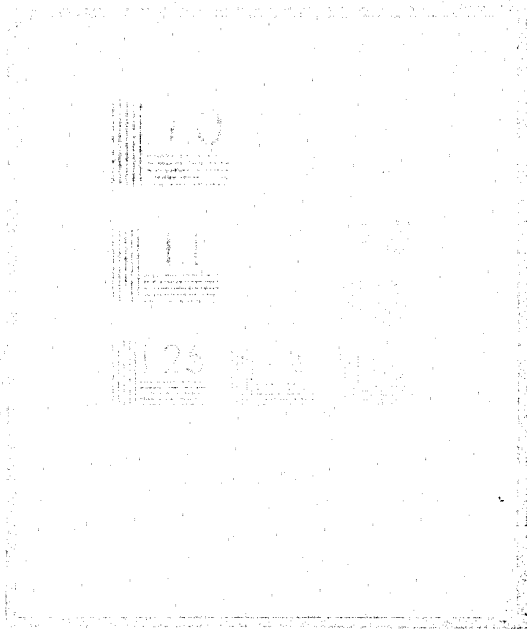


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# ANNUAL REPORT OF 1976

A REPORT TO THE  
ILLINOIS GENERAL ASSEMBLY



BY THE  
ILLINOIS-LEGISLATIVE INVESTIGATING COMMISSION

300 West Washington Street, Chicago, Illinois 60606

Telephone (312) 793-2606

FEBRUARY 1977

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TO: HONORABLE MEMBERS OF THE GENERAL ASSEMBLY

Pursuant to Section 7 of the Illinois Legislative Investigating Commission Act, this is a detailed report of our investigations, recommendations for legislation, recommendations for administrative action, a list of the officers and employees of the Commission, and an account of all monies received and disbursed, for the calendar year 1976.

During 1976 the Commission conducted 17 investigations. We completed seven of these and published our final reports on five of them during the calendar year. Our two remaining final reports will be released in early 1977. We are continuing the other 10 investigations into the coming year and will publish our final reports on them as they are completed.

Our 12 Commissioners served without compensation throughout the year. The Commission's staff consists of 20 paid employees as follows: Acting Executive Director, Executive Assistant, Counsel, Investigative Reporter, nine Investigators, Research Analyst, and six Clerks.

Our appropriation from the General Assembly for fiscal year 1976 was \$579,900. Our appropriation for fiscal year 1977 was \$564,050. During the calendar year 1976 our disbursements totalled \$448,994.01.

The Commission is gratified by the General Assembly's faith in our capability to undertake the wide range of investigations we have been assigned, and we welcome the opportunity to continue to serve you to the best of our ability.

Respectfully submitted,

Co-Chairmen:  
Sen. Philip J. Rock  
Rep. Joseph G. Sevcik

Senate Members:  
Samuel C. Maragos  
James "Pate" Philip  
John B. Roe  
Frank D. Savickas

House Members:  
Peter P. Peters  
Leland H. Rayson  
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Ronald Ewert

THIS REPORT IS RESPECTFULLY  
SUBMITTED PURSUANT TO  
SECTION SEVEN OF THE  
ILLINOIS LEGISLATIVE  
INVESTIGATING COMMISSION ACT

## Chapter 1

### OVERVIEW

#### A. History

The Illinois Legislative Investigating Commission (ILIC) is the investigative arm of the Illinois General Assembly. It was created as the Illinois Crime Investigating Commission on July 1, 1963, by an Act of the 73rd General Assembly. It originally had two specific powers: to investigate organized crime, and to investigate official misconduct.

In its early years, as the Crime Investigating Commission, the focus was primarily on organized crime. During this period, the Commission investigated such problems as arson, criminal usury, gambling, narcotics and dangerous drugs, and vending racketeering.

The Commission's enabling statute was amended by the General Assembly on July 23, 1971. The principal amendment was to change the name to the Illinois Legislative Investigating Commission. Other changes included: (1) the removal of four public members to make the composition six Senators and six Representatives; and (2) the retention of the powers to investigate organized crime and official misconduct and adding the power to investigate any matter of legislative interest. The enabling legislation, as amended, and the rules of procedure are contained in this report (*see Chapters 6 and 7, respectively*).

The General Assembly created this Commission with the intent to provide its members with facilities, equipment, authority and technical staff to conduct investigations, including public hearings, on any matter upon which the General Assembly may legislate.

Illinois remains as the only state that has ever established an all-purpose commission of this type. Some jurisdictions have established crime commissions and other permanent fact-finding bodies within a state legislature or within the office of the attorney general. But no state has yet emulated Illinois with a commission whose jurisdiction is as broad as the General Assembly's power to legislate.

Since 1971, with our expanded responsibilities, the Commission has undertaken 49 separate investigations for the General Assembly. A sampling of the diverse problems we have studied are the abuse of medical prescriptions, credit card fraud, drug abuse in secondary schools, horse racing, intrastate airlines, and nursing homes.



## B. Membership

The Commission itself is a singularly legislative agency. It is composed of six members of the Illinois Senate and six members of the Illinois House of Representatives. The members are appointed by the majority and minority leadership of each body. Such a composition assures the bipartisanship of the Commission.

Senator Philip J. Rock (D-Chicago) and Representative Joseph G. Sevcik (R-Berwyn) have served continuously as Co-Chairmen of the Commission from December, 1971 to date.

Senators Howard R. Mohr (R-Forest Park), James "Pate" Philip (R-Lombard), John B. Roe (R-Rochelle), and Frank D. Savickas (D-Chicago) served throughout the calendar year 1976. Senator Daniel Dougherty (D-Chicago), who had served with the Commission since January, 1969, passed away on October 1, 1976. He was replaced by Senator Samuel C. Maragos (D-Chicago).

Representatives Peter P. Peters (R-Chicago), Leland H. Rayson (D-Tinley Park), George H. Ryan, Sr. (R-Kankakee), W. Timothy Simms (R-Rockford), and James C. Taylor (D-Chicago) served throughout the calendar year 1976.

Mr. Charles Siragusa, who was appointed as the Executive Director when the Commission was first established in 1963, resigned in February, 1976 after twelve years of distinguished service. However, he remains as an unsalaried consultant to the Commission.

Mr. Ronald Ewert, then Chief Investigator, was appointed Acting Executive Director upon Mr. Siragusa's resignation, and has served in that position during the past year. Mr. Ewert joined the Commission as an investigator in 1967, became Senior Investigator in 1972 and Chief Investigator in 1975. As Acting Executive Director, his duties include the exercise of general supervision over all investigations, the Commission's staff, and all proceedings of the Commission.

The other members of the Commission's staff, excepting the undercover investigators, are listed in Chapter 5.

## C. Powers

The powers and responsibilities of this Commission are established in the Illinois Legislative Investigating Commission Act (see Chapter 6). Sections 10 through 15 of the Act set forth the jurisdictional powers relative to the investigation of any allegation which, if proved, would constitute a breach of public trust, a conflict of interest, a

crime, a defect or omission from the laws of Illinois, or malfeasance, misfeasance, or nonfeasance within the State.

The Commission has the power to: (1) demand and receive assistance from all State public officials and employees engaged in official investigations and to request the cooperation of standing or special committees of the Congress of the United States or of the General Assembly of this or any other state; (2) conduct public or private hearings; (3) subpoena witnesses, administer oaths, examine witnesses, and receive evidence; (4) petition the courts to compel attendance of witnesses and to compel witnesses to testify; (5) request the courts to grant immunity from prosecution in the event a witness declines to answer upon the grounds that his testimony will be self-incriminatory; and (6) to issue such reports and recommendations as may be indicated, to the Illinois General Assembly, the Governor, and other public officials.

The Commission's investigators are authorized to carry weapons because of their undercover duties. However, the Commission does not have arrest powers. It has been the Commission's policy to deliver all evidence of criminal violations, developed in the course of its investigations, to the appropriate law enforcement agency.

## D. Responsibilities

Investigations are commenced by this Commission pursuant to resolutions received from either house of the General Assembly, or by the Commission's specific resolution when the General Assembly is not in session.

These various alternatives were established in order to provide investigative assistance to the many legislative committees of both houses which do not have adequate investigative and research staffs to accomplish their objectives.

In each investigation, it is the Commission's sole purpose to make legislative and/or factual recommendations to the parent General Assembly and not merely to the particular branch of the legislature that adopted the resolution on which the investigation was based.

## E. Special and Annual Reports

Section 7 of the Illinois Legislative Investigating Commission Act requires the Commission to submit a report to the General Assembly and to the Governor every two years detailing all completed investigations, the conclusions drawn therefrom,

recommendations for legislation and administrative action, the names, salaries and duties of all officers, and an account of all monies received and disbursed. By a 1971 policy decision, the Commission has since submitted annual reports.

In addition to the annual report, however, the Commission also issues special reports on each investigation it undertakes. These reports are issued to each member of the General Assembly, to the Governor, and to the Illinois members of the United States Senate and House of Representatives.

These special reports are also disseminated to the Secretary of State and to other departments, commissions, and agencies of the legislative, executive, and judicial branches of State government, as well as to state's attorneys, sheriffs and police departments in Illinois, and the news media.

The Commission honors requests for these special investigative reports from public and school libraries, trade associations, and organizations and citizens throughout the country. A total of 1,476 persons and organizations are now on our permanent mailing list.

During the 1976 calendar year the Commission published our *Annual Report of 1975*, an interim report on the *Ku Klux Klan in Illinois*, and six special investigative reports, listed below:

1. *Dan Ryan Expressway Rehabilitation Project*, based on House Resolution 215, published January, 1976.
2. *Medical Licensing in Illinois*, based on House Resolution 438, published January, 1976.
3. *Mexican Heroin*, based on House Resolution 529, published June, 1976.
4. *Delinquent Tax Sales*, based on House Resolution 833, published September, 1976.
5. *Ku Klux Klan*, based on House Resolution 146, published October, 1976.
6. *Mortgage Lenders' Kickbacks to Real Estate Brokers*, based on House Resolution 342, published October, 1976.

## Chapter 2

### COMPLETED INVESTIGATIONS

During 1976 the Commission worked on 17 separate investigations: seven of these investigations have been completed; another seven should be finished by June 30, 1977; and the remaining three should be completed later next year. The following is a discussion of each of the seven completed investigations.

#### A. Lake County Nursing Homes

House Resolution 1277, adopted on January 7, 1975, mandated this Commission to investigate thoroughly "all operations, maintenance and patient care" in both public and private nursing homes in Lake County, Illinois. This entailed an examination of some 30 long term care facilities. Our investigation spanned well over one year resulting in considerable insight into the highly complex long term care industry.

The Lake County Nursing Homes investigation was precipitated by this Commission's preceding investigation into seven deaths of mentally retarded individuals at a Rockford, Illinois facility, reported in our June, 1975 report entitled *Seven Patient Deaths at Illinois Extended Care Center*. We specifically mentioned the occurrence of several deaths at the All Seasons Nursing Center in that report. It was those several deaths at All Seasons that initiated the Lake County investigation.

The primary impetus directing our investigation was concern for the health, safety, and welfare of our aged, infirm, and handicapped citizenry. Of all the past and present governmental investigations into the long term care industry, the Commission's investigation was the only one to examine the situation from the residents' viewpoint--a viewpoint all too conveniently ignored or totally disregarded. Likewise, our investigation was the only one to scrutinize the entire spectrum of the multifaceted long term care industry: every aspect was examined for its direct or indirect effect on the residents' well-being.

The Commission did indeed find conditions and practices which "shock the human conscience." We further found conditions and practices which please and appease society's conscience. In general, Lake County facilities provided adequate patient care for their clients: of course, there were

facilities above and below this norm. Without reservation, each and every facility will be found to have deficiencies in one or more areas at any given time. What differentiates one facility from another is the extent, quantity, and duration of the shortcomings.

The Commission examined the roles played by various State agencies in the long term care field. State Departments of Public Aid, Public Health, and Mental Health and Developmental Disabilities each played a significant part in the long term care drama. Through these departments, the State of Illinois generally finances, monitors, and utilizes the industry. We determined that the State of Illinois does none of the above too well, but rather has failed miserably in its half-hearted attempts to provide quality patient care and services for its citizens in care facilities.

Over 200 individuals were interviewed and consulted during the course of the investigation. These individuals represented the entire range of people involved in long term care: owners, administrators, physicians, nurses, aides, orderlies, consultants, pharmacists, housekeepers, maintenance men, bookkeepers, relatives, residents, State personnel, etc. Each facility was visited at least once, with the majority more often.

We devoted considerable attention to All Seasons Nursing Center and the circumstances surrounding several patient deaths. All Seasons' notoriety was well-deserved. Its owners showed more concern for financial aspects rather than patient care aspects of the operation. As a direct result of financial manipulations, All Seasons rendered decidedly substandard nursing care and services in a deleterious and deadly environment. The owners are fully responsible for the All Seasons situation as they either openly encouraged or designedly condoned these conditions.

All Seasons Nursing Center was the epitome of what can go wrong in a long term care operation. We disclosed the following: insufficient, untrained, and unconcerned staff, minimized or "doctored" medical supervision, wholesale falsification of documents, substandard nursing and personal care, physical and sexual abuses, resident deaths from neglect, misappropriation of resident funds, and erroneous claims for reimbursement for care and services. Our findings regarding All Seasons have been shared with various governmental agencies.

Fortunately, All Seasons was the only Lake County facility to exhibit such blatant disregard for the health,

safety, and welfare of its residents. While we found similar deficiencies at other facilities, their magnitude was overshadowed by the All Seasons' situation. All long term care facilities face problems of staffing, medical supervision, and proper documentation. We found instances of deficiencies and questionable practices in the majority of Lake County facilities.

We explored the involvement of the State of Illinois in the long term care industry. The Illinois Department of Public Aid is responsible for the financial aspects of public-sponsored residents from monthly reimbursement for cost or care to payments for medical and pharmaceutical services. The Illinois Department of Public Health licenses and monitors long term care facilities pursuant to law, and certifies compliance with federal Medicare and Medicaid programs for participating facilities. The Illinois Department of Mental Health and Developmental Disabilities utilizes long term care facilities as repositories for its discharged residents under the Community Placement Program.

