



SCCE's 7th Annual
Compliance & Ethics Institute

September 14–17, 2008
Sheraton Chicago Hotel & Towers
Chicago, IL

**The City of Chicago
Compliance Initiative:**

a case study in applying best practices
from the private to the public sector

Society of Corporate Compliance and Ethics
6500 Barrie Road, Suite 250, Minneapolis, MN 55435, United States
www.corporatecompliance.org | +1 952 933 4977 or 888 277 4977



**SOCIETY OF CORPORATE
COMPLIANCE AND ETHICS**



Speakers

- Anthony O. Boswell, Executive Director, Office of Compliance, City of Chicago
- Dr. Mark E. Meaney, First Deputy Director, Office of Compliance, City of Chicago
- Mary Elliott, Deputy Director, Legal Compliance, Office of Compliance, City of Chicago



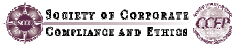
**SOCIETY OF CORPORATE
COMPLIANCE AND ETHICS**



www.corporatecompliance.org | +1 952 933 4977 or 888 277 4977

2

Introduction

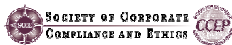


www.corporatecompliance.org | +1 952 933 4977 or 888 277 4977

3

Private Sector Experience

- ***Independence Blue Cross***
 - \$ 3 billion
 - 6,000 employees in Northeast region
 - Established by legislative fiat
- ***Laidlaw***
 - \$ 4 billion
 - 100,000 employees in U.S., Canada & Mexico
 - (ambulance, emergency room, waste management, transportation)
- ***AMEC***
 - \$10 billion international company, UK based
 - 50,000 employees in fifty countries (HQ: NY, London & Paris)
 - engineering services, construction, oil & gas, offshore drilling

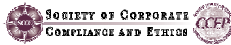


www.corporatecompliance.org | +1 952 933 4977 or 888 277 4977

4

Hired Truck Scandal

- John Cannatello, a high school dropout from Bridgeport, started out as a city truck driver. But thanks to clout, connections to the Daley political machine and the corrupt Hired Truck Program, he's ended up inside a place most city truck drivers will never see: An \$850,000 waterfront home on posh Marco Island, Fla. *Chicago Sun Times, July 22, 2005*
- So far, 32 people have been charged in the Hired Truck scandal, 23 pleaded guilty and one died after he was charged. *Chicago Sun Times, April 27, 2005.*

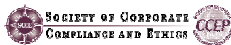


www.corporatecompliance.org | +1 952 933 4977 or 888 277 4977

5

The Beginnings

- Review of General Electric's Program
- Analysis of Best Practices in Corporate Sector
- Creation of Compliance Unit and Office of Compliance
 - Struggles
 - Victories



www.corporatecompliance.org | +1 952 933 4977 or 888 277 4977

6

Shakman/Sorich Trial

- Mayor Daley's onetime patronage chief was found guilty on two counts of mail fraud and acquitted of two others by a federal jury this afternoon of fixing the city's hiring system. *Chicago Sun Times, July 6, 2006*
- Witnesses testified that Sorich and his assistant Tim McCarthy handed "blessed" lists of job candidates to personnel directors who then assured them jobs through sham interview and fixed tests. The job candidates were often chosen because of their political work. *Chicago Sun Times, July 6, 2006*

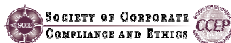


www.corporatecompliance.org | +1 952 933 4977 or 888 277 4977

7

Shakman Decree and Hiring Compliance

- Brief historical overview
 - Hired Truck and the Sorich Trial
- Appointment of Federal Monitor by Federal Judge
- Federal Judge's January '08 Ruling
 - the Court's support of independence Office of Compliance
 - the Court's requirements for the appointment of Executive Director
- Hiring Compliance under the "New Hiring Plan"
- Did the City fully realize what a Compliance Program entails?



www.corporatecompliance.org | +1 952 933 4977 or 888 277 4977

8

Inspector General

- [The City's Inspector General] reacted angrily, warning that the new office could "undermine the effectiveness and independence" of the inspector general's office. *Chicago Sun Times, August 22, 2007*
- [The City's Inspector General] raised questions about the new conduct code during a cabinet meeting last week attended by Daley, hours before Boswell publicly unveiled the code, sources said. *Chicago Tribune, April 25, 2008*

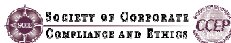


www.corporatecompliance.org | +1 952 933 4977 or 888 277 4977

9

Compliance Professionals in a Public Setting

- Similarities and Differences
 - the differences and the difference they make
- Similarities
 - the spirit and letter of the Law
 - proactive v. reactive
 - a duty to the public
 - the highest governing body
 - leadership and the need for personal and professional integrity
 - promotion of effective compliance and ethics programming
 - reporting mechanisms and the investigation of misconduct
 - need for confidentiality
 - the dignity of the profession

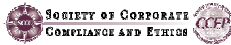


www.corporatecompliance.org | +1 952 933 4977 or 888 277 4977

10

City Council

- “They tried to gussy it up and make it all about compliance [with] all sorts of procedures and employee conduct. But this office is merely a smokescreen to allow the city to retain control over hiring.”
Chicago Alderman, Chicago Sun Times, August 22, 2007

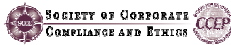


www.corporatecompliance.org | +1 952 933 4977 or 888 277 4977

11

Challenges of Incorporating a Compliance Program in a Public Setting

- Compliance in a “Fishbowl”
- Discipline – The missing element
- Resources
 - Actual vs. perceived?
- Transparency – The next level
 - Attorney-Client Privilege - The Solution to All Problems
- Retaliation
 - Ph.D.
- Internal Audit Model
- Inspector General vs. Outside Counsel
 - Similarities and Differences

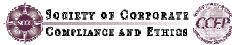


www.corporatecompliance.org | +1 952 933 4977 or 888 277 4977

12

Office of Compliance

- Mayor Daley and the “rubber stamp aldermen” have destroyed the powers of the Inspector General. Anthony Boswell, a corporate lackey, knows the chain of command well. Feed the information up the ladder and do what you are told.
www.chicagoclout.com November 21, 2007



www.corporatecompliance.org | +1 952 933 4977 or 888 277 4977

13