



Office of Executive Inspector General  
for the Agencies of the Illinois Governor

Final Report  
Case No. 04-00691  
June 22, 2005  
4<sup>th</sup> Quarter – Fiscal Year '05

As required under the State Officials and Employees Ethics Act ("Ethics Act"), this summary report is submitted to the Agency Director and the Illinois Governor, or his designee. This report and any attachments are CONFIDENTIAL and are not subject to the Freedom of Information Act pursuant to the Ethics Act. The report and attachments may be disclosed only on a need-to-know basis to those persons the Director has deemed necessary. Neither this report nor any information contained therein may be shared with anyone outside of the affected agency or the Governor, or his designee, without the express permission of the Executive Inspector General. To the extent that this report contains any information identifying the complainant, it must be removed prior to any dissemination beyond these intended recipients. This report merely summarizes the OEIG investigation, is not evidence and should not be used as the basis for disciplinary action.

Distribution: Director Larry Trent  
cc: Paul Campbell, Acting Director CMS  
cc: John Cressman, Illinois Office of Internal Audit

Deborah L. Steiner  
First Deputy Inspector General

Deborah L. Steiner  
First Deputy Inspector General

Z. Scott  
Executive Inspector General

Response Due: July 22, 2005

## ALLEGATION

The Office of Executive Inspector General ("OEIG") received a complaint alleging conflict of interest and retaliation relating to the outsourcing of training for fourteen forensic biology/DNA scientists (the "scientists") hired by the Illinois State Police ("ISP"). Specifically, the complaint alleged that Andrew Wist ("Wist") and Richard Chaklos ("Chaklos"), ISP training coordinators at the Southern Illinois Forensic Science Center ("SIFSC"), were suspended for thirty days without pay in retaliation for protesting the award of a large training contract to the National Forensic Science Technology Center ("NFSTC"), a Florida not-for-profit corporation whose board is headed by Michael Sheppo ("Sheppo"), Commander of ISP's Forensic Science Center. The OEIG concludes that the allegations are FOUNDED.

## SUMMARY OF INVESTIGATION

Wist has been employed by ISP for 29 years and has been training ISP chemists since 1990. Chaklos has been an ISP employee for 19 years. Sheppo has been employed by ISP for 20 years and is responsible for the research, development and accreditation of eight ISP laboratories. He has been President of NFSTC's Board of Directors (the "Board") since 1997. Sheppo, Chaklos and Wist are all employees of ISP's Division of Forensic Services ("DFS").

During the course of the investigation, the OEIG interviewed numerous ISP employees including: Sheppo, Chaklos, Wist, Tabithah Marcacci ("Marcacci"), Acting Training Coordinator for the Biology/DNA section of DFS, Donna Metzger ("Metzger"), Assistant Commander with the ISP, and Susan Vondrak ("Vondrak"), Director of Training for ISP. In addition, OEIG investigators obtained and independently reviewed the file compiled by ISP's Division of Internal Investigation ("DI") as part of its investigation into Wist and Chaklos, personnel files for Chaklos, Wist and Sheppo and various other documents obtained from ISP. The OEIG also reviewed documents obtained directly from NFSTC and Forensic Quality Services ("FQS").

### 1. Background

During Fiscal Year 2004, the State of Illinois made an effort to address a massive backlog of DNA cases. As part of that effort, Governor Blagojevich approved the hiring of fifteen new scientists by ISP DFS. New scientists require extensive training before they can begin working in an ISP lab, even in a supervised capacity. Therefore, before the scientists had been hired, ISP considered its training options.

ISP's first decision regarding training was whether to handle the training in-house or to train the scientists at an off-site location. When the OEIG interviewed Wist, he said that until

---

As required under the State Officials and Employees Ethics Act ("Ethics Act"), this summary report is submitted to the Agency Director and the Illinois Governor, or his designee. This report and any attachments are CONFIDENTIAL and are not subject to the Freedom of Information Act pursuant to the Ethics Act. The report and attachments may be disclosed only on a need-to-know basis to those persons the Director has deemed necessary. Neither this report nor any information contained therein may be shared with anyone outside of the affected agency or the Governor, or his designee, without the express permission of the Executive Inspector General. To the extent that this report contains any information identifying the complainant, it must be removed prior to any dissemination beyond these intended recipients. This report merely summarizes the OEIG investigation, is not evidence and

recently ISP handled chemist training in-house. Wist explained that, with in-house training, chemists were usually capable of handling cases without supervision after between 22 and 24 months. When asked to compare in-house and out-sourced training, Wist said that with in-house training the ISP loses the scientific services of its trainers during the training periods which can be a problem because of the large amount of work in ISP laboratories. However, in-house training saves the state money because the state does not have to pay per diem or housing costs for the trainees. With in-house training, the state can also be sure that scientists are taught ISP-specific procedures.

## **2. Previous Training Academies**

Wist said that he first learned the scientists were not going to be trained in-house in December 2003 when he heard that ISP was planning to send the scientists to a DNA training academy run by NFSTC/ FQS<sup>1</sup> in Largo, Florida. According to its web site, NFSTC is a not-for-profit corporation whose mission is to provide quality systems support, training and education to the forensic science community in the United States. FQS' web site advertises that FQS "provides a range of consultancy and training services to support forensic science delivery."