The Commission discovered that a facility's operations are in large part determined by various State agencies and their respective functions. Unfortunately, the State's input was essentially of a negative nature rather than a positive force in ensuring quality patient care and services. The State of Illinois has encouraged, aided, abetted, or acquiesced in the plethora of abuses and problems in the long term care field through its various agencies' performances or lack of said. We found that those Lake County facilities providing above average patient care and services did so in spite of State intervention rather than because of it.

The reliance by the State on "paper compliance" with its various mandates has rendered its authority of little or no consequence and severely undermined its purported attempts to ensure quality patient care and services. The Commission learned that the State, itself, lacks knowledge of what it costs to provide quality care and services, and what it takes to monitor facilities toward the attainment of this goal. The "point count" reimbursement system, administered by the Illinois Department of Public Aid, is not sufficient to induce the proprietary facility to provide quality care and services. On the contrary, the "point count" system discourages this objective, while encouraging abuse of the system and the rendering of substandard care.

The Illinois Department of Public Health relies heavily on the appearance of "paper compliance" with its Minimum

Standards, Rules and Regulations, rather than actual compliance in practice. Due to insufficient field personnel, inadequate and interpretive Minimum Standards, and ineffective punitive sanctions, Public Health has assumed the posture of a veritable "paper tiger" in the licensing and monitoring of long term care facilities. The onerous responsibility for the well-being of the residents has been effectively abridged by Public Health's self-imposed restrictions on its own authority or total disregard of that legal authority.

We again found the Department of Mental Health and Developmental Disabilities' Community Placement Program replete with deficiencies and in total disregard of its intended purpose--to provide the mentally-afflicted citizen equal or better care in the community-based facility. The Lake County investigation substantiated the allegation that the State merely "dumps" its charges into the community with minimal preparation of the community or aftercare supervision of the individual placed. The Department of Mental Health was more concerned with meeting established "quotas" for depopulating its institutions than ensuring the welfare of its discharged residents.

The Commission submitted 100 conclusions and 32 recommendations reflecting its findings in the investigation of 30 Lake County facilities. We believe our findings were applicable not only to Lake County facilities, but to the long term care industry statewide. Legislative and administrative recommendations were deferred until the issuance of this Commission's forthcoming report on Illinois nursing homes, a pending investigation further identifying prevalent problems and abuses in the long term care industry.

The Commission believes the circumstances precipitating the All Seasons Nursing Center situation, patient deaths and abuses, substandard care and conditions, and general industrywide problems cannot be attributed to a single cause. Rather, all individuals and State agencies, directly or indirectly, must share the responsibility for the complex problems and substandard conditions confronting the long term industry in Lake County. The only individual to be held blameless was the resident himself.

Our Lake County Nursing Homes report is scheduled for release to the general public in February, 1977.

#### B. Ku Klux Klan

House Resolution 146, adopted by the Illinois House of Representatives on March 25, 1976, was prompted by a series

of newspaper reports claiming that Klan leaders in Illinois had launched a major drive throughout the State to increase the organization's membership. The articles reported claims that Klan membership in northern Illinois numbered close to 2,000; that Klan chapters had been established in Aurora, Cicero, Decatur, and Joliet; and that the Klan was attempting to form new chapters in DeKalb County and Kankakee.

In several short preliminary reports this Commission was able to dispel some of these fears about a Klan resurgence. We found that there were at the most 50 active members, and we estimated that in the entire state there were fewer than 100 Klansmen. The Klan scoffed at our estimates, claiming that the secrecy of their organization precluded anyone from knowing such information. But what we had not revealed was that three of our undercover investigators had thoroughly penetrated the Klan, and that one of them had become the second highest officer in the largest of the three Klan factions in Illinois.

Our final report offers a history of the Ku Klux Klan in America and in Illinois from its inception, and one chapter details the activities of the Illinois Klan during the summer of 1975. Our report underscores several well-known beliefs about the Klan and it dispels some popular myths.

The Klan's method of attempting to attract members is by appealing to fears. They talk about a vague Jewish-communist-black conspiracy. They argue that Jewish communists control all high governmental offices, the judiciary, the news media, and the world's monetary supply. They believe that the Jewish-communists, using blacks as their pawns, will create social unrest, which will in turn lead to a civil war between blacks and whites. They believe that in the aftermath of such a war an open, rather than the currently covert, communist rule will be imposed on our country.

Contrary to the impression many people have about the Klan, however, today's members oppose violence. In fact, one member was recently banished largely because of his pro-violence rhetoric. What the Klan does thrive upon is the rhetoric of intimidation.

It is also a common notion that the Ku Klux Klan is a cause of racial tension. But Commission research showed that a rise in racial tensions always precedes a rise in Klan membership and Klan activity. Thus, the size of the Klan might well be considered a barometer of underlying racial problems. And insofar as the organization in Illinois has remained small and relatively inactive, it can be assumed that racial tensions are far from critical.



In conclusion, the Ku Klux Klan in Illinois today is an organization with no substance. The elaborate rules and rituals which the Klan of former eras invested with terror have survived as mere form without content. Whereas the Klan of yesteryear was powerfully depicted in the movie, The Birth of a Nation, the Klan of today belongs in a comic strip. For there is indeed something amusing, rather than terrifying, about a handful of grown men running around in white robes, burning crosses at picnics, who are unable to see that the issues which once attracted a large following--white supremacy, the Red terror--are almost as dead as the Klan itself. In a sense, our final report is an obituary.

### C. Mortgage Lenders' Kickbacks to Real Estate Brokers

In response to allegations from community organizations that certain mortgage lenders were paying illegal kickbacks to certain real estate brokers, the Illinois House of Representatives passed Resolution 342 on June 28, 1975, directing the Commission to investigate these allegations.

Before beginning our examination of selected mortgage companies and real estate agencies, the Commission conducted numerous interviews in an effort to become informed of the extent of the problem and to consider strategies for investigating it. We interviewed representatives from the community organizations which had made the allegations; we spoke with officials from numerous government agencies; and we met with officials of various trade organizations.

Although a few of those interviewed were most helpful in explaining exactly how typical kickback schemes might work, none of them had any specific knowledge of the practice. We discovered in particular that the allegations made by the community organizations were based on the flimsiest of facts.

Nevertheless, over the following nine months, we pursued an intensive investigation of 20 mortgage firms and 17 real estate agencies in the Chicago area. We subpoenaed from these firms all documents which might reveal whether or not attempts were made to conceal kickback schemes. We interviewed those officials who were responsible for policy and practice. We interviewed numerous former employees of these firms, in the hope that they might be able to shed some light on the practices of their previous employers.

The Commission was able to find no evidence that Chicago area homeowners are currently being exploited by this particular form of unethical and illegal business activity.

To raise the question of evidence is to cite the key obstacle to any investigation of kickbacks in any area of business, government, or politics. People do not write checks labelled "kickback." Companies do not keep accounts earmarked "kickbacks received" or "kickbacks paid." Kickbacks are paid in cash, "under the table," in which case there is no way of discovering them, or else they are disguised to give the appearance of legality and propriety. There are as many ways of disguising kickbacks as the human imagination can fathom, and some of them are so clever that no court could expose them.

It is worth noting, for instance, that despite the persistent rumors over the years of kickback schemes between mortgage companies and real estate agencies, not a single State or federal agency responsible for regulating these businesses has any specific information about the practice. HUD has never removed a mortgage company from its Approved Mortgagee List for paying kickbacks, nor has it ever even accused any firm of paying kickbacks. And the Illinois Department of Registration and Education (DRE) has no record of any real estate agency receiving kickbacks.

The Commission's investigation revealed that prior to HUD's 1972 anti-kickback regulation almost all of the major mortgage lenders paid kickbacks as a means of competing with each other for the business of real estate brokers. Officials of Mortgage Associates, Inc., Advance Mortgage, Great Lakes Mortgage, Northland Mortgage, Unity Savings--all admitted that prior to 1972 they periodically paid brokers anywhere between one-half to one percent of the loan amount. For some brokers this represented a substantial amount of money. The Floyd M. Phillips agency, for example, received more than \$17,000 in fees from Percy Wilson Mortgage and Finance Corporation during one six-month period in 1971. In the same year Lawn-Highland Realty collected about \$15,000 in rebates from various lenders.

Although HUD's 1972 regulation helped to curtail kickbacks per se, it allowed for too many "exceptions," and it was vague and confusing about what a lender could and could not legitimately pay a broker. Thus, although the Commission did find numerous instances of questionable payments during the two years following the HUD regulation, it was a simple enough matter for those involved to justify these payments.

The most common method of justification falls under the gray area of "processing fees." The 1972 HUD regulation permitted lenders to pay brokers fees proportionate to services performed on Federal Housing Authority (FHA)-insured

loans, as long as these fees were disclosed in writing to both the buyer and seller of a home. The problem, of course, is determining just how much, if any, work was performed by the broker. We discovered that in most cases a broker merely prepares the initial FHA application form--a service which takes only a few minutes. But for this service he might have been paid several hundred dollars. Obviously such a fee, particularly when it is based on a percent of the loan amount, is a thinly disguised kickback.

The important point here is that real estate brokers should not be processing loans in the first place, since a broker's main interest is in securing a commission on the sale of a home, allowing him to do such work as obtaining credit ratings or job verifications provides too much opportunity for conflict of interest. This kind of work should be done only by the lender. HUD eventually came to realize the problems created by the loopholes in its regulations, and in January, 1976, the regulation was revised to eliminate the payment of any fees to real estate agencies. We would point out that this last revision by HUD came well after the adoption of House Resolution 342, and we believe that this measure provides ample protection to people selling their homes to FHA-insured customers--provided of course that the regulation is enforced.

The seller of a home is the one who ultimately pays for a kickback, since in most cases the lender simply increases the number of discount points. Even if this practice were not illegal it is clearly unethical: a broker's moral obligation is to work in the best interests of his client. Likewise, a home buyer may suffer if the broker does not help him to secure a loan at the lowest interest rates available. Now the Commission realizes that there are many good and justifiable reasons why real estate brokers have a few preferred lenders to which they refer most of their clients for mortgage loans, and it is a mistake to infer, as some people have, that such a preference is or was always rooted in a kickback scheme. Brokers look for good service, and they want to be on good terms with a few lenders during periods of tight money.

Nevertheless, it is important that brokers and lenders maintain an "arm's length distance" and in this regard the Commission has serious reservations about the increasing tendency of real estate agencies to set up their own mortgage companies. It is true that in the hands of honest businessmen such a relationship may actually benefit a homeowner; but it is equally true that unscrupulous brokers may steer the unsophisticated home buyer to their own mortgage companies, where the interest is higher than prevailing rates.

Although the revised HUD regulation should sufficiently protect the public from kickbacks involving FHA transactions, the Commission pointed out that no such protection is currently guaranteed to customers seeking conventional loans. The Illinois Real Estate Brokers and Salesmen License Act prohibits the acceptance of kickbacks and finder's fees only if such fees are not disclosed in writing to buyer and seller. Investigators discovered numerous instances of kickbacks on conventional loans: some of them were disclosed and some of them were not. The important point, however, is that closing statements are so confusing to the average person that even if kickbacks are disclosed he may not realize that this was an unnecessary fee. The Commission recommended, therefore, that the Illinois Real Estate Brokers and Salesmen's Act be revised to absolutely prohibit real estate brokers from receiving the same fee which HUD prohibits mortgage companies from paying.

Likewise, since DRE's General Rule 16, if it becomes effective, would make mortgage companies registrants under the Real Estate Brokers and Salesmen's Act, it is important that DRE adopt a regulation forbidding mortgage firms from offering any kickback incentives to real estate brokers.

The Commission also pointed out that there is nothing in either the Illinois Savings and Loan Act or in the Illinois Bank and Trust Company Act which specifically forbids savings and loan associations or banking institutions from offering kickbacks to real estate brokers. We therefore recommended that the Commission of Bank and Trust Companies and the Savings and Loan Commission adopt the appropriate anti-kickback regulations.

For, as stated earlier, although we do not believe kickback activities are prevalent today, it is always possible that the practice might become popular again in the future--when the heat cools down, when the whole industry is not watching itself so carefully, and when economic conditions invite it. The State of Illinois has a responsibility to protect its consumers, and this protection can be improved by toughening its guidelines with respect to kickbacks.

#### D. Medical Licensing in Illinois

Representatives George H. Ryan, Sr., Peter P. Peters, and James C. Taylor (all Commissioners), Donald E. Deuster, and James R. Washburn sponsored House Resolution 438, which was adopted on June 30, 1975.

Because of media allegations of cheating on medical licensing examinations administered by the Illinois Department

of Registration and Education (DRE), this resolution directed the Commission to investigate three related subjects: the Department of Registration and Education's testing procedures; the Department's utilization of the Medical Examining Committee; and the reciprocity arrangements by which the State of Illinois grants medical licenses to out-of-state physicians.

In order to conduct this investigation, the Commission interviewed all of those officials of DRE who had any responsibilities related to medical licensing and testing; we interviewed all of the physicians on the Medical Examining Committee, and 15 of the proctors who participated in the June, 1975 Federation Licensing Examination (FLEX). We interviewed media sources and officials of the Federation of State Medical Boards. And we examined numerous documents related to medical licensing and to the Medical Examining Committee.

The Commission concluded that the media allegations were largely exaggerated, based on rumor and hearsay rather than on careful scrutiny of the facts. Likewise, we found no evidence to support the charges that Illinois grants medical licenses to doctors from states which have lower licensing standards than Illinois.

There is no question but that some cheating, and various attempts at cheating, take place at almost all of the medical licensing exams administered by DRE. It is unlikely that this problem can ever be overcome completely, but there were certain weaknesses in the Department's administration of the examinations which encouraged cheating.

For instance, on several of the FLEX medical exams conducted last year, the rooms were too small for the large number of applicants taking the tests, doctors were often seated two and three to a table, and there was an insufficient number of proctors to help oversee the exams.

Most of the proctors admitted that there is sometimes an unwillingness on the part of some of the doctors to close their test books when they are told to do so. There was one incident in particular during the June, 1975 FLEX examinations when a doctor begged to be allowed to continue after time had been called, and the Commission believes that this incident caused many of the rumors which later spread.

