



MEMORANDUM

TO: SWANCC Board of Directors

FROM: George Van Dusen, Chairman, Board of Directors, SWANCC  
Jim Norris, Chairman, Executive Committee, SWANCC

RE: **Status of Cook County State's Attorney Investigation**

DATE: March 10, 2011

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### Introduction

We just learned that former SWANCC executive director Brooke Beal was placed under arrest this evening and will be appearing in bond court on Friday morning. According to the State's Attorney's Office, charges are pending. We will be joining Cook County State's Attorney Anita Alvarez at a press conference tomorrow to formally announce charges.

We anticipate that a story in the Daily Herald will appear either online this evening or in tomorrow morning's edition. We spoke with the reporter this afternoon to ensure he was informed of the facts and our position on the matter.

Frankly, this news comes as no surprise given that we have been working very closely with investigators over the last several months. In fact, we welcome the news because it means we are moving closer to holding an individual accountable for the losses incurred by the Agency.

We would like to thank State's Attorney Alvarez and her team for their professionalism, dedication and their collaboration over the last several months. We will continue to fully support her office's efforts going forward.

We intend to issue the following public statement:

**"Today's news means we are one step closer to holding an individual who betrayed the trust of our Agency and of the 23 communities he represented strictly accountable for his actions.**

**When we learned of alleged wrongdoing by Brooke Beal last October, SWANCC didn't run from the truth. In fact, SWANCC ran toward it.**

**We immediately suspended the now former executive director. We took immediate steps to secure relevant evidence and documents including retention of special counsel and a forensic computer specialist. And, that same day, we notified investigators with the Cook County State's Attorney's Office (CCSAO) and pledged our ongoing assistance.**



## **Solid Waste Agency of Northern Cook County**

**The former Executive Director is alleged to have violated the trust of our Board of Directors, victimizing our Agency and the communities we represent. We look forward to the evidence being heard in a court of law with an appropriate finding after viewing the evidence.**

**Further, we support all efforts to recover every penny taken from our Agency and the taxpayers we represent.**

**Nothing undermines the confidence in the work we do for taxpayers more than allegations of financial impropriety. That's why SWANCC will continue to support the CCSAO's efforts to prosecute these crimes to the fullest extent of the law.**

**We have also looked closely at our own processes and have made necessary appropriate changes to further tighten internal controls. Our goal is to ensure that we never again fall victim to individuals who choose to game the system and deprive taxpayers of full value of every dollar they are providing to help us deliver on our mission.**

**SWANCC pledges its ongoing assistance to prosecutors and investigators. In fact, we will be moving aggressively along a parallel, civil track to pursue full restitution.**

**We owe nothing less to our member communities and the taxpayers who support our mission.”**

As you know, this matter was brought to our attention on Friday, October 15 2010 when evidence of potential financial irregularities arose during the course of SWANCC's annual, independent audit.

Upon being notified by independent auditors of the potential embezzlement against the Agency, we immediately placed then executive director Brooke Beal on administrative leave on Monday, October 18 (he subsequently resigned on Oct. 25).

We also contacted the Cook County State's Attorney's Office, made investigators aware of the potential criminal activity and pledged our ongoing assistance.

We launched our own internal inquiry to ascertain exactly what took place, when it took place and who was responsible. And, we placed all records and files under seal so as to ensure the integrity of the criminal and internal investigations.

And, we directed our attorneys to retain a forensic auditor to determine how funds were embezzled from SWANCC and the exact amount of missing funds.



## **Solid Waste Agency of Northern Cook County**

From SWANCC staff to its board of directors to the 23 communities we serve, we were all angry, frustrated and disappointed to learn about discovery of missing funds. We said at the outset that we were going to treat this matter forthrightly and assertively to:

- identify the full scope of the wrongdoing;
- support efforts to prosecute the responsible party to the fullest extent under the law;
- seek restitution to make the Agency, participating communities and taxpayers whole;
- implement policy changes to strengthen oversight and accountability at all levels of the Agency;
- and give staff the resources and support necessary so it can remain focused on SWANCC's mission;

We are proud of the steps we have taken as an Agency to determine exactly what took place, how it took place and what we can implement going forward to ensure that we are never victimized by this kind of criminal activity ever again. Later in this letter, we outline several new policy measures that we implemented to strengthen accountability and oversight of SWANCC resources.

The direction to the forensic auditor was simple: Examine everything you need to in order to find out when the illegal activity began, how long it took place and how much money was unaccounted for. The auditor has identified approximately \$850,000 in unauthorized tuition and seminar expenses.

In the wake of this matter, the SWANCC Board of Directors and SWANCC Executive Committee have adopted several new measures to strengthen accountability and oversight of SWANCC finances.

- The Executive Committee passed a new policy regarding the authorization of transactions including signing checks. New signature authorization forms were completed for all accounts identifying the Chairman of the Board, Vice-Chair of the Board, Chairman of the Executive Committee/Treasurer, and Acting Executive Director as authorized agents of the Agency.
- ALL invoices are submitted to the Executive Committee for review and approval at its monthly meetings before checks are approved for signing. A listing of all approved invoices is provided to the entire Board of Directors.
- ALL employee expense reimbursement requests are now reviewed by the Acting Executive Director and subsequently submitted to the Executive Committee for review and approval at its monthly meeting.
- Payroll is reviewed and approved by the Acting Executive Director, the Chairman of the Board and the Chairman of the Executive Committee/Treasurer.



## **Solid Waste Agency of Northern Cook County**

- The Executive Committee directed two of its members, along with the Acting Executive Director, to prepare a Request for Proposals to out-source Agency's financial services. This RFP has been released and the Agency expects to contract out much of its finance functions.

We know that nothing undermines the confidence in the work we do for taxpayers more than allegations of financial impropriety. That's why SWANCC will continue to support the CCSAO's efforts to investigate and prosecute anyone responsible for embezzling Agency funds. And we are prepared to pursue appropriate legal action against any individual whom we determine engaged in wrongdoing, including full restitution and other penalties.

On behalf of the SWANCC Executive Committee, thank you for your patience and cooperation throughout this very unfortunate episode. We are obviously eager for this matter to proceed quickly so that responsible individual can be held accountable and we can once again focus 100 percent of our energies on our mission.

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