Wist was familiar with NFSTC because he had helped to set up and run previous NFSTC training programs. NFSTC had received grants from the federal government to develop DNA and drug training academies. According to Wist, by the time of its contract with ISP, NFSTC had run two, smaller scale, training academies. In return for helping NFSTC develop its program, four ISP students were allowed to attend the first academy at no cost to ISP. Wist taught at, and helped to develop lesson plans and materials for, NFSTC's first training academy. Wist also helped NFSTC determine what equipment it needed to purchase for use at its academies. Sheppo approved Wist's teaching at NFSTC's first academy and ISP paid Wist's salary during his two weeks of teaching.

During its second training academy, NFSTC again asked Wist to teach. ISP gave Wist a choice between using vacation days and getting paid by NFSTC or receiving his normal ISP salary. Wist opted for the first choice and, in connection with that, he submitted and had approved a secondary employment request.

## **3. Decision to Send Scientists to NFSTC/FQS**

### **3. Decision to Send Scientists to NFSTC/FQS**

Based on documents reviewed by the OEIG, ISP had cemented its decision to train the scientists at the NFSTC by early 2004.<sup>2</sup> On January 27, 2004, Susan Vondrak, ISP's Director of Training, emailed members of ISP's training department to inform them that the 14 new scientists, "will travel to NFSTC (assuming all goes well with the paperwork and we receive all needed approvals) July 11 for their orientation."

---

<sup>1</sup> As discussed in further detail below, FQS is a separate not-for-profit company created by NFSTC to provide the fee-based services, including paid training, that had previously been provided by NFSTC.

<sup>2</sup> As part of its investigation, the OEIG independently determined that, at the time of ISP's contract, NFSTC was the only experienced, outside training option. The OEIG also confirmed with outside sources, however, that the NFSTC's proposed charges of \$750,000 was extremely high.

On February 5, 2004, Donna Metzger, Assistant Commander with ISP, received a letter on FQS letterhead, dated February 2, 2004, stating that NFSTC was providing a vendor response for the DNA analysis training academy."<sup>3</sup> On February 3, 2004, before Metzger had even received NFSTC's letter, Leigh Clark, an NFSTC Instructional Specialist, emailed Wist and Marcacci a draft overview of NFSTC's training program that was tailored to ISP's needs. Clark stated that she would be in touch with Marcacci and Wist "with respect to finalizing a reading list and curriculum for the distance learning aspect of the academy."

On March 23, 2004, Debra Miller, an ISP Senior Public Service Administrator, sent an email stating that at a meeting that day the Director had approved a sole source procurement with NFSTC. The notice of the sole source contract was posted in the State Procurement Bulletin from March 24, 2004 through April 8, 2004.

While senior management at ISP had apparently finalized the decision about training, documents reviewed by the OEIG show that others within the agency continued to question that decision through Spring 2004. The OEIG reviewed a series of emails from April 2004 showing a discussion within ISP comparing in-house training costs with the cost of NFSTC's proposed training.

In the first email, dated April 20, 2004, Wist emailed Phillip Sallee ("Sallee"), Assistant Director of Training for ISP, and Vondrak, informing them of Sheppo's inaccurate estimate of training costs:

I don't know if you are aware of this but [Sheppo<sup>4</sup>] thinks that it is cheaper to train an analyst at NFSTC than in house. He stated that it cost 150,000 per person to train in house so multiply that by 15 and compare to the NFSTC price and what a great deal they are giving us. I think we could provide a more accurate figure for comparison. In addition, you don't get the same thing at NFSTC vs our program. I would hate to see the idea pitched that it is cheaper to outsource training so lets do that, whenever possible. This would be a huge waste of taxpayers money in my opinion.

Sallee, with an email on April 22, 2004, responded to Vondrak and Wist and agreed that a training cost estimate of \$150,000 per student for in-house training was much too high. Sallee explained that,

Sallee, with an email on April 22, 2004, responded to Vondrak and Wist and agreed that a training cost estimate of \$150,000 per student for in-house training was much too high. Sallee explained that,

Even though we're sending the 15 new trainees to Florida, we're still paying [Wist] his salary, and we're paying [Marcacci] temporary assignment pay. Also, we pay salaries to the students whether they are in Illinois or Florida. This is not factored into the \$750,000 contract price. So, whether we train here or Florida,

<sup>3</sup> While the training was ultimately handled by FQS, not NFSTC, the contract for the training was made between ISP and NFSTC. Metzger told the OEIG that the contract was with NFSTC instead of with FQS because when contract negotiations began FQS did not exist. DFS was concerned that changing the name of the entity on the contract would delay the start of training so ISP's procurement office gave DFS permission to keep NFSTC's name on the contract.

<sup>4</sup> At the time of this discussion Sheppo was a member of the Board of NFSTC.

the salary and equipment costs ...are the same. We don't save equipment money by sending the trainees to Florida.

Sallee went on to calculate the cost of training the new scientists in-house:

We budget \$11,911 per biology trainee for commodities. We also budget \$3,310 in equipment money for small equipment (pipettes, microfuges, etc.). So, for 15 trainees, we would need \$15,221 each for a total of \$228,315. And there are no travel-related costs here (lodging, transportation, per diem), so the cost of training is substantially less than the \$750,000+ we're paying NFSTC. Remember – you can't add in the cost of [Wist's] salary, since we're paying that regardless of where they train, and you can't factor in instrument (CE) costs, since we don't buy new CEs for trainees when they train here.