It was apparent that monitoring the FLEX medical exams is more difficult than monitoring any of the other trade exams administered by the Department of Registration and Education.

Many of the proctors, all of whom are women, told the Commission that the doctors, a great majority of whom are foreign-speaking men, do not respect their authority, and members of the Medical Examining Committee attributed the problem to the fact that the doctors were under tremendous pressure to pass the examinations. Failure rate on the FLEX runs typically as high as 50 percent.

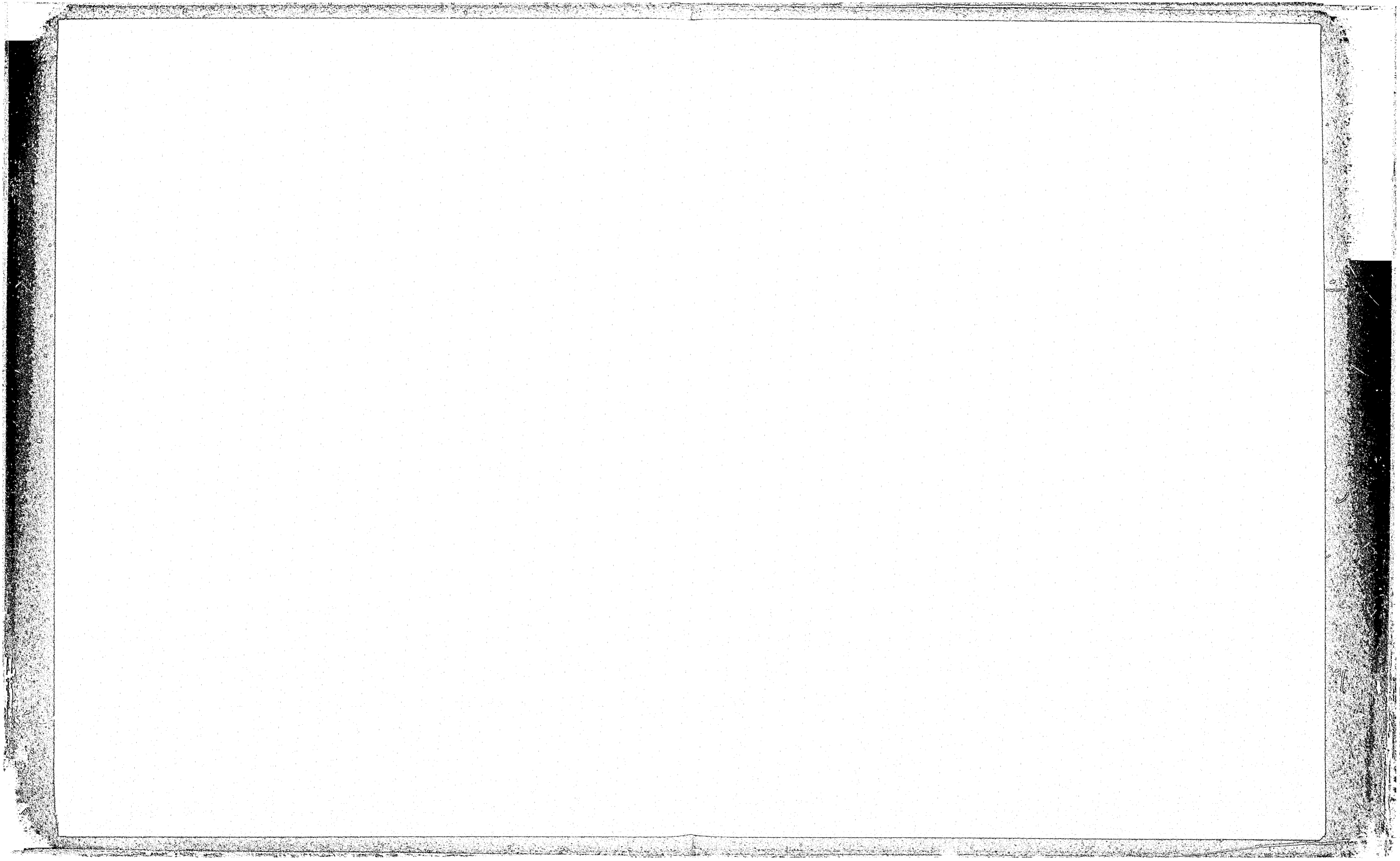
The Commission concluded that the improved conditions under which DRE conducted the December, 1975 FLEX exams helped to alleviate most of the problems which surrounded earlier exams. These conditions included: a larger testing room, one doctor to a table, a larger proctor/examinee ratio, and the presence of an Illinois State Police Officer and members of the Medical Examining Committee. In addition, the proctors took measures which helped to discourage examinees (though not entirely) from answering questions after time had been called.

The Commission's investigation of the records of the 479 doctors who have been granted medical licenses via interstate reciprocity agreements since January, 1974 indicated overwhelmingly that DRE obeys to the letter the standards set forth by the Illinois Medical Practice Act. In fact, this adherence to the law has at times prevented some eminently qualified physicians from readily obtaining a license to practice medicine in Illinois.

We found no substance to the rumor that doctors can take FLEX exams in states which have lower passing levels than Illinois and then be granted a license via reciprocity to practice here. The records made clear that unless an applicant had achieved a 75 average on the FLEX he would not be granted an Illinois medical license. In addition, DRE will not even allow a foreign doctor to take the FLEX exam unless he has completed one year of internship at a hospital in the United States.

Regarding the function and role of the Medical Examining Committee, we concluded that it is impossible to expect this group, whose members meet once a month and are paid a \$25 fee, to make sufficient use of the broad powers bestowed upon it by the Illinois Medical Practice Act.

The Commission's examination of the minutes of the monthly meetings of the Medical Examining Committee revealed that its members are largely dedicated and concerned professionals, that they attempt to confront the important and relevant medical issues of the times, and that they are doing their best to protect and to inform the public.





tons of adulterated heroin being channeled into this area. Virtually all of it is of Mexican origin.

We were also able to estimate that by the time the addict makes his street-level purchase, the heroin has been adulterated to about 6 percent purity. The quantity actually sold to these addicts amounts to almost 12.6 tons per year, with a street-level value in excess of \$680,000,000 annually. Incidentally, we want to emphasize that all of these figures should be treated as very gross assessments of the problem.

The Commission concluded that one of the main weaknesses behind the effort of law enforcement agencies to attack the heroin problem is the lack of sufficient information. Simply stated: a problem cannot be solved until it can be accurately defined.

Without the information necessary to make an accurate assessment of the problem, we believed it would be presumptuous to offer any hard and fast recommendations on how the problem could be eliminated. We suggested, however, that the following measures be considered:

(1) Requiring mandatory jail sentences, with no provisions for parole or probation, for those offenders convicted of distribution or intent to distribute heroin. (Certainty of punishment would seem to work better than severity of punishment.)

(2) Evaluating the adequacy of current law concerning the sentencing of heroin traffickers (the law currently provides for harsher punishment of traffickers than users, however, most dealers intentionally carry an amount of heroin smaller than that required to be legally charged with the more serious offense), with particular regard to:

- the practice of plea bargaining
- the number of dismissals
- length of time served by those convicted
- recidivism rate
- the practice of placement of addicts in treatment programs.

(3) Increasing the bonds set on the following defendants to assure their appearance in court: persons previously convicted of drug dealing; non-resident aliens; persons with substantial amounts of heroin and/or money at the time of their arrest. (Because of the tremendous amount of money earned by many drug traffickers, they often simply post bond and disappear.)

(4) Establishing mutual aid contracts between city and county police departments, as well as police departments of neighboring states. (Such contracts would facilitate cooperation between police departments of different jurisdictions and help to counteract the flow of drugs from one area to another. This is a practice which today frequently frustrates law enforcement officials.)

(5) Further utilization of training centers in which law enforcement officers from rural and suburban areas can become efficient in preparing drug cases; learn procedures and peculiarities of drug investigations; and benefit from the experience of law enforcement officers of large metropolitan areas--with the result of reducing the number of cases lost or mishandled because of lack of expertise.

(6) Creating closer relationships between law enforcement agencies and drug treatment centers. (Both law officers and drug treatment personnel could benefit from a better understanding of each other's functions, techniques, ideas, and observations.)

(7) Evaluating the effectiveness of State and private drug treatment facilities.

(8) The activities of the Anti-Illicit Drugs in Society (AIDS) organization in Aurora can be of substantial assistance to law enforcement efforts against drug abuse. We congratulate these and other citizen organizations designed to complement law enforcement, and we urge continued support and expansion of the AIDS concept.

(9) A thorough examination of the practicality and usefulness of establishing a State-wide addicts register and its maintenance by the Illinois Dangerous Drugs Commission.

There are no simple solutions to the problem of heroin trafficking and heroin addiction. Drug addiction is a sickness with complex social and psychological causes, and it is doubtful that the problem can ever be entirely eliminated. Nevertheless, the greater the availability of heroin, the greater the chance that non-users will experiment with it and suffer the consequences of becoming addicts themselves. The above suggestions are not the final solution to the problem, but we believe that they may point the way toward a curtailment or check upon a heroin epidemic which claims more and more Americans each year.

F. The Illinois Bureau of Investigation's Project:  
Borderline Tavern

House Resolution 548, adopted by the Illinois House of Representatives on November 19, 1975, directed this Commission to investigate the following allegations:

- that the Illinois Bureau of Investigation (IBI) purchased the Borderline Tavern and falsified a city liquor license;
- that the tavern was set up "as an investigative front and for the purpose of providing Calumet City officials, particularly Mayor Robert Stefaniak, with an opportunity to solicit bribes";
- that the tavern operation "was conducted with the knowledge and cooperation of Federal, State, and County law enforcement agencies";
- that IBI Superintendent Wayne Kerstetter fired agents Forrest Chaney and David Imber "when the agents refused to continue operating the tavern."

The resolution also directed the Commission to investigate "the source of all funds used in the operation."

The Commission's investigation began with our attendance at Illinois Civil Service Commission hearings, where testimony was being heard regarding Chaney and Imber's appeal (they appealed their firing, but a ruling has yet to be handed down). At the same time, we set out to interview anyone who had any involvement in the Borderline Tavern project: IBI supervisors and agents, including Kerstetter, Chaney and Imber; officials of the Illinois Attorney General's Office, the Cook County State's Attorney's Office, and the Illinois Law Enforcement Commission; officials of the Law Enforcement Assistance Administration and the Bureau of Alcohol, Tobacco and Firearms. We interviewed Mayor Stefaniak, Taylor Pensoneau of the *St. Louis Post-Dispatch*, and a number of others. In addition, we examined all documents pertaining to the conception, the planning and the administration of this project.

With regard to the allegations reported by House Resolution 548, we can state unequivocally that the Illinois Bureau of Investigation took great pains to ensure that the operation was legally sound. The tavern itself was carefully insured. The falsified application for a liquor license is lawful when it is performed by State or federal undercover agents in criminal investigations. The purpose of the project was to attack

various organized crime activities, as well as to expose possible official corruption; however, there is no evidence whatever to support the allegation that Calumet City Mayor Robert Stefaniak was a "prime target" of the investigation.

Even the firing of Forrest Chaney and David Imber was justified, but this issue involves a larger one--the IBI's administration of the whole project--in which the Bureau's conduct can hardly be commended.

The Borderline Tavern project was carefully planned and coordinated with a number of federal agencies: the Bureau of Alcohol, Tobacco and Firearms, the Federal Bureau of Investigation, and the United States Justice Department's Chicago Strike Force. But the IBI had primary control over the whole operation, with Superintendent Wayne Kerstetter as Project Director. We believe that had this project been well administered it could have benefitted the people of Illinois in ways that are not perhaps readily apparent. In any case, the State had little to lose, since the project was federally funded. It is disappointing--and it surely must have been a disappointment to the participating federal agencies--that the IBI did not take advantage of this opportunity.

The numerous administrative problems and delays the IBI created and encountered during the course of this operation are detailed in the text of the final report.

The Bureau spent more than one year planning and preparing the Borderline Tavern project--all in the hope that when the tavern opened undercover agents and underworld types could commingle.

Chaney and Imber ran the bar for two days; on the third day they went home and refused to have anything more to do with it. The tavern was never reopened.

Clearly, Chaney and Imber were guilty of insubordination, and Kerstetter was justified in having them fired. But the main issue here is whether Kerstetter, as director of a quarter-million dollar joint federal/State project, acted imprudently by assigning two unwilling agents to a job upon which the success or failure of the whole project depended.

Chaney and Imber had made it plain to Kerstetter from the outset that they were not interested in this assignment. Despite their numerous complaints and objections, Kerstetter refused to relent. In essence, he allowed his conflict with Chaney and Imber to become more important than the project

itself--and although he won his battle with the agents, it was certainly a Pyrrhic victory. As one IBI official said, "The battleground was poorly chosen."

This Commission does not condone Chaney and Imber's attitudes and actions, but it is possible to see how the Bureau administration encourages distrust. For instance, when the two men requested letters of immunity from prosecution for any violations they might commit during the course of their undercover work, they should have been told plainly that it was impossible to grant such a request. Instead, they were offered vague promises. This Commission was itself, during the course of our investigation, the recipient of Bureau doubletalk and evasiveness.

The Commission conducted a careful audit of the funding of the Borderline Tavern operation and we found no irregularities. But almost \$56,000 in federal funds, not to mention the salaries of numerous IBI personnel, were wasted on this project which failed mainly because of administrative imprudence.

#### G. Delinquent Tax Sales

House Resolution 833 was passed by the Illinois House of Representatives on May 20, 1976, in response to media allegations that the Illinois law concerning the sale of real property for delinquent taxes is unnecessarily harsh, and that this law allows some property owners to be unjustly victimized by professional tax purchasers.

The resolution cited the cases of Mrs. Lillian Ware and Mr. Warren Hardie, both of whom lost their homes because they failed to pay an installment of a special assessment tax which amounted to \$41.57 and \$130 respectively. The resolution further directed the Commission to recommend any changes in the law "to ensure the application of a legislative policy which will provide the greatest equity and fairness...."

