



MEMORANDUM

TO: The Solid Waste Agency of Northern Cook County Board of Directors

FROM: George Van Dusen, Chairman, Solid Waste Agency of Northern Cook County
Board of Directors

RE: Status on personnel matters

DATE: October 21, 2010

As you know, the Executive Committee of the Solid Waste Agency of Northern Cook County called a meeting to inform you on the status of an inquiry we are making into potential misuse of funds by SWANCC personnel. We look forward to your attendance at tonight's meeting. I wanted to provide you with this overview in advance of the meeting so you have a better sense of what has transpired over the last several days.

During the course of the agency's annual independent audit, an external auditor discovered potential financial irregularities that prompted a closer look. Last Friday, the auditor brought this matter to my attention. I then notified members of the Executive Committee.

Further examination of these findings revealed several potential irregularities that are related to SWANCC Executive Director Brooke Beal's oversight and management of education expense funds. It is our concern that a significant amount of these funds are unaccounted for.

As a result of this information, we have taken the following steps.

- On Monday, we placed Brooke Beal on immediate administrative leave, with pay, pending the outcome of our own inquiry and investigations by law enforcement.
- Also on Monday, we notified the Cook County State's Attorney's Office based on these potential audit findings. We remain in close contact with the State's Attorney's Office and have pledged SWANCC's full cooperation with the ongoing criminal investigation.
- At our request, SWANCC's independent auditors have sealed all the electronic and papers files to ensure the integrity of any review.
- We have launched our own internal inquiry into these possibly unaccounted funds to ascertain exactly what took place, when it took place and who is responsible. As you might understand, we are still in the fact-finding phase of this effort and will seek further direction from the Board and other members of the Executive Committee.



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It is important that the Board of Directors know that to the very best of my knowledge, no present or past officer or member of the SWANCC Executive Committee had any inkling—let alone actual knowledge—that there were any indications of any financial improprieties in SWANCC’s day-to-day administrative operations until last Friday when it was first brought to my attention. In this regard, I would note the following:

- The most recent audit of SWANCC by our outside independent auditor stated:

“In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Solid Waste Agency of Northern Cook County as of April 30, 2009 and 2008 and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.”

- An outside contract employee prepares the monthly ledger of revenues and expenses. At no time did this outside contract employee advise any officer or Executive Committee member that there may be problems with employee expenses.
- When SWANCC’s operations and finances were subjected to close scrutiny in connection with the Series 2008A bond issue, there was no report or suggestion that there were any problems with the administration of SWANCC’s finances. To the contrary, SWANCC received an AAA rating from Standard and Poor’s.

To reiterate, the first time that any officer or member of the Executive Committee obtained any information that there may be problems with educational expense reimbursements was when it brought to my last Friday, October 15, 2010.

At this point, no one is more angry, frustrated and disappointed about these circumstances than this body. We know that nothing undermines the confidence in the work we do for taxpayers more than allegations of financial impropriety.

This matter obviously raises many questions. We are asking many of the same questions that you likely are and are fully committed to getting answers. We ask for your patience and understanding as we work to get every question answered in a timely way.

It is our obligation and our duty to determine exactly what has taken place, when it took place, who knew about it, and to hold responsible parties strictly accountable. We owe nothing less to the communities that make up SWANCC and the residents we serve.

If the law enforcement investigation confirms that SWANCC has been the victim of criminal activity, we will ask that justice move swiftly to hold responsible parties accountable. We will do that by seeking and fully supporting efforts to prosecute any individual involved in criminal activity to the fullest extent under the law.



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We will also pursue appropriate legal action against any individual whom we determine engaged in wrongdoing, including full restitution and other penalties. Moreover, our insurance carrier has been placed on notice that we may be filing a claim for reimbursement.

The residents of the 23 SWANCC communities entrust in us a great amount of confidence and responsibility. That's why we have moved swiftly to address this matter quickly, honestly and with the utmost care. And that's why going forward, this agency will be forthright, up front and communicative with the communities that we serve.

It is vital that our residents understand that SWANCC operations are not impacted by this matter. Services provided to communities by SWANCC will continue uninterrupted during the course of these inquiries.

There is a reason we are considered by many to be among the nation's premiere intergovernmental agencies that provide educational, recycling and waste reduction programs for residents, schools, community groups and businesses. We have earned that status over the last 22 years by holding ourselves to the highest standards of ethics, transparency and accountability.

Please understand that in the spirit of assisting the Cook County State's Attorney's Office in every way we can, investigators have asked that we refrain from further comment on this matter so as not to compromise the ongoing criminal investigation. Your support on this matter is appreciated.

Thank you in advance for your attendance this evening. We look forward to seeking your ideas, input and guidance as this matter proceeds.

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