Despite these concerns, on June 28, 2004, Therese Shanle ("Shanle"), a DFS administrative assistant, emailed Michael Yokley ("Yokley"), an ISP employee responsible for purchasing and accounting, as well as Stevens, Metzger and others stating, "here's the business case form for the training of the 14 Forensic Scientist Trainees to be hired in May which we discussed at our meeting last week. This is a sole source which will require posting."

#### 4. Sheppo's Roles at NFSTC and FQS

ISP's previous experience with training at the NFSTC was not the only connection between the two organizations. As mentioned above, in addition to his ISP position, Sheppo is also President of NFSTC's Board. The Board position is not a paid position and Sheppo told the OEIG that he has no financial interest in NFSTC. He acknowledged, however, that he is reimbursed for travel and receives a per diem for the time he spends attending Board meetings.

The OEIG's investigation also revealed that Sheppo had some involvement with FQS, a separate not-for-profit corporation NFSTC created to handle the fee for service work that had previously been handled by NFSTC itself.<sup>5</sup> According to Sheppo and others within ISP, FQS, not NFSTC, was the entity intended to have sole responsibility for training ISP's scientists. Sheppo told the OEIG that NFSTC Board members helped transition FQS' Board when FQS was made a separate company, but said that he was never on the FQS Board and never served as President of FQS.

NOT NFSTC, was the entity intended to have sole responsibility for training ISP's scientists.

Sheppo told the OEIG that NFSTC Board members helped transition FQS' Board when FQS was made a separate company, but said that he was never on the FQS Board and never served as President of FQS.

However, FQS incorporation documents filed with the Florida Department of State list Sheppo as President and a member of the Board of the newly formed company. On January 7, 2005, FQS filed additional documents naming Benjamin Perillo ("Perillo") as President in place of Sheppo and removing Sheppo as a member of FQS' Board. When the OEIG showed him these documents, Sheppo speculated that he may have been President and/or a Board member of FQS, but that, at most, the roles were held on paper only. Sheppo also told the OEIG that the

<sup>5</sup> According to Sheppo, one of the reasons NFSTC spun-off FQS was because some of NFSTC's funding comes from the National Institute of Justice ("NIJ") and there are regulations in place limiting how that money can be spent. NFSTC created FQS as a separate, not-for-profit entity to handle the "cost recoverable" part of its operations in order to comply with the regulatory limitations on the use of NIJ grant money.

paperwork relating to the contract, including the contract itself, may have listed NFSTC instead of FQS as the contracting party because, at the time contract negotiations began, the formation of FQS may not have been finalized.

After interviewing Sheppo, the OEIG subpoenaed minutes from FQS' Board meetings. The February 15 and 16, 2004 meeting minutes list Sheppo as President of FQS and as an attendee of the meeting. Similarly, the March 5, 2004 meeting minutes again identify Sheppo as FQS' President and a meeting attendee. The March 5 minutes also reflect that Sheppo appointed FQS' Board members at that meeting and that the newly appointed Board members approved the nomination of Bill Tilstone ("Tilstone") as President of the organization. No subsequent FQS minutes provided to the OEIG identify Sheppo as an attendee of an FQS Board meeting.

Sheppo was also interviewed by ISP's Division of Internal Investigation ("DII") as part of the investigation into Wist and Chaklos. The OEIG independently reviewed DII's files and learned that Sheppo told DII that he was President of the Board of NFSTC, but was not a member of FQS' Board. Sheppo did not mention anything to DII about serving on the FQS Board in even an interim basis.

Additionally, on March 3, 2004, Sheppo wrote a file memo regarding a discussion with various ISP officials about his involvement with NFSTC. In recounting the conversation, Sheppo wrote, "I explained that I was the President of the NFSTC board and that FQS/FQS-I<sup>6</sup> had a separate Board of Directors [with] which I am not involved."

OEIG investigators also reviewed correspondence between DII and Tilstone, who in addition to being President of FQS is NFSTC's former Executive Director and current Deputy Executive Director. In a May 29, 2004 email to Sergeant Ferris of DII, Tilstone wrote that FQS was a membership corporation and Sheppo, as a representative of NFSTC, was one of its members. Tilstone did not identify Sheppo as an officer or member of FQS' Board. Sheppo failed to identify himself as a "member" of FQS when he spoke with investigators from the OEIG or from DII.

## 5. Conflicts of Interest

Sheppo's involvement with both NFSTC and FQS was the subject of some concern within ISP. The OEIG reviewed a March 3, 2004 email from Yokley, an ISP employee

Sheppo's involvement with both NFSTC and FQS was the subject of some concern within ISP. The OEIG reviewed a March 3, 2004 email from Yokley, an ISP employee responsible for purchasing and accounting, to Shanle, an ISP employee, that was forwarded to other ISP officials. Yokley wrote that Sheppo's relationship caused him concern about actual and appearance of conflicts of interest related to the sole source award of the contract to NFSTC. Yokley pointed out that, "by procuring this training as a sole source we will not be required to disclose any conflicts of interest." Yokley also pointed out that, "if ISP was to procure this training through an invitation for Bid (IFB) or Request for Proposal (RFP) rather than Sole Source the time frame would not change significantly." Yokley concluded the email by stating, "due to the fact that the DNA backlog is such a lightning rod for media attention and the

<sup>6</sup> FQS-I, Forensic Quality Services International, is a division of FQS that provides International Organization for Standardization ("ISO") accreditation for Forensic Science Testing Laboratories.

sizeable dollar amount associated with this training, I believe it is in our best interest to pursue an IFB or RFP to procure this training.”