Proponents of the Illinois law, which is one of the toughest in the nation, argue that it is precisely its toughness which results in the State's excellent tax collection record. They further argue that there are only a handful--less than a small fraction of one percent--of people who actually lose their property.

Opponents of the law contend that, first, the threat of total loss of property has no relation to the fact that most people pay their taxes. And second, they contend that the only function of the harshness of the State law is the

enrichment of the tax buyers themselves whose victims are the poor, the illiterate, and the incompetent.

First, Commission investigators did a careful study of the Illinois Revenue Act, as well as an examination of the facts of the cases involving Lillian Ware, Warren Hardie, and several other delinquent tax sale cases of constitutional importance. We arrived at a number of tentative conclusions and recommendations and then we tested our proposed changes in the statutes in interviews with some of the leading tax experts in the country.

The Commission's review of the cases of Lillian Ware and Warren Hardie and their tax purchasers, Allan Blair and David Gray, reveals that there are no good guys. Both Mrs. Ware and Mr. Hardie were chronic delinquents. We found considerable reason to doubt the validity and total veracity of the explanations they offered in their defense. Both of them fell victims to the men who use the law like a trap for their own personal enrichment.

Allan Blair and David Gray claim that their work is ultimately a benefit to the people of the State but mainly their work benefits themselves. They claim that they make every effort on the delinquent taxpayer's behalf, but in fact their business thrives upon either higher interest payments or total forfeiture of property.

To argue, as Blair and Gray do, that they do not violate the law is to underline the weakness of the law. The Illinois statutes are, as the United States Supreme Court has noted, "extremely harsh," and it has recommended that these "oppressive statutes" be tempered by the State legislature. Blair, who helped to design the Illinois tax sale law, contends that the law is fair and equitable, but the key question remains: is it fair enough? Can it be made even fairer, without losing its effectiveness?

The Illinois law is not without its virtues, but the Commission concluded that it could be revised so as to produce even better collection results than it does without the threat of total forfeiture of property--without, that is, creating victims like Lillian Ware and Warren Hardie.

First of all, we recommended improvement in the notice-serving requirements of the law. Under present statutes it is possible for 21 months to elapse before a delinquent taxpayer finds out that his taxes were sold. We pointed out that Article IX, Section 8 of the Illinois Constitution states that "owners, occupants and parties interested shall be given

reasonable notice of the sale and the date of expiration of the period of redemption...." We do not believe that the single post-tax sale notice coming three to five months before the expiration of the redemption period is "reasonable."

In addition, we recommended substantial changes in the form of required notices so that it is absolutely clear how much taxes are owed and what procedures should be followed in order to redeem.

The Commission's main conclusion was that there is no relation between the threat of total forfeiture and the rate of tax collection, and we recommended that this severe penalty be stricken from the statutes. We recommended that the current tax deed sale be eliminated and replaced by a sale-surplus system, whereby delinquent property is sold at a public auction. The proceeds of the sale would be first applied to the costs of the proceedings and the fees incurred; the tax buyer would collect the monies due him, and the surplus would be turned over to the original owner.

Under this system, a property owner who fails to redeem is penalized sufficiently; the State receives its taxes; and the tax buyer realizes a profit. Our recommendations simply eliminate the possibility of a tax buyer reaping an unearned windfall at the expense of those who can least afford it.

The Commission also made several recommendations for dealing with forfeited property, but the immensity and complexity of this problem was basically beyond the scope of this investigation.

### Chapter 3

#### PENDING INVESTIGATIONS

##### A. Fencing

Specific Resolution 6, adopted on December 17, 1973, authorizes the Commission to investigate the criminal redistribution of stolen property--otherwise known as "fencing." In the past three years of this continuing probe, we have been able to identify major fences and burglars and to recover stolen property from several states. It was the fencing investigation which developed information leading to the arrest of the burglars who committed the \$4,300,000 Purolator heist.

##### 1. Criminal Charges

In May of 1975 Commission undercover agents and the Illinois State Police arrested William Leach, Leslie Shaffer, and Gary Gregor in Champaign, Illinois for possession of stolen property. At the time of their arrest they were traveling from Florida to Illinois with 20 antique oriental rugs which had been stolen in January, 1975 from the Joseph Fell Company in Chicago.

Further inquiries by the Federal Bureau of Investigation implicated one Lance Darche in the transportation of these rugs. On February 10, 1976, Darche was indicted by a Federal Grand Jury for interstate transportation of stolen property. He was subsequently convicted and sentenced to six months in prison and placed on five years' probation (a condition of his probation is that he not associate with his adoptive parent, Donald Darche). Darche began his six-month prison term on July 28, 1976, in Chicago's Metropolitan Correction Center.

Both Leach and Gregor were charged with felony theft. On May 12, 1976, Gregor was granted immunity for his testimony against Leach. On May 13th, a Sangamon County jury found Leach not guilty and the charges against Gregor were dismissed.

On September 23, 1976, Shaffer was convicted of interstate transportation of stolen property and sentenced to three years' imprisonment. He is currently incarcerated in the Sandstone Federal penitentiary. Upon his release he will be returned to Champaign County to face additional charges of theft and obstruction of justice.



Convicted felon Al Heddings, who is mentioned in our 1975 annual report, committed a burglary of a residence in Evanston in January, 1976. Commission undercover agents learned of this burglary, and an arrest warrant was obtained. On May 6, 1976, Heddings was arrested by the Chicago Police Department.

In our 1975 annual report we also described the Mardon antique burglary. The proceeds of this burglary were found in Ohio and one Donald Darche was charged with theft. On April 28, 1976, Judge Machalo heard the case, but it was dismissed because our witness refused to testify at the trial.

Darche again came to our attention when Commission undercover agents were able to identify two valuable oil paintings in his apartment as those taken in a burglary committed on May 18, 1968. We were able to locate the rightful owner, and the paintings were positively identified.

On June 4, 1976, a Commission agent, accompanied by officers of the Chicago Police Department and an Assistant State's Attorney, executed a search warrant at Darche's apartment. The stolen paintings were recovered and will be returned to the rightful owner following a court order to do so.

Our 1975 annual report also identified one Scott Worthington as a master jewel thief operating in the Chicago area as well as in southern Florida. On January 16, 1976 Worthington was convicted and sentenced to five years in prison for a burglary he committed on February 19, 1975, in Lighthouse Point, Florida. However, he has yet to serve his sentence and is out on a \$5,000 appeal bond.

Based on information supplied to Florida authorities, Worthington was arrested for two armed robberies (home invasions) in which he stole \$30,000 and \$350,000 worth of jewels. In one instance he posed as a Roman Catholic priest to gain entry into the home.

Unfortunately, the State of Florida elected to prosecute Worthington on only one of the two robbery charges. In the words of an Assistant Florida State Attorney, a Broward County Circuit Court Jury returned a "...disgusting verdict" of not guilty.

Curiously, Worthington, who is unemployed, recently purchased a \$102,000 home in Boca Raton, Florida requiring a \$25,000 down payment and monthly mortgage payments of \$599.

In other developments, on June 29, 1976, one Richard Berdine appeared before Judge Pistilli in Will County and pleaded guilty to a charge of theft from his former employer, Johnson and Johnson. The charge was a result of information obtained during the Commission's fencing investigation.

On August 6, 1976, Berdine was sentenced to one to two years in prison, beginning August 16th.

On May 19, 1976, Abraham M. Silver, another subject of our fencing probe, appeared before Judge Robert L. Massey and pleaded guilty to one count of theft. Judge Massey sentenced Silver to two years' felony probation. Three other charges against Silver were dismissed.

The charges against Silver stemmed from two undercover purchases of stolen Speidel products made by a Commission undercover investigator on August 16 and 17, 1974.

## 2. Immunity Petitions

The Commission is presently pursuing its appeal in the Illinois Appellate Court regarding the granting of immunity to five subjects of the fencing investigation. Petitions to grant immunity were filed in the Cook County Circuit Court for Theodore E. Macis, Roy Markham, Herbert Mosky, Aldo Mazzone, and Esteban Nieves after they invoked their Fifth Amendment privilege at our September 15 and 16, 1975 public hearings on fencing.

Originally, Judge Richard J. Fitzgerald ruled that the Commission's authority to grant immunity was limited to compelling testimony related solely to Illinois criminal acts. He ruled that no testimony could be compelled from a witness if it reasonably appeared to subject said witness to indictment, information or prosecution under the laws of another state or of the United States. Section 315 of the Commission's enabling Act (Chapter 63, Section 315, Ill. Rev. Stats., 1975) contains such a prohibition.

The Commission argued that the limiting language of Section 315 was superseded by the United States Supreme Court ruling in Murphy v. Waterfront Commission of New York Harbor, 84 S. Ct. 1594 (1964). Murphy established the principle that a state may compel testimony notwithstanding the fact that such testimony may subject the witness to federal prosecution. Use of the self-incriminating testimony for federal prosecution was prohibited.

On December 12, 1975, Judge Fitzgerald signed an Order for each of the five witnesses compelling them to appear before the Commission and answer questions put to them. On April 8, 1976, we filed an appeal of this ruling. Our Appellant brief presenting our arguments in favor of complete immunity was filed on August 9, 1976. The appellees requested and were granted two extensions of time within which to file their brief to a due date of January 17, 1977. Oral argument is expected before First District, Illinois Appellate Court, in the early part of 1977.

Pending a favorable ruling from the Appellate Court, these five subjects will be required to reappear before the Commission and give testimony regarding their knowledge of fencing activities. We are also proposing legislation to repeal the restrictive language of Section 315, language formulated prior to the Murphy decision.

#### B. Drug Abuse in Secondary Schools

House Resolution 995 was adopted by the Illinois House of Representatives on June 6, 1974. Its principal sponsor was former Representative Henry J. Hyde, who had 29 cosponsors.

The resolution stated that "efforts made in Illinois by public and private agencies to discourage the use of illicit drugs by the youth in the secondary schools of our State have not succeeded in preventing drug abuse and the accompanying tragic loss of life, health, and personal values among our youth."

The Commission was mandated to: (1) hold hearings throughout this State in communities of varying socioeconomic character for the purpose of determining the extent and pattern of criminal behavior regarding the sale and use of drugs to and among persons attending junior high and high schools in our State; and (2) formulate specific recommendations, including but not limited to statutory changes, for more effective enforcement of the law regarding the apprehension and punishment of criminals who distribute illegal drugs to junior high and high school students.

The Commission first concentrated on gathering information from school officials, students and law enforcement authorities throughout the State. Since obtaining information regarding the drug problem from all communities and schools in the State was far beyond the Commission's capability, we selected for study schools and communities that we felt would be representative of the entire State. Commission investigators interviewed officials and students from schools

throughout the Chicagoland area, and from the areas of Rockford, the Quad cities, Kankakee, Danville, Springfield, East St. Louis and Carbondale. Additionally, we sent questionnaires to randomly selected schools throughout Illinois.

In September, 1975 the Commission held public hearings in River Grove, Illinois. A total of 23 witnesses testified regarding the juvenile drug problem in the Greater Chicago area.

In September, 1976 the Commission held a public hearing in Springfield to receive testimony concerning the drug problem in downstate Illinois. Nine witnesses appeared.

To balance out the testimony at the Commission hearings and the information provided to Commission investigators by students and authorities on juvenile drug abuse in Illinois, we also began searching the literature on the problem. We examined studies conducted by federal agencies such as the National Institute on Drug Abuse, by State agencies such as the Illinois Dangerous Drugs Commission and the Illinois Institute for Juvenile Research, and by private agencies such as the Drug Abuse Council.

An analysis of the information already gathered has allowed us to arrive at several preliminary conclusions. First, the drug most frequently used by secondary school students is alcohol. According to a recent study by the Illinois Institute for Juvenile Research, over 50 percent of secondary school students have used alcohol, more than 20 percent have used marijuana, and less than 10 percent have used amphetamines or barbiturates. Still fewer students have used such drugs as LSD, PCP and heroin.

It appears that over the last five years, use of alcohol and marijuana by secondary school students has increased somewhat, while use of the so called "harder" drugs such as amphetamines, barbiturates, LSD and heroin has decreased. At first glance it would then appear that the drug problem in secondary schools has declined. This is not the case. During this five year period there seems to have been an alarming increase in the frequency of poly drug use--that is, the practice of mixing several drugs in dangerous combination. The pattern of juvenile drug use has changed, but the problem has not diminished.

A final preliminary conclusion reached by the Commission is somewhat more encouraging. Careful consideration of the existing evidence leads us to believe that while the problem of juvenile drug use is serious, it is neither an insurmountable problem nor is it a problem that can be considered a crisis.

As a result of these preliminary findings, the Commission has focused, in the final stages of the investigation, on a thorough analysis of the existing system for dealing with the problem of juvenile drug use. We are evaluating the juvenile justice system--from arrest and prosecution to sentencing and corrections--as it relates to the juvenile drug offender. We are examining the current drug abuse prevention and treatment efforts by both private and public agencies. And we are analyzing the way that these organizations and agencies interact with each other and with schools and parents in their frequent attempts to minimize the whole drug problem.

Thus far we have determined that increasing the penalties for sale of drugs to juveniles will do little to solve the problem. However, when we complete our analysis of the overall system that has grown in response to the problem of juvenile drug use, the Commission intends to make broad recommendations for streamlining and improving existing efforts. Our final report on this investigation will be issued in 1977.

#### C. Illinois Nursing Homes

Shortly after embarking upon the Lake County Nursing Homes investigation, the Commission received House Resolution 115, adopted on April 22, 1975, mandating an investigation of long term care facilities statewide. This House Resolution authorized the Commission to investigate any allegations or evidence of abuse or neglect of patients in any long term care facility which has a State-placed resident. We immediately commenced our third investigation into the long term care industry.

We have progressed from the examination of a specific facility--Illinois Extended Care Center in Rockford (June, 1975 report entitled *Seven Patient Deaths at Illinois Extended Care Center*), to the Lake County Nursing Homes investigation, to the present all-inclusive Illinois Nursing Homes investigation. Each succeeding investigation has confirmed the Commission's previous findings while revealing further problems, abuses, and questionable practices. In an approximate three-year period, the Commission is fast becoming educated in the highly complex long term care field.

