and neither he nor OGLESBY ever executed paperwork to conduct the transfer. "Individual F" said he did not know whether ARREI was a corporation, LLC or partnership and he was unsure if ARREI had any bank accounts. "Individual F" said for approximately one year the offices of ARREI have been at 3346 W. 16th Street, and that from the time he took over, ARREI had no contracts until receiving the county contract. "Individual F" stated that ARREI had no employees, but that "Individual A" is purportedly an independent contractor who "handles the whole thing" and is the only person who has purportedly worked on the county contract. "Individual F" does not know what compensation "Individual A" will receive for her work on the contract. "Individual F" claimed the project began in December 2009 related to "housing stuff" but was changed to environmental issues. "Individual F" claimed he did not get paid by the county and does not know if anyone else got paid. "Individual F" said he does not know Individual B, even though her signature appears on the Federal Form W-9 which ARREI submitted to the county. During an interview with investigators, "Individual F" claimed that neither CGC nor OGLESBY will receive any money per the ARREI contract with the County. "Individual F" stated his understanding of ARREI's responsibilities under the contract is to distribute fliers which will be produced by "Public Official C" but that as of the date of the interview, he had not been provided with the fliers to pass out. Due to the absence of any requisite specialized skill to pass out the fliers produced by county employees, the services ARREI would purportedly perform do not legally qualify for a sole source contract under County Ordinance 34-155.

On June 5, 2010, "Individual F" and OGLESBY signed "Business Account Add Signers Form" adding "Individual F's" name as a signatory for ARREI Event Planners Ltd Chase Account #####1297. Neither OGLESBY nor Individual C were removed as signatories. OGLESBY signed the document as the Corporate Secretary of ARREI. Even after this change to the account, the mailing address of the account remains 910 W Van Buren # 346.

(c) Numerous "24-9" Contracts

In addition to the CGC and ARREI contracts, OGLESBY participated in awarding or approving payments for over a dozen other no-bid, sole source contracts with purported communications companies. Several of these companies were incorporated with the Illinois Secretary of State after the contracts were signed. Payments were made to each of these companies prior to any work being allegedly performed under the contracts. In at least two instances, the listed contractors actually returned the checks issued by Cook County because they

had performed no work for the county. To date, the investigation has found that little to no legitimate work was performed by any these companies.

In all, the loss to Cook County from these contracts exceeds \$300,000. The investigation into these and other suspect "24-9" contracts continues. These additional contracts, and the dollar amount involved, remains relevant to the nature and circumstances of the offense charged and because they provide OGLESBY with a motive to flee the jurisdiction as well as a potential source of funds to accomplish this flight.

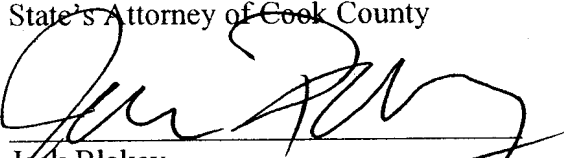
IV. Bond Recommendation

Section 5/110-5 of the Illinois Code of Criminal Procedure sets forth criteria relevant to determining the amount of bail and conditions of release. 725 ILCS 5/110-5. In particular, this Court may consider that the above-stated facts clearly demonstrate that the offense involved theft from a government agency resulting in a significant amount of unrecovered proceeds, and that the offense involved the corruption of public officials and employees. Based upon matters discussed herein, the People of the State of Illinois recommend that this Honorable court set a substantial bond in this case, and that, as special conditions of any release, this Court: (1) bar the defendant from authorizing the expenditure of any county funds or the destruction of any public records; (2) prohibit the possession any firearms; and (3) surrender all firearms and travel documents now in her possession.

Respectfully submitted

ANITA ALVAREZ
State's Attorney of Cook County

By:



Jack Blakey
Chief Special Prosecutions Bureau
Cook County State's Attorney's Office