The OEIG also reviewed a memo, dated the same day as Yokley’s email, March 3, 2004, written by Sheppo about a meeting he attended with Colonel Kathleen Stevens, Deputy Director (“DD”) of DFS, Harold E. Nelson (“Nelson”), DD of DII, and Richard Karpawicz, Assistant Deputy Director (“ADD”) of DII. According to the memo, the meeting attendees concluded that there were no conflict of interest problems, but agreed they would ask for the OEIG’s opinion on the issue as well. The memo states,

After further discussion, it was decided that Nelson would await advice on my continued participation in the NFSTC from the Office of Executive Inspector General (OEIG). Both DDs and ADD agreed that because of my separation from the FQS/FQS-I board and the manner in which I avoided any perception of conflict of interest by recusing myself from the ISO process, that there was in fact no conflict of interest. Also, the benefits to the ISP by my remaining on the NFSTC board certainly were apparent; however, we all wanted our opinions to be confirmed by the OEIG.

With plans for NFSTC’s training academy already in full swing, Nelson called Deborah Steiner (“Steiner”), OEIG First Deputy Inspector General, after the meeting with Sheppo, Stevens and Karpawicz. In that conversation Nelson asked Steiner if there was a problem with an ISP employee sitting on the board of a nonprofit organization in light of the recently passed State Employees and Officials Ethics Act. Shari Casper (“Casper”) of DII followed-up Nelson’s call with an email to Steiner, dated March 1, 2004, stating, in whole,

Per your conversation with Commander Nelson, Illinois State Police (ISP) civilian employee Mike Sheppo is the Commander of the ISP laboratory system. He serves as President of the Board of Directors of the National Forensic Science Technology Center.

Neither in the email to Steiner nor in the conversation with her did ISP mention anything about Sheppo’s connection with FQS or about the award of a \$755,000 contract to NFSTC/FQS on a sole source basis. Steiner replied, via email, that,

Neither in the email to Steiner nor in the conversation with her did ISP mention anything about Sheppo’s connection with FQS or about the award of a \$755,000 contract to NFSTC/FQS on a sole source basis. Steiner replied, via email, that,

Since the NFSTC is a national organization and *because they are not conducting business with the State of Illinois* (as a nonprofit organization) our quick analysis is that there is not a problem with Mr. Sheppo sitting on that board. (emphasis added)<sup>7</sup>

Stevens forwarded Steiner’s response to Sheppo, Shanlee and Craig Allen (“Allen”), an ISP Lieutenant Colonel and Acting Chief Fiscal officer for ISP’s Division of Administration,

<sup>7</sup> Steiner’s opinion was given without the benefits of facts showing Sheppo and NFSTC’s relationship to the contract. For example, Steiner was not told that the contract was issued in the name of NFSTC or that Sheppo had advocated in support of the contract. In fact, the existence of a contract was never mentioned.

James Fay ("Fay"), ISP's Deputy Director of Administration, and a few others, prefacing Steiner's response by writing,

On Tuesday, 3/2/04, Cmdr. Mike Sheppo and myself met with Col. Nelson and ADD Karpawicz. By way of background, Cmdr Sheppo serves as the president of the National Forensic Science Technology Center (NFSTC) and there was concern that the sole source contract with NFSTC/FQS targeting training in Florida for our 14 new DNA forensic scientist trainees created a conflict of interest. This concern was expressed to DD Nelson, ISP Ethics Officer, and discussed with the Office of Inspector General for clarification. Below is the final decision that this is *not* a conflict of interest. (emphasis in original)

Fay responded to the email by thanking Yokley, whose email spurred ISP's decision to raise the issue with the OEIG, for his diligence in spotting the potential ethics violation. Fay also stated that, "if DD Nelson, wearing his hat as the ISP ethics officer, and the I.G.'s office have both ruled this relationship does not pose a conflict of interest [then] I would say we have our final answer."

Once ISP mistakenly concluded that any possible conflict of interest issues had been resolved, they finalized the contract. The contract, signed by NFSTC on April 26, 2004 and by ISP on May 11, 2004, stated that the agreement would,

Permit the ISP to train new scientists to fill the 15<sup>8</sup> current vacancies in about half the time it currently takes to train a forensic biology/DNA scientist. As a result, the ISP will more quickly be able to provide timely forensic service to the state and Federal law enforcement agencies within Illinois by providing them with information necessary for the investigation of criminal cases.

The contract called for ISP to pay NFSTC "up to \$755,398." If fewer than 15 students participated in the training, the cost to ISP was to be reduced by only \$9,294 per student.

## 6. Bid Protest

In May 2003, Wist and Chaklos formed Midwest Forensic Services ("MFS"), a private laboratory that was formed to screen sexual assault kits and that now aims to provide more

In May 2003, Wist and Chaklos formed Midwest Forensic Services ("MFS"), a private laboratory that was formed to screen sexual assault kits and that now aims to provide, more broadly, forensic analysis. Wist is President of MFS and Chaklos is the company's Vice President and Treasurer. At the time of Wist's OEIG interview, MFS' only business had been a civil case from Indiana.

Wist and Chaklos both had secondary employment forms signed authorizing their MFS work. Copies of both of their secondary employment approvals were obtained and independently reviewed by the OEIG. Wist's approval was for work to "analyze forensic

---

<sup>8</sup> Although the ISP's contract with NFSTC called for the training of 15 new scientists, ISP only hired 14 scientists. One of the 14 withdrew midway through the program leaving a total of 13 students who completed their training at NFSTC.

samples for non-Illinois law enforcement agencies." Chaklos' approval was for work to "assist laboratory director in the analysis of sexual assault kits. This would be for non-Illinois cases."