As a result of these investigations we have become acquainted with the multitude of variables affecting a long term care operation, both from within and without. We have identified abuses in all forms and reasons for their existence and persistence. In essence, every aspect of the long term

care field was examined as it directly or indirectly affected the health, safety, and welfare of the residents.

Our final report will contain a comprehensive package of legislation and administrative recommendations based on our three exposures to the long term care industry.

#### D. Real Estate Testers

House Resolution 651, sponsored by Representative Ronald K. Hoffman and cosponsored by 25 other Representatives, was adopted by the Illinois House of Representatives on March 3, 1976.

HR 651 alleged that certain individuals or groups of citizens of this State were obstructing Illinois licensed real estate brokers and salesmen from complying with federal, State, and local Fair Housing Laws by using harassing and coercive practices. It listed the following alleged practices: picketing of real estate brokers and salesmen's homes and places of business; the jamming of the telephone lines of licensed real estate brokers and salesmen; soliciting home owners for listings in order to prevent licensed real estate brokers and salesmen from obtaining listings and selling homes; and bringing unsubstantiated complaints to the Illinois Department of Registration and Education and to various human relations commissions.

The Commission was directed to investigate each of these allegations and to convene public hearings. Accordingly, the Commission has contacted the Illinois Department of Registration and Education and has been granted access to all pertinent documentation. The Commission plans to circularize all human relations commissions requesting information relevant to the resolution. The Commission will also identify and interview licensed real estate brokers and salesmen, homeowners, and members of organizations and groups purporting to promote civic advancement to their neighborhoods or community areas as it pertains to the housing of its citizens regarding their experiences and involvement in the practices alleged in the resolution.

On May 4, 1976, the House of Representatives Executive Committee favorably reported on House Resolution 678, calling for the repeal of House Resolution 651. However, it was voted down on the House floor on May 18, 1976. The basis for House Resolution 678 was the concern expressed by citizens and community organizations that the Commission's investigation would be confined to an inquiry of the practices of citizens and organizations engaged in activities promoting improved housing conditions.

As a result of testimony heard during the consideration of House Resolution 678 which questioned the scope of the Commission's investigation mandated by House Resolution 651, House Resolution 703, sponsored by Representatives Robert K. Downs, Michael S. Holewinski and Robert E. Mann, was adopted by the Illinois House of Representatives on May 20, 1976.

House Resolution 703 expands the Commission's investigation directed by HR 651 "To include an examination of the practices of the Illinois real estate industry to determine if any such practices violate the laws cited...in the preamble to House Resolution 651."

The adoption of HR 703 has not quelled community organizations' opposition to the investigation. On September 28, 1976, the Metropolitan Housing Alliance (MAHA) together with five of its member organizations--Homeowners Federation (HF), Northwest Austin Council (NAC), Southwest Community Congress (SCC), Northwest Community Organization (NCO), and the Oak Park Community Organization (OPCO)--and the Village of Park Forest South petitioned the United States District Court for the Northern District of Illinois Eastern Division seeking to have House Resolution 651 declared unconstitutional and enjoining the Commission from enforcing or executing it. Litigation of this matter is currently in the preliminary stages. The Commission is being represented by the Attorney General's Office and the Commission Chief Counsel.

Because of the developments subsequent to the adoption of House Resolution 651, the Commission's investigation has been proceeding on a limited basis. Assuming satisfactory disposition of the pending litigation, the Commission anticipates concluding its fact finding/field work and convening the required public hearings in the spring of 1977. It appears that hearings regarding House Resolution 651 and 703 will require several sessions, which shall be scheduled at various times and locations to accommodate all interested parties.

#### E. I-55 Barricades

House Resolution 856, adopted by the Illinois House of Representatives on May 26, 1976, directs the Commission to determine the reason why 50 miles of barricades were set up on Interstate 55 between Springfield and Chicago. The resolution states that only one-half mile of this 50-mile section was under actual construction, and that it was in the best interest of the State to find out if the cost was reasonable. The resolution also directs the Commission to examine the written contracts between contractors and the Department of Transportation regarding the I-55 improvements.

The Commission will issue its final report on this investigation in early 1977.

#### F. Recently Assigned Investigations

##### 1. Auto Insurance Abuse

On November 18, 1976, the Illinois Senate passed Senate Resolution 435, which directs the Commission to investigate certain abuses in the automobile insurance industry. The resolution notes that a *Chicago Tribune* series had revealed that some insurance companies which insure "high risk" drivers have unreasonable delays in paying claims, and that these delays have resulted in extensive litigation which in turn create a backlog in the courts of Cook County.

The Commission plans to hold public hearings and to release its final report, along with recommendations for legislation, if any, in the summer of 1977.

##### 2. Museums

On November 30, 1976, the Illinois House of Representatives adopted House Resolution 1026, directing the Commission to investigate the policies and practices of State museums and cultural institutions, particularly the George F. Harding Museum in Chicago.

The resolution observes that museums are a source of great enjoyment and educational value for the citizens of the State, and that museums house collections of great works of art and priceless cultural objects. But the resolution cites allegations that the George F. Harding Museum has actively discouraged the public from having easy access to its collection, and, further, that the museum's officials had disposed of valuable works of art without notifying anyone.

HR 1026 directs the Commission to make recommendations concerning the adoption of legislation covering the duties and responsibilities of museum trustees and the necessity for prior public notification of the sale of museum holdings.

##### 3. Race Track Messenger Services

Senate Resolution 447, adopted by the Illinois Senate on December 2, 1976, observes that recently established race track messenger services (which relay bets to the race tracks) have resulted in a loss of attendance at the tracks, which in turn has caused a loss of revenue to concessionaires,



to race meet operators, and to State municipalities in the vicinity of the tracks.

The resolution directs the Commission to investigate the activities of these messenger services, their legality, and their fiscal impact, and to report the results of the investigation, along with recommendations for legislation, no later than February 15, 1977.

#### 4. Currency Exchanges

House Resolution 1088, adopted by the Illinois House of Representatives on December 16, 1976, cites certain allegations made by the Better Government Association and the *Chicago Sun-Times* during an investigation of currency exchange practices.

These allegations were that currency exchanges charge too much for their services, charge more in poor areas than in other areas, are virtually unregulated by the State, and are too "cozy" with those charged with licensing them.

HR 1088 mandates that the Commission investigate these several allegations and "submit a report of (our) findings, including any recommendations for changes in the laws of Illinois, if any are indicated, to the General Assembly not later than February 28, 1977."

#### 5. Arsons

On December 16, 1976, the Illinois Senate adopted Senate Resolution 474, sponsored by Senator Norbert A. Kosinski, directing us to investigate "the problems involving arson in (this) State and to recommend to the Illinois General Assembly, as soon as practicable, the proper legislative response."

We have just begun the initial phases of this tenth pending investigation, but hope to have it completed sometime during the latter part of 1977.

#### G. Commission Investigations - 1976

During 1976 the Commission worked on 17 separate investigations: seven of these were completed and the remaining ten are being continued into the coming year. The chart on the following page details each of our 1976 Commission investigations including their respective resolution numbers, sponsors, adoption dates, due dates--if any, and when the completed reports were distributed.

#### COMMISSION INVESTIGATIONS - 1976

RESOLUTION NUMBER	SUBJECT	SPONSORS	DATE ADOPTED	DUE DATE	DISTRIBUTION DATE
CR 6	"Fencing" (Criminal Redistribution)	Commissioners	12/17/73	--	
HR 995	High School Drug Abuse	Hyde, et al.	6/06/74	--	
HR 1277	Lake County Nursing Homes	Griesheimer, et al.	2/07/75	--	(2/77)
HR 146	Ku Klux Klan	Ryan, et al.	3/25/75	10/76	10/76
HR 115	Illinois Nursing Homes	Beatty, et al.	4/22/75	--	
HR 215	Dan Ryan Expressway Repairs	Meyer, et al.	5/28/75	1/01/76	1/76
HR 342	Mortgage Lending Kickbacks	Madigan, et al.	6/28/75	--	10/76
HR 438	Medical Licensing	Ryan, et al.	6/30/75	1/05/76	1/76
HR 529	Mexican Heroin	Hill, et al.	11/04/75	6/15/76	6/76
HR 548	I.B.I.'s Borderline Tavern	Giglio, et al.	11/19/75	--	(1/77)
HR 651	Real Estate Testers	Hoffman, et al.	3/03/76	--	
HR 703	Realtors (Expansion of HR 651)	Downs, et al.	5/20/76	--	
HR 833	Delinquent Tax Sales	Mann, et al.	5/20/76	8/18/76	9/76
HR 856	I-55 Barricades	Fleck, et al.	5/26/76	--	
SR 435	Auto Insurance Abuses	Egan, et al.	11/18/76	--	
HR 1026	Museums	Merlo, et al.	11/30/76	--	
HR 447	Race Track Messenger Services	Mohr, et al.	12/02/76	2/15/77	
HR 1088	Currency Exchange Overcharges	Taylor, et al.	12/16/76	2/28/77	
SR 474	Arsons in Illinois	Kosinski	12/16/76	--	

Chapter 4

OTHER RELATED MATTERS

A. City Savings and Loan Association - \$14,000,000 Judgment

In 1972 the Commission conducted an investigation into the City Savings and Loan Association, whose president, C. Oran Mensik, embezzled more than \$28,000,000 in depositors' savings.

In November, 1976, the United States District Court entered a judgment against the estate of the late Joseph E. Knight, former Director of the Illinois Department of Financial Institutions, in the amount of nearly \$14,000,000. Knight died on April 2, 1973, leaving an estate valued at \$1,000,000.

In his ruling, Judge Edwin A. Robson found that Knight had "willfully and maliciously disregarded his statutory duty to supervise the affairs of City Savings...." Knight was fully aware of City Savings' precarious financial situation as early as January, 1964, yet, incredibly, he failed to take any action until April 30th when an audit was ordered, and did not attempt to correct any of the massive irregularities until June 26, 1964.

Robson entered a judgment for \$13,969,504 against the First National Bank of Alton, Illinois, executors of Knight's estate.

B. Illinois Horse Racing Revenue Increase

On January 1, 1976, Senate Bill 37 effectively became law. This bill was the outgrowth of two prior Commission investigations: (1) *The Illinois Racing Board Controversy* concerning 1973 racing dates; and (2) *Illinois Horse Racing: A Study of Legislation and Criminal Practices*.

Of the various aspects of that bill, two important ones were: (1) a change in the structure of privilege tax rates and apportionment of racing revenues to various funds; and (2) extension of the thoroughbred racing season in Illinois.

Anthony Scariano, Chairman of the Illinois Racing Board, recently announced that as the result of this extended season and the current privilege tax rates, revenue generated to the State treasury will be increased by approximately \$6,000,000 this year.

### C. Abuse of Medical Prescriptions

During our 1974 investigation of the *Abuse of Medical Prescriptions for Dangerous Drugs* by physicians, Commission undercover agents made evidential purchases from several physicians both in the Chicago area and throughout Illinois. Pursuant to our suggestion, the Illinois Department of Registration and Education (DRE) reviewed our investigative files on these several physicians mentioned below and initiated the following actions:

1) On January 5, 1976, Dr. Charman F. Palmer consented to a 20-year suspension order imposed on her by DRE for writing prescriptions for no medical reason. Dr. Palmer, who conducted her practice from her Lockport, Illinois residence, was last known to be residing in Milwaukee, Wisconsin.

2) On February 18, 1976, DRE imposed the revocation of Dr. Cornelius Kline's license for selling prescriptions for no legitimate reason. Kline conducted his practice in Rock Island, Illinois. Both doctors had previously invoked their Fifth Amendment privileges at our public hearings into abuses of medical prescriptions.

3) On July 28, 1976, the Illinois Department of Registration and Education suspended the physician's license of Dr. Gerald McCabe. McCabe, who testified at the Commission's public hearings, was accused of writing 7,200 prescriptions between January 1 and June 1 of last year for morphine and other addictive drugs.

4) The prescriptions were filled at two pharmacies owned by Irving Cotovsky, whose controlled substance permit was also suspended. Cotovsky was also a subject of this Commission's 1974 investigation.

5) Two other doctors investigated by the Commission also had their licenses suspended by DRE. Dr. Kurt Heisler had his license suspended for three months with one year probation. Dr. William Farney's license was suspended for six months with one year probation. Heisler and Farney practiced in Springfield. Both testified at our public hearings on medical prescription abuses held in Springfield, Illinois.

In October of 1975 the Illinois Dangerous Drugs Commission rescheduled amobarbital, secobarbital and pentobarbital to Schedule II, requiring triplicate prescriptions. Our own Commission had recommended this rescheduling in the Medical Prescriptions report.

Because of objections to this rescheduling by the Illinois State Medical Society, the Dangerous Drugs Commission held a meeting on June 29, 1976, in order to discuss the effectiveness and/or necessity of triplicate prescriptions for these drugs.

One of our investigators presented this Commission's position regarding the value of triplicate prescriptions. The Dangerous Drugs Commission voted to keep the three barbiturates as Schedule II drugs until more data can be obtained.

### D. The Purolator Robbery Updated

In last year's annual report we described the Commission's participation in the investigation of the \$4,300,000 burglary of the Purolator Security vaults.

Commission undercover agents, who were involved in an investigation of Chicago area fencing activities in the summer of 1974, were tipped off about the impending super-heist more than a month before the burglary. Information supplied by the Commission enabled federal authorities to apprehend the suspects within 10 days after they had taken the money to Grand Caymen Island in the British West Indies. A Commission informant and undercover agent also testified for the prosecution at the federal trial, where four of the defendants were found guilty.

Charles Marzano, who pleaded innocent, was found guilty and sentenced to 20 years in prison. His cousin, William Marzano, pleaded guilty and was sentenced to seven years. Peter Gushi, who pleaded guilty and cooperated with the prosecution, was given a four year sentence. James Maniatis, accused of buying the truck that hauled the money, pleaded guilty and was sentenced to 18 months in prison. Luigi DiFonzo was found not guilty. A sixth defendant, Ralph Mererra, was declared mentally unfit for trial.

