

How government responded to Mirage

The Sun-Times' monthlong Mirage series documented a litany of misconduct and prompted investigations by city, county, state and federal agencies.

Potentially far-reaching reforms have been implemented and more are promised. Laws are to be rewritten and strengthened.

Payoff-taking public employees have been suspended and fired. New protections against such abuse of power have been ordered.

The Mirage, a little tavern nestled in a non-descript section of the Near North Side, has been featured on network television and radio, as well as on the front pages of newspapers around the world.

Broadcasters in Ireland, France and Sweden, among others, have detailed how The Sun-Times and the Better Government Assn. operated the bar secretly for four months to uncover wrongdoing.

Below is a compilation of the key findings of the Mirage's investigators and the response they have inspired as the series concludes.

Payoffs, shakedowns

Finding: System of routine payoffs to city inspectors uncovered, documented in detail.

Response: Mayor Bilandic creates Office of Professional Review (977-0123), structure and staffing still uncertain, to monitor city workers' integrity. He orders inspectors to work in teams, assuming they will be less likely to take payoffs than if acting alone.

Finding: Three Building Department inspectors take payoffs of \$15 to \$100 to overlook hazardous code violations at Mirage.

Response: Building Comr. Joseph F. Fitzgerald Jr. suspends the three, may seek firings; U.S. Atty. Thomas P. Sullivan investigating.

Finding: Fire Prevention Bureau inspector takes \$10 to approve Mirage license despite fire dangers.

Response: Bureau chief James Newbold seeks to fire him; forms new internal anticorruption unit; orders management shake-up.

Finding: Two Health Department inspectors approve Mirage food-service license despite unsanitary conditions in violation of code.

Response: Board of Health suspends the two; announces new inspection procedures with emphasis on double-checking performance.

Finding: Two Illinois Liquor Control Commission inspectors take \$30 payoff to ignore violations; a third inspector is negligent.

Response: Committee Executive Director Jack Wallenda moves to fire the two. State's Atty. Bernard Carey investigates them. Third inspector suspended.

Tax cheating

Finding: Study obtained by Mirage probes reveals Illinois Revenue Department undermanned and obsolete. Illinois Liquor Control Commission also understaffed.

Response: Gov. Thompson promises millions of dollars in extra funds to upgrade both agencies, including modern computers for the Revenue Department, more auditors and investigators.

Finding: Seven accountants from six firms tell Mirage to "skim" 20 to 60 per cent off income for state and federal tax purposes. Conservative estimates put cost to state of such cheating at \$16 million a year.

Response: State and federal agencies conduct co-operative tax-fraud investigation. Illinois Department of Law Enforcement and the Revenue Department form task force to combat such fraud. Legislators and Thompson pledge special committee of General Assembly to investigate.

Finding: Liquor salesmen offer illegal gifts to win Mirage account, conceal them by falsifying records.

Response: Liquor Control Commission orders audit of companies involved.

Finding: Pinball and jukebox operators offer illegal kickbacks, tax skims and political fixes as incentives to win Mirage account. One operator alone may be hiding \$500,000 income a year.

Response: Internal Revenue Service and Illinois Revenue Department conduct co-operative investigation.

Codes, licensing

Finding: City licensing codes exposed as filled with obsolete, unnecessary sections used by inspectors to pressure businesses into payoffs.

Response: Bilandic orders codes rewritten. Advised to drastically reduce power of inspectors and to create quick-acting appeals procedure for citizens denied licenses.

Finding: Hundreds of coin-operated amusement machines found to lack proper city and state licenses. Spot checks indicate tens of thousands of dollars lost to taxpayers.

Response: State and city revenue agents seize over 100 amusement devices in three raids based largely on information uncovered by the BGA and The Sun-Times. New enforcement effort to include criminal prosecutions. Drive in General Assembly to strengthen law. State sells \$10,000 in licenses in one day.

Worker misconduct

Finding: Mirage finds city and county workers ignoring duties, hustling extra cash on taxpayers' time. Garbage crew makes illegal pickups, a county clerk's office worker demands extra money to process forms.

Response: Streets and Sanitation Comr. Francis J. Degnan investigates improper garbage-pickups. Clerk's employee forced to take early retirement. Office of Professional Re-

view investigation results in tree trimmer being fired for selling logs he cuts on job.

Finding: On-duty fire fighters routinely assigned to sell tickets for charitable causes, leaving some units critically undermanned. Major portion of money raised to benefit wives and orphans of dead fire fighters went to pay for Fire Comr. Robert J. Quinn's pet project — a ceremonial marching band.

No Response.

Other

Finding: About 650 readers contact Sun-Times Shakedown Hot Line, set up to handle public response to series. They confirm Mirage findings, tell of shakedowns, tax cheating, other wrongdoing. Callers include government workers outraged at colleagues' misconduct.

Response: Sun-Times reporters seeking to verify substantive tips.

Finding: Sun-Times MetroPoll survey finds 76 per cent of Chicagoans believe corruption widespread, serious problem. One-third have personally been involved in, or know of, payoffs. Half of city residents think nothing will be done to end it.

Response: Thompson, GOP seek to broaden General Assembly investigation to include misconduct in city agencies. Three minority-bloc aldermen urge that City Council create independent anticorruption investigation unit. Aldermen Roman C. Pucinski (41st) and Fred B. Roti (1st) urge special Council committee probe. County Board President George W. Dunne pledges to personally handle complaints against county workers.

Finding: Amusement machine operators disclose anticompetitive practices, including allocation of territories and economic threats to discourage competition.

Response: Illinois Atty. Gen. William J. Scott renews antitrust investigation of the amusement machine industry.

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