When Wist and Chaklos learned that ISP had awarded the training contract to NFSTC, they conducted some research, reviewed the procurement code, and concluded it would be feasible for MFS to provide better training for less money. Wist said he and Chaklos determined that, if needed, MFS could obtain additional physical space to house 15 trainees. They also secured a letter of commitment on a loan for the purchase or lease of equipment that would be necessary to train scientists.

After notice of the contract was posted on March 23, 2004, Wist and Chaklos decided to have MFS file a bid protest on the basis that the contract should not have been sole sourced because other companies, including MFS, could provide the same services as NFSTC. On March 26, 2004, MFS filed its bid protest. Based on conversations with ISP's procurement office, Chaklos' understanding was that bid protestors had to provide the reasons for their protest. To comply with this requirement, MFS included in its letter two specific, lower cost, training proposals and explained the advantages of each. MFS attached to its protest letter proof of access to physical space for training as well as a letter showing pre-approval for a bank loan that would allow MFS to purchase training equipment. MFS also attached to its letter an outline for its proposed training. On March 29, 2004, three days after MFS submitted its bid protest, DII began its investigation of Wist and Chaklos.

In response to its protest, MFS received a letter, dated April 9, 2004, from Allen, an ISP Lieutenant Colonel and Acting Chief Fiscal officer for ISP's Division of Administration, stating that MFS did not qualify as a viable vendor under the procurement code and informing MFS that ISP was going to proceed with the NFSTC contract. OEIG investigators obtained an email, dated April 8, 2004, sent from Allen to Yokley and others in which Allen explained why MFS was not a viable vendor under the procurement code. Allen wrote that CMS prohibited employees of the same department, and especially of the same division, from conducting paid training for that department or division.<sup>9</sup> Allen also explained that,

The fact that at least some of the MFS employees may have participated in or had access to both the bid requirements and possibly the criteria of outcome DFS is looking for before the sole source was posted raises the bar of not only qualifications but ethical conduct...The fact that some or all of the job duties of some of the principles of MFS are directly related to delivering DFS DNA training raises the bar of qualifications to teach ISP DNA training beyond reach and brings out the clear and present danger of ethical violations...Even if the DFS employees who own MFS had planned to quit and run the training as contractors, they have a potential conflict with the spirit of the revolving door policies.

Allen did not include this explanation in his letter to MFS, however, and so on April 16, 2004 MFS sent Allen a second letter asking why they were not a viable vendor. The April 16<sup>th</sup> letter

<sup>9</sup> The Illinois Procurement Code prohibits anyone employed by a state agency from holding a contract or an interest in a contract that is to be paid with state money. 50 ILCS.500/50-13(a).

also reiterated why MFS thought its proposed training could save the state substantial sums of money.

## 7. The Training Program

Despite the protest, ISP proceeded with the plan to send the scientists to NFSTC's training academy. Metzger told the OEIG that the reason for this decision was because ISP did not have the space to simultaneously train 14 or 15 new scientists in-house. She said ISP chose NFSTC instead of another agency because four ISP chemists had been successfully trained at a previous NFSTC training academy.<sup>10</sup>

Sheppo told the OEIG that his only involvement with training was helping to determine training timing. Once the procurement process began, Sheppo said he removed himself from the process and claimed to not even know the final amount of the contract. Metzger concurred with Sheppo's statements. Metzger was the primary DFS contact with ISP's procurement office during contract negotiations. Metzger said that NFSTC<sup>11</sup> and NIJ worked together to determine the pricing for the training and that Sheppo tried to distance himself from contract negotiations because of his role with NFSTC.<sup>12</sup>

Wist said that, once the decision to send the scientists to NFSTC was finalized, he and Marcacci had very little to do with developing NFSTC's training curriculum. He said that Sheppo and Metzger sent NFSTC all of the ISP forensic training manuals so that NFSTC could adhere to ISP guidelines. Marcacci said that she reviewed NFSTC's lesson plans prior to their use in training and that NFSTC also had the ISP Forensic Biology/DNA procedural manual to help plan the training. Marcacci said her goal was to ensure that NFSTC's training was similar to what ISP would have provided in-house.

NFSTC's training program began with a four week training session in Springfield followed by a twelve week session at NFSTC's site in Florida. NFSTC was supposed to send Marcacci weekly memorandums from the scientists so that Marcacci could follow their progress. After about six weeks of training, however, Marcacci stopped receiving the memorandums.

Marcacci went to NFSTC three times during the 12 week training period. During the visits Marcacci spoke to the scientists about their training and observed training lessons. Marcacci said that, during her visits, ISP students did not seem to be getting sufficient attention

Marcacci went to NFSTC three times during the 12 week training period. During the visits Marcacci spoke to the scientists about their training and observed training lessons. Marcacci said that, during her visits, ISP students did not seem to be getting sufficient attention or instruction. Marcacci also said that the students seemed to be concerned that the procedures they were learning from NFSTC differed from what they would be expected to do in ISP laboratories.<sup>13</sup> Marcacci said that NFSTC had equipment identical to ISP's, but the students were not reaching ISP skill level thresholds on it.

---

<sup>10</sup> The OEIG notes that because the contract was posted as a sole source the reason NFSTC was chosen should have been because it was the only economically feasible option.