DiFonzo, who reportedly amassed a fortune in a silver futures scheme several years ago, recently appeared in bankruptcy court where he was given immunity to testify about the bankruptcy proceedings involving his two defunct companies, North American Investments Company and North American Trading Company. When DiFonzo refused to divulge his name and address, U. S. District Court Judge Prentice Marshall ordered him jailed for civil contempt. DiFonzo was freed two days later after agreeing to cooperate.

State charges against all defendants were dismissed by Judge Philip Romiti. This ruling is being appealed by the Cook County State's Attorney's Office.

E. Chemical Leak at Bulk Terminals

A Commission investigator flew to New Orleans on April 28, 1976, to present a paper before the National Conference on Hazardous Materials Spills. The Commission was invited to participate in the Conference because of our investigation and final report regarding the chemical leak at the Bulk Terminals tank farm which occurred in April, 1974.

On September 20, 1976, the Illinois Supreme Court ruled that the State is entitled to take legal action against the Bulk Terminals company for the leak which caused acid fumes to pollute the air for almost two weeks and which injured some 200 people.

In its ruling, which overturned an Appellate Court decision, the high court said that Bulk Terminals had failed to establish that it had exhausted remedies under the Environmental Protection Act and the Administrative Review Act.

Bulk could be fined as much as \$10,000 plus \$1,000 for each day the pollution existed.

F. Nursing Home Convictions

Three nursing home owners, who were subjects of this Commission's investigations into Illinois and Lake County nursing homes, were convicted by a federal judge in November, 1976, for fraud charges involving kickbacks from pharmacists in return for Medicaid and Medicare business.

Pleading guilty to the fraud charges were Norman S. Ruttenberg, Dan Lipman, and Hyman M. Naiman, all three of whom had interests in Multicare Management Corporation, a firm purportedly providing management supervision services to their nursing homes.

U. S. District Court Judge Frank J. McGarr imposed fines of \$100,000 on Ruttenberg, plus 90 days in prison and 21 months' probation. Lipman and Naiman were both fined \$200,000 and given sentences of 90 days in prison and 21 months' probation.

Both Naiman and Lipman were subpoenaed to the Commission's Lake County Nursing Homes public hearings, where they invoked the Fifth Amendment. Both before and since those hearings, the Commission provided continuous information concerning these individuals and numerous others to the U. S. Attorney's office which contributed to the federal convictions.

The men pleaded guilty to receiving thousands of dollars in kickbacks from Chicago drugstores in return for channeling business to the stores. The nursing homes involved were the Bryn Mawr House, Evergreen Gardens Nursing Home, Eden View Terrace, and Northbrook Nursing Home. All Seasons Nursing Center's relationship with Multicare Management Corporation was similar in nature to that of the above nursing homes.

G. The Joliet Correctional Center Riot - Aftermath

Last year the Commission issued its report on the April 22, 1975 riot at the Joliet Correctional Center, in which one of the inmates, Herbert Catlett, was murdered.

Our report identified inmate Earl Good as one of the key figures responsible for starting the uprising, which lasted for more than six hours, and during which time ten prison officials were held hostage.

Good was released from prison on July 28, 1975, after serving 11 years for murder. On October 7th, during an armed robbery, Good murdered 73-year old James Fitzpatrick, who was blind. Good and an accomplice escaped with \$1,000.

On November 10th Good murdered 54-year old Prince Humphries and his brother Herman, 37, during a holdup in the Humphries' tavern in Chicago. The brothers were shot in the head after being forced to lie down on the floor.

Five days later, on November 15th, Good murdered two supermarket employees in St. Louis during an armed robbery.

On September 17, 1976, Good pleaded guilty to the murders of Fitzpatrick and the Humphries. The prosecutor and one of the judges who heard the guilty pleas expressed the view that Good should never be released from prison.

Good was sentenced to jail terms amounting to hundreds of years but, as Judge Albert S. Porter said, "the number of years almost becomes meaningless. It's really up to the Pardon and Parole Board when, if ever, he is released."

In related news, three defendants charged with the murder of Herbert Catlett in the Joliet prison riot were found not guilty on July 30, 1976, by Judge Michael A. Orenic. The defendants in the murder trial were Herva Stevens, Treddest L. Murray, and Charles L. Thomas.

Judge Orenic said that because of inconclusive evidence and discrepancies in the testimony of three witnesses it was



impossible for him to find the defendants guilty beyond reasonable doubt.

The three witnesses had successfully passed lie detector tests, and each had picked at least one of the defendants from a photograph line-up conducted by the Illinois State Police.

All three men are still incarcerated.

#### H. Mexican Heroin

##### 1. Legislation

As a follow-up to the recommendations contained in the Commission's recently issued report on Mexican heroin, Representative John Hill, who sponsored the resolution which initiated our investigation, implemented the following:

House Resolution 935, adopted on June 24, 1976, directs the Illinois Dangerous Drugs Commission to review, adopt, and implement certain proposals contained in our report. These proposals included effecting a closer relationship between law enforcement agencies and drug treatment facilities; evaluating the effectiveness of State and private drug treatment facilities; support for the programs known as AIDS; and establishment of a State-wide addicts register.

House Bill 4004, a bill to amend the Illinois Controlled Substances Act and the Unified Code of Corrections, reduces the quantity of heroin, cocaine or morphine required for a conviction of a person knowingly manufacturing, delivering, or possessing with intent to manufacture such drugs. It denies parole to any person convicted of such violations.

The Commission found that most dealers in heroin intentionally carry an amount less than that required to be legally charged with the more serious offense. House Bill 4004 proposes that a felony offense for possession of hard drugs be reduced from 30 grams to 15 grams.

A Commission investigator is currently working closely with the Dangerous Drugs Commission helping them to implement the directives of HR 935.

##### 2. Arrests

In the Commission's report on Mexican Heroin, frequent reference was made to the Herrera family of Durango, Mexico

and Chicago. The Herreras have been long suspected of controlling the heroin empire which grows and distributes the drug currently saturating the United States.

On November 26, 1976, Jose Ramon Herrera, 34, and his brother, Reyes, 23, were arrested by federal Drug Enforcement Administration agents at the family's restaurant in Roseland and charged with conspiracy to sell heroin. Another relative, Jesus Herrera, 18, was also named in the conspiracy.

##### 3. Recognitions

On June 24, 1976, United States Congressman Morgan F. Murphy participated in a Special Order on the floor of the House of Representatives regarding his sponsorship to create a Select Committee on Narcotics Abuse and Control. In commenting on the regional problem of drug abuse and the need for such a Select Committee, Congressman Murphy referred to our June, 1976 report entitled *Mexican Heroin*.

Under the signature of Edward E. Johnson, the Executive Office of the President cited our report as being "at once realistic and constructive; at once readable and accurate... should be required reading for anyone interested in this complex problem."

Similarly, George E. Brown, Special Assistant for Narcotics, Department of State, commented that the Mexican heroin report, "had met a real need for policy makers in the State Department.... It has been the basic document to which I have referred our policy makers."

##### I. Juice Gangsters Paroled

On April 14, 1967, three juice (criminal usury) racketeers, and important organized crime gangsters in the Chicago area syndicate, were convicted on a prosecution initiated and developed by this Commission. Willie Messino was sentenced to 10-30 years in the State penitentiary; George Bravos to 5-20 years and Joseph Lombardi to 7-20 years.

Their series of appeals were denied and finally on February 24, 1970, they were incarcerated to start service of their sentences. Every year from 1971 through 1975 each of these three defendants has applied for parole and each year the Commission has opposed parole for them. In 1976 they each reapplied for parole, and once again we interposed written, vigorous oppositions to such paroles.

Regrettably, all three defendants were granted parole during the past year. On November 15, 1976, Lombardi was granted parole effective when plans are approved, under close supervision. On December 9, 1976, Bravos was granted parole effective when plans are approved; and on December 20, 1976, Messino was granted similar parole conditions.

J. Internships

In November, 1976, the Commission first participated in a cooperative internship program for selected senior law enforcement majors from Illinois colleges and universities. Our first intern worked with us for six weeks studying the methods law enforcement officials employ in combating drug abuse in secondary schools. The internship program proved to be a valuable asset and the Commission intends to continue sponsoring future student interns on a regular basis.

K. Lectures

Our Acting Executive Director addressed law enforcement agencies, community groups, universities and other interested organizations concerning the activities of the Commission. He also addressed the 1976 zone conference of the Law Enforcement Intelligence Unit, a national affiliation of organized crime specialists in state and local law enforcement agencies throughout the country.

L. Cooperation With Other Agencies

All of our requests for the development of investigative leads out-of-state, in furtherance of the Commission's investigations in Illinois, were handled by members of the Law Enforcement Intelligence Unit (LEIU).

The Commission likewise, during the past year, extended reciprocal assistance to LEIU agencies in certain matters of mutual interest. The Commission's Executive Directors have been members of LEIU since 1963.

We also continued the cooperative relationship the Commission has enjoyed since 1963 with many State, county, local and federal law enforcement and regulatory agencies in Illinois.

Chapter 5

PERSONNEL AND EXPENDITURES

The Commission receives no monies other than General Revenue Fund appropriations granted by the General Assembly.

A. Personnel

Following is a list of the Commission's present employees, including their names, titles and salaries (excepting undercover investigators), as of December 31, 1976:

<u>Name</u>	<u>Title</u>	<u>Salary</u>
Ronald Ewert	Acting Executive Director	\$30,000
John W. Baylor	Executive Assistant	22,050
William P. White III	Chief Counsel	19,700
Thomas L. Costello	Investigative Reporter	19,050
	Investigator	17,575
	Investigator	17,000
	Investigator	16,750
	Investigator	16,325
	Investigator	15,925
	Investigator	14,675
	Investigator	14,275
	Investigator	14,275
	Investigator	11,500
Cynthia E. Dial	Research Analyst	11,025
Marsha A. Shilney	Secretary	10,200
Linda S. Boldyga	Secretary	10,200
Kathy J. Knapp	Administrative Clerk	9,300
Sharon Kaminecki	Secretary	7,200
Sherri K. Tofte	Receptionist	7,200
Patti Jo Gober	File Clerk	6,400

B. Expenditures

From January 1, 1976, through June 30, 1976, the Commission's expenditures were paid out of the 1976 fiscal year appropriation. That appropriation was \$579,900. Expenditures for the first six months of 1976, including those processed during the lapse period, were as follows:

Personal Services	\$143,783.34
Retirement	9,363.94
Social Security	8,411.82
Contractual	34,205.60
Travel	5,176.50
Commodities	1,618.79
Printing	8,318.04
Equipment	26,146.57
Telecommunications	8,249.42
Operation of Auto Equipment	7,678.45
Sub Total	\$252,952.47

From July 1, 1976, through December 31, 1976, the expenditures were paid out of the 1977 fiscal year appropriation of \$564,050. Expenditures for the second six months of 1976 were as follows:

Personal Services	\$142,072.52
Retirement	9,518.89
Social Security	6,526.23
Contractual	23,856.93
Travel	1,133.10
Commodities	1,925.44
Printing	5,300.83
Equipment	68.00
Telecommunications	3,434.18
Operation of Auto Equipment	2,205.42
Sub Total	\$196,041.54

Thus, for the 12-month period ending December 31, 1976, the Commission expended a total of \$448,994.01

Chapter 6

ILLINOIS LEGISLATIVE INVESTIGATING COMMISSION ACT

Section 1. Legislative Intent.] It is the intent of the General Assembly to provide its members with facilities, equipment, authority, and technical staff to conduct investigations, including public hearings, on any matter upon which the General Assembly may legislate.

This Act, and the jurisdiction of the Commission created thereby, is not intended to be in derogation of the jurisdiction of any Grand Jury of any county in the State.

Section 2. Definitions.] As used in this Act:

(1) "Commission" means the Illinois Legislative Investigating Commission created by Section 3 of this Act.

(2) "Person" includes natural persons, public officials, partnerships and associations of persons and corporations.

(3) "Hearing" means a proceeding, whether public or private, held before the Commission or before a designated subcommittee of the Commission.

(4) "Investigation" means a proceeding held anywhere in this State before the Executive Director of the Commission, the Chief Investigator of the Commission or Commission Counsel, at which a person appears for the purpose of giving testimony or producing evidence voluntarily or in response to a subpoena.

(5) "Chairman" includes any co-chairman.

(6) "Commission Counsel" includes the Commission's Chief Counsel, any Associate or Assistant Counsel, or any designee of the Office of the Attorney General selected to represent the Commission.

Section 3. Creation of Commission - Appointment of Members - Terms - Vacancies - Chairmen - Rules.] There is created the Illinois Legislative Investigating Commission, consisting of six members of the Senate, three of whom shall be appointed by the President thereof and three of whom shall be appointed by the Senate Minority Leader; and six members of the House of Representatives, three of whom shall be

appointed by the Speaker thereof and three of whom shall be appointed by the House Minority Leader. The members shall be appointed within 30 days after the effective date of this Act and during the month of June of each odd numbered year thereafter, and shall serve until July 1 of the next succeeding odd numbered year and until their successors are appointed and qualified, except that General Assembly members shall serve until their respective successors are appointed or until termination of their legislative service, whichever first occurs. Vacancies shall be filled for the unexpired term in the same manner as original appointments. Appointments shall be in writing and filed with the Secretary of State as a public record. Members of the Commission shall serve without compensation but shall be reimbursed for necessary expenses incurred in the performance of their duties. The Commission shall organize, select a chairman and such other officers as it deems expedient from its membership and provide rules for the transaction of its proceedings.

Section 4. Executive Director - Other Employees.] The Commission shall appoint an Executive Director, who shall devote his full time to the exercise of general supervision of all investigations and proceedings by the Commission. The Executive Director shall receive a salary to be fixed by the Commission.

The Commission may appoint such other employees as it may from time to time find necessary for the proper performance of its duties, and may fix their compensation without regard to civil service laws.

Section 5. Payment of salaries and expenses - Vouchers.] The salaries of the Executive Director and other personnel, and the expenses of the Commission including necessary travel and subsistence expenses incurred by the Commissioners, Executive Director and other employees of the Commission shall be allowed and paid on the presentation of itemized vouchers therefor, approved by the Commission or by any Commissioner it designates for that purpose.

Section 6. Investigative expenses - Accounting procedures and records.] The Executive Director and other employees of the Commission may, when authorized by the Commission, expend such sums from a revolving trust fund, not to exceed \$3,000, as the Commission deems necessary for investigative expenses. The Commission shall maintain a system of accounting procedures and records as developed by the Auditor General to accurately reflect the disbursements

of the amounts spent. These accounting procedures and records will be submitted to the Auditor General annually for review, and subsequently the Auditor General will issue an opinion to the Audit Commission as to the reliability of such records.

Section 7. Reports to the General Assembly and the Governor.] The Commission shall, on or before February 1, 1972, and every two years thereafter, submit a detailed written report of all completed investigations, conclusions drawn therefrom, recommendations for legislation, recommendations for administrative action, the names, salaries and duties of all officers and employees in its employ, and an account of all monies received and disbursed, to the General Assembly and to the Governor. The Commission may omit the names of undercover investigators from its reports.

Section 8. Powers of Commission - Investigations.] The Commission shall only act, with respect to any investigation under the powers conferred upon it by this Act, pursuant to resolutions adopted by the Senate or House or as hereinafter provided in this Section. At any time when the General Assembly is not sitting, the Commission may act by a written resolution authorized by a three-fourths vote of the members appointed to the Commission and signed by both co-chairmen of the Commission. The subject matter of the Commission Resolutions shall be limited to matters which have not been considered by either House of the General Assembly. The Commission, by its own action, may, by subcommittee, or by its Executive Director, or by such agents or agencies as it may designate, conduct any inquiry reasonably related to the specific resolution adopted by either House of the General Assembly or to the Commission's own resolution. Inquiries conducted pursuant to authorization may be conducted within or without the State. A Commissioner participating in such an inquiry shall not be disqualified from subsequently participating in the hearings or reports of the Commission.

Section 9. Principal office of Commission.] The principal office of the Commission shall be in the City of Chicago but the Commission, individual Commissioners and the Executive Director may perform any of their duties, exercise any of their powers, or conduct meetings, examinations and hearings at any other place.

Section 10. Assistance to and from public officers and committees.] The Commission has power to extend assistance to and demand and receive assistance from all State



public officials and employees and may extend cooperation to and request the cooperation of Standing or Special Committees of the Congress of the United States of America, or of the General Assembly of this or any other state.

Section 11. Investigative powers.] The Commission has the power to investigate generally any allegation which if proved would constitute a breach of public trust, a conflict of interest, a crime, a defect or omission from the laws of this State, or malfeasance, misfeasance or nonfeasance within this State.

Section 12. Jurisdiction of Commission.] In each investigation the jurisdiction of the Commission will be established by the terms of the specific resolution adopted by either House of the General Assembly or the Commission itself. Nothing in this Act shall prevent a legislative member of any other State Commission from introducing a resolution in the General Assembly which concerns a matter arising from the activities of his own commission, but which cannot be adequately investigated by his own commission's staff.

Section 13. Hearings - Oaths - Witness' right to counsel - Television, film or broadcast - Opportunity to answer accusations.] The Commission has the power to conduct public or private hearings to accomplish the several purposes and exercise the powers of the Commission, and in that connection to designate a subcommittee of the Commission, to preside over such hearings. Any Commissioner, the Executive Director, or Commission Counsel may administer oaths and affirmations, examine witnesses and receive evidence. A witness at any public or private hearing shall have the right to have counsel present of his own choice, for the purpose of advising him of his constitutional rights. No hearing shall be televised, filmed or broadcast by radio; nor shall any mechanical, photographic or electronic record of the proceedings at any hearing be televised or screened, or broadcast by radio, except upon the written approval of the Commission.

A person accused of an irregularity at a public hearing, who desires to answer the accusation, shall be given the opportunity to do so at the earliest convenience of the Commission or the subcommittee holding the hearing, as the case may be, but not later than 90 days thereafter.

Section 14. Subpoenas.] The Commission may require by subpoena the attendance and testimony of witnesses and the production of documentary evidence relating to any matter under investigation or hearing. The Chairman or the

Executive Director may sign subpoenas which may be served by any Commissioner, the Executive Director, or any agent or public official authorized by the Commission, or by any person lawfully authorized to serve a subpoena under the laws of the State of Illinois. The attendance of witnesses, and the production of documentary evidence, may be required from any location in the State, at any designated place of hearing within the State, and before the Commission as a whole, before a duly constituted subcommittee of the Commission or before the Executive Director or the Chief Investigator of the Commission or the Commission Counsel. Witnesses summoned before the Commission, or a subcommittee of the Commission, the Executive Director, the Chief Investigator or the Commission Counsel shall be paid the same fees and mileage expenses that are paid in the Circuit Courts of the State and witnesses whose depositions are taken and the persons taking those depositions are each entitled to the same fees as are paid for like services in actions in the Circuit Courts of the State. Fees and mileage shall be paid when the witness is discharged from further attendance. In case of disobedience to a subpoena, the Commission may petition any Circuit Court of the State for an order requiring the attendance and testimony of witnesses or the production of documentary evidence or both. A copy of such petition shall be served by personal service or by registered or certified mail upon the person who has failed to obey that subpoena, and such person shall be advised in writing that a hearing upon the petition will be requested in a court room to be designated in that notice before such judge as may be hearing motions or extraordinary remedies at a specified time, on a specified date, not less than three nor more than five days after the deposit of the copy of the written notice and petition in the U.S. mails addressed to the person at his last known address or after the personal service of the copy of that notice and petition upon such person. The court, upon the filing of such a petition, may, order the person refusing to obey the subpoena to appear at a designated place pursuant to any investigation or hearing, or to there produce documentary evidence, if so ordered, or to give evidence relating to the subject matter of that investigation or hearing. Any failure to obey such order of the Circuit Court may be punished by that court as a civil and/or criminal contempt upon itself.

Section 15. Refusal to testify or produce evidence - Self-incrimination - Compelling testimony and production of evidence.] In any examination by or hearing before the Commission, if a person refuses to answer a question or produce evidence of any other kind on the ground that he may be incriminated thereby, and if the Chairman or the Executive Director, in writing, requests a Circuit Court of the State to order that person to answer the question or produce the

evidence, the court shall so order unless it finds that to do so would be contrary to the public interest, and that person shall comply with the order. After complying, and if, but for this Section, he would have been privileged to withhold the answer given or the evidence produced by him, that person shall not be prosecuted for or on account of any transaction, matter or thing concerned which, in accordance with the order, he gave answer or produced evidence. He may, nevertheless, be prosecuted or subjected to penalty or forfeiture for any perjury or contempt committed in answering, or failing to answer, or in producing or failing to produce, evidence in accordance with the order. The court shall not order any such person to testify or produce evidence if it reasonably appears to the court that such testimony or evidence, documentary or otherwise, would subject such witness to an indictment, information or prosecution (except for perjury committed in the giving of such testimony or the producing of such evidence) under the laws of another state or of the United States.

Section 16. Rules and Regulations.] The Commission may from time to time make, amend and rescind such rules and regulations as may be necessary to carry out the provisions of this Act, including rules and regulations for calling and holding meetings of the Commission. A copy of all rules and regulations and amendments or rescissions thereof shall be filed with the Secretary of State within a reasonable time after their adoption.

Section 17. Severability of invalid provisions.] If any provision of this Act or the application thereof to any person or circumstance is invalid, such invalidity shall not affect other provisions or applications of the Act which can be given effect without the invalid provision or application, and to this end the provisions of this Act are declared to be severable.

Section 18. Case law concerning Crime Investigating Commission - Applicability - Short title.] All previous case law concerning the former activities of the Illinois Crime Investigating Commission developed by State and federal courts is applicable in relevant provisions to the Illinois Legislative Investigating Commission.

Section 19. Short Title.] This Act shall be known and may be cited as the "Illinois Legislative Investigating Commission Act."

Section 20. Repealer.] "An Act creating a commission to investigate crime, enumerating the powers and duties of such commission and making an appropriation therefor," approved June 20, 1963, as amended, is repealed.

## Chapter 7

### RULES OF PROCEDURE

#### ILLINOIS LEGISLATIVE INVESTIGATING COMMISSION

(As amended to December 14, 1972)

Rule 1. Investigations.] No major investigation shall be initiated except those authorized by the Illinois Legislative Investigating Commission Act, Ill. Rev. Stat. ch. 63 §§308 et seq. (1971). However, preliminary inquiries may be initiated by the Commission staff with the approval of either co-chairman of the Commission.

Rule 2. Subpoenas.] Subpoenas for attendance of witnesses and the production of memoranda, documents and records shall be issued by the Executive Director of the Commission or by either co-chairman. Said subpoenas may be issued for the questioning of prospective witnesses by the Executive Director, or a co-chairman, either in private or before the full Commission, or any subcommittee thereof.

Rule 3. Meetings.] (a) Call by Chairmen. Either co-chairman shall have the authority to call meetings of the Commission. A co-chairman shall not schedule any hearings or series of hearings outside the State of Illinois without giving at least 48 hours notice thereof to the members of the Commission.

(b) Call by Commission Membership. Should a majority of the membership of the Commission request the co-chairmen in writing to call a meeting of the Commission, then in the event the co-chairmen should fail, neglect, or refuse to call such meeting within 10 days thereafter, such majority of the Commission may call such meeting by filing a written notice thereof with the Executive Director, who shall promptly notify in writing each member of the Commission.

Rule 4. Quorum.] Any seven members of the Commission shall constitute a quorum for the purpose of taking testimony under oath in any given case or subject matter before the whole Commission. A co-chairman may, however, appoint subcommittees for the purpose of taking testimony. The membership of each subcommittee so appointed by a co-chairman shall consist of not less than three members of the Commission. Such subcommittee may include the co-chairman making the appointments. A minimum of two members of the Commission must be present when any evidence is taken by any subcommittee.

Rule 5. Witnesses.] (a) Testimony Under Oath. All witnesses at public or executive hearings who testify to matters of fact shall be sworn.

(b) Right to Counsel. Counsel retained by any witness and accompanying such witness shall be permitted to be present during the testimony of such witness at any public or executive hearings, and to advise such witness while he is testifying, of his legal rights. Provided, however, that no attorney who is employed by a governmental agency may appear on behalf of any governmental officer, official, or employee who is called to testify. This rule shall not be construed to excuse a witness from testifying in the event his counsel is ejected for contumacy or disorderly conduct; nor shall this rule be construed as authorizing counsel to suggest answers to the witness, reply for the witness, or otherwise interject himself as a surrogate witness. The failure of any witness to secure counsel shall not excuse such witness from attendance in response to subpoena.

(c) Interrogation. Interrogation of witnesses at Commission hearings shall be conducted by Commission members, by the Executive Director, or by the Chief Counsel of the Commission.

(d) Submission of Questions; Cross Examination. No person who is the subject of interrogation at public hearings may submit to the Commission questions in writing for the cross examination of other witnesses called by the Commission. With the consent of a majority of the members of the subcommittee present and voting, these questions shall be put to the witness by any member of the subcommittee, by the Executive Director, or by the Chief Counsel of the Commission.

(e) Request to Appear. Any person whose name is mentioned or who is specifically identified, and who believes that testimony or other evidence presented at a public hearing, or comment made by a member of the Commission or its staff, tends to defame him or otherwise adversely affect his reputation may: (1) request to appear personally before the subcommittee to testify on his own behalf: or, in the alternative (2) file a sworn statement of facts relevant to the testimony or other evidence or comment of which he complains. Such request and such statement shall be submitted to the Commission for its consideration and action.

Rule 6. Prepared Statements.] Any witness desiring to read a prepared or written statement in public or executive hearings shall file a copy of such statement with the Chief Counsel or any co-chairman of the Commission 24 hours in advance of the hearings at which the statement is to be presented. The Commission shall determine whether such statement may be read or placed in the record of the hearing.

Rule 7. Preservation of Testimony.] An accurate stenographic record shall be kept of the testimony of all witnesses appearing at public and executive hearings. The record of his own testimony whether in public or executive session shall be made available for inspection by the witness or his counsel under supervision. A copy of any testimony given in public session or part of the testimony given by the witness in executive session and subsequently quoted or made part of the record in a public session shall be made available to any witness at his expense if he so requests.

Rule 8. Secrecy of Proceedings.] All testimony taken in executive session of the Illinois Legislative Investigating Commission, and all statements or comments made by Commission members or others in attendance at executive session shall be kept secret and will not be released for public information without the approval of a majority of the Commission. All other testimony, evidence or data, except that which is adduced in the course of a public hearing, which constitute products of the investigative efforts of the Commission or its staff, including all memoranda, photographs, recording tapes, films, records, and files, shall be kept secret and will not be released for public information without the approval of a majority of the Commission. This section shall not apply to any documents or files which are part of the public domain, such as transcripts of public hearings, published materials, and materials which have previously been released for public inspection.

Rule 9. Staff Appointments.] All staff members shall be confirmed by a majority of the Commission. After confirmation, the co-chairmen shall certify staff appointments to the State Comptroller in writing.

Rule 10. Proceedings to Grant Immunity.] (a) A request to grant a witness immunity pursuant to Section 15 of the Illinois Legislative Investigating Commission Act shall be made only after the refusal of the witness to testify upon constitutional grounds before a meeting of the Commission followed by written authorization signed by a majority of the Commission.

(b) A request to grant a witness immunity under Section 15 of the Illinois Legislative Investigating Commission Act shall be made by a written petition made in the name of the Commission and its Executive Director and addressed to an appropriate circuit court of this State.

(c) Written notice of the presentation of an immunity petition shall be given at least seven days prior thereto

Appendix A

MAJOR INVESTIGATIONS

to the Attorney General of the United States or his authorized representative, the Attorney General of the State of Illinois, and to the State's Attorney of the county in which the petition will be presented, and to such other prosecutive officers as the Commission shall direct. In the event written objection to the petition is made by a person entitled to notice thereof, at or before the presentation of the petition, the Chief Counsel of the Commission shall request a continuance of the hearing on the petition and the Commission shall promptly meet and consider its authorization granted pursuant to passage (a) hereof. In the event a majority of the Commission agrees with the objections to the grant of immunity the petition shall be withdrawn. In the event a majority of the Commission disagree with the objections, the Chief Counsel for the Commission shall proceed with the presentation of the petition.