<sup>11</sup> Even Metzger acknowledges that ISP was negotiating with NFSTC and not FQS with regard to details related to the training.

<sup>12</sup> Sheppo's attempt to distance himself serves as an acknowledgement that there was, in fact, a conflict of interest.

<sup>13</sup> Marcacci also said that many of the new scientists complained that they were required to spend more than the requisite 7.5 hours a day without receiving additional compensation. The students said that while NFSTC claimed the additional time was voluntary, in reality it was required. Some of the scientists even met with their union

The scientists returned from NFSTC on October 8, 2004 and spent a month working with Marcacci in ISP's Springfield laboratory. In November 2004 the students were sent to the ISP laboratory in Chicago to work on mock trials. At the time of Marcacci's OEIG interview, the students had begun working on supervised cases and ISP's goal was for them to work on unsupervised cases by September 2005.

Marcacci told the OEIG that, if it were up to her, ISP would not send students to NFSTC in the future. She said that the distance between the ISP training coordinators and NFSTC training facility was just "overwhelming" and she found that NFSTC evaluated the scientists using standards that were different from those used by ISP. Based on her conversations with the scientists and on observations from her trips to NFSTC, Marcacci also said she did not think that NFSTC provided enough laboratory supervision of the ISP scientists.

The opinion of Vondrak, ISP's Director of Training, about the training was similar to Marcacci's. Vondrak said that she had agreed to send the scientists to NFSTC for training because she had been satisfied with the training NFSTC had previously provided for ISP. She said, however, that she would not recommend sending more chemists to NFSTC for training because ISP did not have enough supervision over the training process and because the procedures taught by NFSTC were not identical to the procedures used by ISP.

In addition to questions about the substance of the training, the OEIG's investigation also revealed questions about some of the specific fees charged by NFSTC. Metzger provided the OEIG with a breakdown of the amounts contained on the NFSTC invoice sent to ISP. The charges, which total \$612,200, consist of \$138,000 for "direct NFSTC labor and consultant instructors"; \$280,000 for "office supplies, laboratory consumables, copy services"; \$113,000 for "all travel, accommodations, and per diem"; and \$81,200 for "use of facilities." The \$81,200 charge for "use of facilities" is in contrast with the statement in the minutes of NFSTC's July 23 and 24, 2004 Board meeting that, "there was a discussion about the Illinois DNA Academy. This is not fully funded by NIJ but will cost Illinois \$612K in direct costs. *The NIJ funded facility and equipment will be used free of charge.*"<sup>14</sup> (emphasis added)

#### **8. ISP Credit with NFSTC**

Although the contract called for a total payment of \$755,398, ISP ultimately paid NFSTC

#### **8. ISP Credit with NFSTC**

Although the contract called for a total payment of \$755,398, ISP ultimately paid NFSTC \$612,200 for training 13 scientists.<sup>15</sup> The cost reduction was based, in part, on fewer students than expected attending the training and on a training subsidy provided by the National Institute of Justice ("NIJ"). ISP paid NFSTC the entire amount of the contract prior to the start of training. ISP records indicate that even with the lower payment, ISP still had a credit with

---

president when they returned from the academy to discuss filing a class action suit against the state to collect compensation for their extra hours. The OEIG spoke with the union president who confirmed that he had met with the students and had referred them to the Attorney General's office. The OEIG, however, was unable to find a record of open complaints at the Attorney General's office.

<sup>14</sup> ISP's contract with NFSTC does not address whether ISP will be billed for use of facilities or even whether ISP will be charged for services or items funded by NIJ.

<sup>15</sup> The contract provided for the training of up to fifteen people. Fourteen students eventually enrolled in the training academy, but one of the fourteen dropped out shortly after the program began.

NFSTC at the end of the training academy. The credit is the result of various reductions to the program's cost while the training was taking place.

When the OEIG interviewed Sheppo, he said he was aware of this credit. Sheppo said that ISP was planning on having NFSTC keep the surplus money and use it to conduct a survey related to how ISP laboratories could improve processing time. The OEIG obtained and reviewed several documents confirming Sheppo's knowledge of ISP's plans to use the surplus training money for an efficiency study. On January 27, 2005, Metzger emailed Sheppo asking for his feedback on a "draft problem statement" she was sending to NFSTC for use in a write-up of the efficiency study being submitted to the NIJ.<sup>16</sup> An excerpt of phone logs provided to the OEIG show that on November 10, 2004, Sheppo called Metzger from an NFSTC Board meeting to inform her that ISP's credit from the DNA training would be \$50,000. The logs show that Sheppo directed Metzger to coordinate with NFSTC on the credit issue. The OEIG also reviewed excerpts of minutes from ISP Bureau Chief/Commander meetings. The minutes showed that on December 9, 2004, January 5, 2005 and March 4, 2005, Sheppo participated in discussions about the proposed NFSTC efficiency study and that in two of those meetings Sheppo volunteered to personally contact NFSTC to check on the status of study plans. Again, Sheppo's continued active participation in discussions with both ISP and NFSTC further demonstrate a glaring conflict of interest.

At the time she was interviewed by the OEIG, Metzger had asked NFSTC four times for a specific breakdown of the training costs, but had still not received the information. The breakdown was needed because ISP wanted to use the surplus training money to hire NFSTC to perform an efficiency study on ISP laboratories.