Rule 11. Transcripts of Meetings.] An accurate, verbatim, stenographic record shall be kept of all meetings of the Illinois Legislative Investigating Commission. Immediately following each meeting, the stenographic record shall be transcribed and the transcript of all such meetings shall be considered to be the official record of the meeting. Minutes shall be prepared from the transcripts by the Chief Counsel of the Commission and a copy thereof shall be presented to each Commission member at the next scheduled meeting.

The Commission has conducted a total of 84 major investigations from 1964 to date. From 1964 through June 30, 1971, the Illinois Crime Investigating Commission's investigations were authorized by its own resolutions. On July 1, 1971, the enabling statute was amended. There were two principal changes: (1) the name was changed to the Illinois Legislative Investigating Commission; and (2) either the House of Representatives and/or the Senate, or the Commission could adopt resolutions to authorize investigations.

Following is a chronological, cumulative list of the Commission's investigations, the predicate resolution numbers, and the dates of their adoption. All the resolutions adopted by the various entities are abbreviated as: CR (Commission Resolution); HR (House Resolution); HJR (House Joint Resolution); SR (Senate Resolution); and SJR (Senate Joint Resolution).

<u>Investigation</u>	<u>Resolution</u>	<u>Date of Adoption</u>
Arsons and Bombings in Cook County	CR 1	July 23, 1965
Juice Racket (Criminal Usury)	CR 2	July 23, 1965
Organized Crime Ownership of Legitimate Business	CR 3	July 23, 1965
Gambling in St. Clair County	CR 4	September 20, 1965
Gambling in Lake County	CR 5	September 20, 1965
Gambling in Illinois	CR 6	September 20, 1965
Organized Crime Activities in St. Clair County	CR 7	September 20, 1965
Juice Racket (Criminal Usury)	CR 8	November 17, 1965
Vending Machines Racket	CR 9	August 1, 1966
Ticket Brokerage Business	CR 10	October 17, 1966



<u>Investigation</u>	<u>Resolution</u>	<u>Date of Adoption</u>
Trucking Industry	CR 11	October 17, 1966
Vending Machines Racket (Public Hearings)	CR 12	December 5, 1966
Vending Machines Racket	CR 14	March 11, 1967
Organized Crime in Rosemont	CR 15	March 11, 1967
Cook County Jail	CR 16	March 14, 1967
Attendant Service Corporation	CR 17	May 19, 1967
Grant of Immunity to Phil Tolomeo and Roy Sears	CR 18	April 15, 1967
Retail Occupational Tax Evasion	CR 19	July 21, 1967
Alleged Official Miscon- duct in Sangamon County	CR 20	September 23, 1967
Alleged Official Miscon- duct in Calumet Park	CR 21	September 23, 1967
Beauty Culturists Associa- tion of Chicago	CR 22	September 23, 1967
Organized Crime in Illinois	CR 23	November 4, 1967
Alleged Official Miscon- duct in Addison	CR 24	January 20, 1968
Grant of Immunity to Chris Cardi and Patsy Ricciardi	CR 25	February 24, 1968
Alleged Misconduct in Sangamon County (Public Hearings)	CR 26	April 26, 1968
Cigarette Tax Evasion	CR 27	September 21, 1968
Organized Crime in Cairo	CR 28	September 21, 1968
Organized Crime in Alex- ander, Jackson, Pulaski, Union, and Williamson Counties	CR 29	November 23, 1968

<u>Investigation</u>	<u>Resolution</u>	<u>Date of Adoption</u>
Organized Crime in La Salle	CR 31	January 8, 1969
Alleged Official Miscon- duct in Oak Forest	CR 32	February 28, 1969
Seventh Step Foundation	CR 34	May 6, 1969
Manufacture of Gambling Paraphernalia	CR 35	July 12, 1969
SDS Riots in Chicago	SR 171 CR 38	October 21, 1969 November 24, 1969
Infiltration of Organized Crime in Elk Grove Village Legitimate Business	CR 37	October 22, 1969
Traffic of Narcotics and Dangerous Drugs	CR 39	September 12, 1970
Illicit Traffic in Stolen Securities	CR 41 HJR 119	March 10, 1971 June 23, 1972
Illegal Mexican Aliens	CR 1	August 16, 1971
Credit Card Fraud	CR 2 HJR 114	August 16, 1971 January 13, 1972
City Savings and Loan Association	CR 3 HJR 115	September 13, 1971 January 13, 1972
Intrastate Airlines	CR 4 HJR 97	October 27, 1971 November 11, 1971
Cook County Hospital	CR 5 HJR 103	November 12, 1971 December 13, 1971
Oscar A. Weil	HJR 134	May 15, 1972
State Building Contracts: Golabowski, Spinney and Coady	SJR 72	May 25, 1972
Peoria State Hospital	HJR 146	June 26, 1972

<u>Investigation</u>	<u>Resolution</u>	<u>Date of Adoption</u>
State Building Contracts: Capitol Rehabilitation Project	SJR 79	June 30, 1972
Illinois Racing Board Dates	HR 847	December 15, 1972
Illinois Horse Racing: Legislation and Criminal Practices	HR 219	April 27, 1973
Abuse of Medical Prescriptions for Dangerous Drugs	HR 285	May 8, 1973
Elgin State Hospital	HR 382	June 1, 1973
Fireworks Plant Explosions and Bootleg Traffic	HR 414	June 14, 1973
Funding Irregularities at Three State Universities	HR 289	June 30, 1973
Redlining: Home Improvement Loans	HR 321	June 30, 1973
Fencing (Criminal Redistribution of Stolen Property)	CR 6	December 17, 1973
Redlining: Discrimination in Residential Mortgage Loans	HR 753	March 6, 1974
Illinois Extended Care Center	HR 785	April 17, 1974
Chemical Leak at Bulk Terminals Tank Farm	HR 852	April 29, 1974
Cicero Avenue Bridge	HR 858	April 30, 1974
Illinois Water Pollution Program	HR 965	May 28, 1974
Drug Abuse in Secondary Schools	HR 995	June 6, 1974

<u>Investigation</u>	<u>Resolution</u>	<u>Date of Adoption</u>
Lawrence Carr Amusement Company	HR 5	June 21, 1974
Rental Lease in Granite City	HR 733	June 29, 1974
Auto Repair Abuses	HR 1010	July 1, 1974
Kane County Jail	HR 1111	July 1, 1974
Ada S. McKinley Community Services	HR 1069	July 1, 1974
Allegations of Corruption in Motor Vehicles Division of Secretary of State	CR 7	September 17, 1974
Aldermanic Campaign Fund Solicitation Letter	SR 8	January 29, 1975
Lake County Nursing Homes	HR 1277	February 7, 1975
Ku Klux Klan	HR 146	March 25, 1975
Illinois Nursing Homes	HR 115	April 22, 1975
Joliet Prison Riot	HR 228	April 29, 1975
Dan Ryan Expressway Rehabilitation Project	HR 215	May 28, 1975
Mortgage Lending Kickbacks	HR 342	June 28, 1975
Medical Licensing	HR 438	June 30, 1975
Heroin Traffic in Northern Illinois	HR 529	November 4, 1975
Purchase of Borderline Tavern by the Illinois Bureau of Investigation	HR 548	November 19, 1975
Real Estate Testers	HR 651	March 3, 1976
Realtors (Expansion of HR 651)	HR 703	May 20, 1976
Delinquent Tax Sales	HR 833	May 20, 1976

<u>Investigation</u>	<u>Resolution</u>	<u>Date of Adoption</u>
I-55 Barricades	HR 856	May 26, 1976
Auto Insurance Abuses	SR 435	November 18, 1976
Museums	HR 1026	November 30, 1976
Race Track Messenger Services	SR 447	December 2, 1976
Currency Exchange Overcharges	HR 1088	December 16, 1976
Arsons	SR 474	December 16, 1976

Appendix B

PUBLICATIONS BIBLIOGRAPHY

Following is a listing of publications produced by the Illinois Crime Investigating Commission from 1965 through 1970, and by its successor agency, the Illinois Legislative Investigating Commission, from 1971 to date.

1965 REPORT TO THE 74TH GENERAL ASSEMBLY  
For the years 1963, 1964  
Published February, 1965, 19 pages

1967 REPORT TO THE 75TH GENERAL ASSEMBLY  
For the years 1965, 1966  
Published February, 1967, 21 pages

1969 REPORT TO THE 76TH GENERAL ASSEMBLY  
For the years 1967, 1968  
Published February, 1969, 32 pages

THE S. D. S. RIOTS  
October 8 - 11, 1969, In Chicago, Illinois  
Published April, 1970, 799 pages

JUICE RACKETEERS  
Report on Criminal Usury in the Chicago area  
Published June, 1970, 148 pages

1971 REPORT TO THE 77TH GENERAL ASSEMBLY  
For the years 1969, 1970  
Published February, 1971, 28 pages

THE ILLEGAL MEXICAN ALIEN PROBLEM  
Published October, 1971, 48 pages

THE DRUG CRISIS  
Report on Drug Abuse in Illinois  
Published October, 1971, 376 pages

THE FAILURE OF THE CITY SAVINGS ASSOCIATION  
Published January, 1972, 112 pages

1972 REPORT TO THE 77TH GENERAL ASSEMBLY  
Activities of 1971  
Published February, 1972, 40 pages

REPORT OF CHARGES OF LEGISLATIVE CORRUPTION MADE BY ONE OSCAR A. WEIL  
Published June, 1972, 18 pages

INTRASTATE AIR OPERATIONS IN ILLINOIS  
Published July, 1972, 180 pages

CREDIT CARD FRAUD IN ILLINOIS  
Published September, 1972, 264 pages

COOK COUNTY HOSPITAL  
Published November, 1972, 188 pages

STATE BUILDING CONTRACTS  
Involving the Architectural Firm of Golabowski, Spinney & Coady  
Published December, 1972, 112 pages

1973 REPORT TO THE 78TH GENERAL ASSEMBLY  
Activities of 1972  
Published February, 1973, 56 pages

PEORIA STATE HOSPITAL  
Published February, 1973, 80 pages

ILLINOIS LEGISLATIVE INVESTIGATING COMMISSION ACT  
Act and Rules of the Commission  
Published February, 1973, 15 pages

THE ILLINOIS RACING BOARD CONTROVERSY  
Published March, 1973, 124 pages

ILLICIT TRAFFIC IN STOLEN SECURITIES  
Published October, 1973, 96 pages

STATE BUILDING CONTRACTS  
Involving the Capitol Rehabilitation Project and Other Building Contracts from 1962 - 1972  
Published October, 1973, 188 pages

1974 REPORT TO THE 78TH GENERAL ASSEMBLY  
Activities of 1973  
Published March, 1974, 48 pages

ILLINOIS HORSE RACING  
A study of Legislation and Criminal Practices  
Published March, 1974, 292 pages

"RED LINING"  
Alleged Discrimination in Home Improvement Loans  
Published March, 1974, 96 pages

FUNDING IRREGULARITIES IN PRESIDENTIAL HOUSING AT THREE STATE UNIVERSITIES  
Western Illinois, Eastern Illinois, and Illinois State  
Published April, 1974, 128 pages

FIREWORKS  
Plant Explosions and Bootleg Traffic in Illinois  
Published June, 1974, 360 pages

PATIENT DEATHS AT ELGIN STATE HOSPITAL  
Published June, 1974, 264 pages

LAWRENCE CARR AMUSEMENT COMPANY  
Published June, 1974, 69 pages

THE SOUTH CICERO AVENUE BRIDGE CONTROVERSY  
Published October, 1974, 41 pages

ABUSE OF MEDICAL PRESCRIPTIONS FOR DANGEROUS DRUGS  
Published November, 1974, 352 pages

RENTAL LEASE IN GRANITE CITY  
For the Use of the Illinois Bureau of Employment Security  
Published January, 1975, 60 pages

ANNUAL REPORT FOR 1974  
Published January, 1975, 134 pages

KANE COUNTY JAIL  
Published March, 1975, 96 pages

ALLEGATION THAT RECORDS OF TRAFFIC VIOLATIONS WERE ILLEGALLY REMOVED FROM FILES OF DRIVER'S LICENSE DIVISION OF SECRETARY OF STATE  
Published April, 1975, 14 pages

THE KU KLUX KLAN IN ILLINOIS  
First Interim Report to the General Assembly  
Published May, 1975, 13 pages

REDLINING  
Discrimination in Residential Mortgage Loans  
Published May, 1975, 428 pages

ALDERMANIC CAMPAIGN FUND SOLICITATION LETTER  
Alleged Conflict of Interest  
Published June, 1975, 80 pages

THE JOLIET CORRECTIONAL CENTER RIOT OF APRIL 22, 1975  
Published June, 1975, 48 pages



CHEMICAL LEAK AT THE BULK TERMINALS TANK FARM  
Published June, 1975, 204 pages

AUTO REPAIR ABUSES  
Published June, 1975, 204 pages

ILLINOIS WATER POLLUTION CONTROL PROGRAM  
Published June, 1975, 32 pages

ADA S. MCKINLEY COMMUNITY SERVICES  
Published June, 1975, 56 pages

SEVEN PATIENT DEATHS AT ILLINOIS EXTENDED CARE CENTER  
Published June, 1975, 244 pages

THE KU KLUX KLAN IN ILLINOIS  
Second Interim Report to the General Assembly  
Published October, 1975, 12 pages

DAN RYAN EXPRESSWAY REHABILITATION PROJECT  
Published January, 1976, 160 pages

MEDICAL LICENSING IN ILLINOIS  
Published January, 1976, 48 pages

ANNUAL REPORT OF 1975  
Published February, 1976, 92 pages

KU KLUX KLAN IN ILLINOIS  
Third Interim Report to the General Assembly  
Published March, 1976, 12 pages

MEXICAN HEROIN  
Published June, 1976, 172 pages

DELINQUENT TAX SALES  
Published September, 1976, 72 pages

KU KLUX KLAN  
Published October, 1976, 180 pages

MORTGAGE LENDERS' KICKBACKS TO REAL ESTATE BROKERS  
Published October, 1976, 84 pages

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