## 9. Discipline of Wist & Chaklos

As explained above, three days after MFS submitted its bid protest, DII opened an investigation into Wist and Chaklos regarding the protest. As a result of that investigation, Wist and Chaklos were suspended for thirty days without pay. Sheppo told the OEIG that Stevens, Deputy Director of DFS, initiated the complaint and that she agreed to do so after meeting with Metzger, Vondrak and Sheppo. Sheppo said he signed off on Wist and Chaklos' suspension at the conclusion of DII's investigation.

In September 2004, Chaklos was informed that as a result of the DII investigation he was going to be suspended for thirty days without pay. Sheppo told the OEIG that he signed off on this suspension. Chaklos said he submitted a secondary employment request form, dated October 5, 2004, so that he could do training, consulting and/or teaching during his suspension. On October 11, 2004, Vondrak asked for additional information on Chaklos' request and, on

In September 2004, Chaklos was informed that as a result of the DII investigation he was going to be suspended for thirty days without pay. Sheppo told the OEIG that he signed off on this suspension. Chaklos said he submitted a secondary employment request form, dated October 5, 2004, so that he could do training, consulting and/or teaching during his suspension. On October 11, 2004, Vondrak asked for additional information on Chaklos' request and, on

<sup>16</sup> Metzger told the OEIG that the ISP has a credit of approximately \$17,500 due from NFSTC due to one of the ISP students dropping out midway through the training. Because a grant from the NIJ helped to fund the ISP's training, the NIJ is also due a credit from the portion of that withdrawn student's training that their funding paid for. NFSTC calculated that the combined credits of the ISP and the NIJ total \$50,000 (the ISP has not seen a breakdown of the NIJ's credit). NFSTC asked for and received permission from the NIJ to use the NIJ credit to help fund the proposed ISP efficiency study. In return, the NIJ will receive a report of the study at its conclusion. Again, NFSTC was reported as not involved in this contract. As established by the investigation, this assertion has no factually support.

October 12, 2004, Chaklos submitted an amended form. Chaklos served his suspension from approximately October 12 through November 18, 2004. The OEIG obtained a January 31, 2005 memo addressed to Chaklos from Lieutenant Leo Thomas, Chief of ISP's Office of Labor Relations and Special Projects, in which Thomas informed Chaklos that his "request for secondary employment as a whole [was] being denied." Chaklos, however, told the OEIG that he was not told until February 8, 2005 that his request had been denied.

The OEIG asked Metzger about ISP's inconsistencies in dealing with Wist and Chaklos' various secondary employment requests. Metzger said the secondary employment requests to create MFS, with the purpose of doing biology screening of non-ISP cases, were approved. Metzger said, however, that she later received another secondary employment request from Wist to do more broad-based training which she denied. She said she thought the second request created a conflict of interest because the secondary employment would have paralleled Wist's ISP duties. Metzger told the OEIG that there is a fund allowing ISP to perform fee-based training for non-ISP officers and that she was concerned Wist's proposed work could impact ISP's ability to access money from this fund. Metzger did, however, have Wist complete a different secondary employment request, which she approved, so that Wist could teach at NFSTC's DNA training academy.

Metzger said that Wist's 30 day suspension without pay was not related to his secondary employment requests. Her understanding was that the suspension was based on Wist and Chaklos' maneuvering to put MFS into a position to bid on the training contract. Metzger did not address the reason that Chaklos' request to engage in secondary employment during his suspension was not approved.

According to two identical August 20, 2004 memos from Stevens to ISP Director Larry Trent ("Trent"), Wist and Chaklos' suspensions were, in fact, directly related to secondary employment issues and the bid protest. The memo about Chaklos, signed by Trent, provides the following reasons for his suspension,

1. Chaklos has engaged in secondary employment with Midwest Forensic Services, Inc. without secondary employment approval through his chain of command.
2. During, but not limited to, the period of February 23 – March 26, 2004, Chaklos engaged in secondary employment with Midwest Forensic Services, Inc., developing forensic DNA training programs, which:
  - a. created the appearance of impropriety;
  - b. involved the employee in a conflict of interest; and
  - c. competed with Department services.
3. On March 26, 2004, Chaklos submitted a letter to the Department of Central Management Services through his company, Midwest Forensic Services Inc., protesting a sole source contract award. The letter included two (2) proposed bids for training laboratory personnel which are based on information gained by virtue

of his employment with the Illinois State Police and are subject to the Illinois Procurement Code, 30 ILCS 500/50-50 (Insider Information).

The letter concluded that Chaklos' conduct violated ISP Directive PER-035, ¶¶ III.E.2, III.E.3, III.D.4, III.D.5 and ISP Directive PER-103, ¶ VI.Y. Trent signed an identical letter for Wist.

OEIG investigators also obtained and independently reviewed the personnel files of Chaklos and Wist. ISP's most recent performance review metric calls for employees' performances in nine categories to be rated, in descending order of accomplishment, as exceptional, accomplished, acceptable or unacceptable. In Wist's most recent review, for the year ending January 31, 2004, he received five exceptional ratings and four accomplished ratings with an overall rating of accomplished. This review was completed almost two months before MFS submitted its bid protest.

Chaklos' review for 2004, however, was completed in August of 2004, five months after the date of MFS' bid protest. In Chaklos' August 2003 review he received three exceptional ratings and six accomplished ratings. Chaklos' judgment was rated "accomplished," and his supervisor wrote,

Mr. Chaklos can be relied upon to make decisions even under the tightest time frames. He confidently makes decisions in all areas of his job. His decisions are on target and reflect his reliable, sound judgment skills. He has good support and can clearly explain the reasoning behind his decisions. Mr. Chaklos verifies that the appropriate people are included in the decision-making process.

In the portion of the ISP review providing a narrative appraisal of objections, Chaklos received an "exceptional" for objective three which was, "By 8/31/03, enforce policies and procedures by assigned laboratory personnel in an effective and consistent manner." Chaklos' supervisor wrote,

Mr. Chaklos demonstrates adherence to all policy and procedures. He has required subordinates to adhere to policy and procedures. If violations of policy or procedures are detected, he insists on compliance. If a policy or procedure needs modification, he will not hesitate to initiate the requested change. Mr. Chaklos demonstrates adherence to all policy and procedures. He has required subordinates to adhere to policy and procedures. If violations of policy or procedures are detected, he insists on compliance. If a policy or procedure needs modification, he will not hesitate to initiate the requested change.

Chaklos' 2003 reviews were consistent with the reviews he received in previous years. Prior to 2004 the majority of Chaklos' reviews had rated him exceptional or accomplished and he had never received a rating of unacceptable.

In Chaklos' review dated August 31, 2004, however, he received four acceptable ratings, three accomplished ratings and a rating of unacceptable for judgment. The unacceptable rating was accompanied by the following narrative,

Mr. Chaklos can be relied upon to make decisions. Occasionally, his decisions are not proper, particularly in his judgment on issues he deems appropriate to discuss.

with his trainee. This has caused disruption in his training program and adversely influenced his trainee's perception of the Forensic Science Center at Chicago and at times the Forensic Sciences Command. On several occasions performance reviews of trainees had to be rewritten because of inappropriate comments made in the supervisor's remarks. There were also [times] where Mr. Chaklos did not follow ISP policies.

Similarly, in the narrative appraisal of objectives section of the review, Chaklos also received an unacceptable rating for objective three, which was identical to objective three in his 2003 review. In the 2004 review Chaklos' supervisor wrote,

There were several incidences where Mr. Chaklos' conduct was contradictory to Forensic Sciences Command and Illinois State Police policies. In one instance Mr. Chaklos was instructed not to discuss at work a confidential personnel issue. However, in discussion with Mr. Chaklos, he indicated he had discussed the issue.

The ISP's review form provides employees to comment in writing with portions of the review that they do not agree with. In response to his 2004 review Chaklos wrote,

I do not concur with much of this evaluation. I feel that it is punitive in nature as a result of my questioning some of the actions of Command in regards to a no-bid contract with NFSTC. The fact is the drug training coordinators were forced to adopt a flawed and inadequate NFSTC model, even after it was shown to have no added benefit compared to the ISP model in either time or content of material. As a result, I was obligated to change our training program without any prior notice, no additional resources, little guidance other than Command wants it shorter, and held responsible for any problems. If the problem was me, I can accept that, but not before my position on these issues is presented in the attachments.

## ANALYSIS

### 1. Conflict of Interest

The ISP's decision to award the training contract to NFSTC on a sole source basis despite Sheppo's positions on the Boards of NFSTC and FQS created an apparent, and possibly real,

The ISP's decision to award the training contract to NFSTC on a sole source basis despite Sheppo's positions on the Boards of NFSTC and FQS created an apparent, and possibly real, conflict of interest. ISP Directive ROC-002 ¶III.A.56 states,

Personal activities or associations of an officer that knowingly create an apparent or real conflict of interest with the conduct of official duties are prohibited. A "conflict of interest" arises when an officer's private interest, whether of a financial nature or otherwise, conflicts with the officer's impartial conduct of official duties and responsibilities.

Although Sheppo's interest in NFSTC was, largely, not of a financial nature (he did receive small per diems), his position as the head of its Board, and for a time the Board of FQS, rendered Sheppo's personal interests closely aligned with the interests of NFSTC and FQS. As

evidenced by the interchangeability of the names of FQS and NFSTC, the two organizations were closely enough related during the relevant time period that even if Sheppo had been affiliated only with NFSTC it would not have been enough to prevent the conflict. In fact, ISP signed the training contract with NFSTC, not with FQS, so Sheppo actually held senior positions with both parties that were signatories to the contract.

In his internal email about MFS' bid protest Allen wrote that, "even if the DFS employees who own MFS had planned to quit and run the training as contractors, they have a potential conflict with the spirit of revolving door policies." The OEIG notes that if Sheppo were to avoid the conflict of interest problem, he, too, would be prohibited by the revolving door policy from going immediately to work for NFSTC.

Additionally, as the documents relating to ISP's plans for using the surplus training money illustrate, Sheppo's responsibility for the research, development and accreditation of eight ISP laboratories made it almost impossible for him to be fully divorced from decisions about ISP's financial dealings with NFSTC. In fact, in one instance, Sheppo, acting jointly in his NFSTC and ISP roles, called Metzger from an NFSTC Board meeting and directed her to coordinate with NFSTC on the issue of the credit owed to ISP from the NFSTC training academy.

Furthermore, the distinction made by Sheppo, that he pulled himself out of the contract decision-making process after ISP had decided to outsource the training, is meaningless. At the time the contract was signed, there were no other experienced, outside organizations that provided training programs. Therefore, the only real training decision ISP made was whether to train the scientists in-house or off-site and, as he admitted, Sheppo played a large role in that decision.

Sheppo's affiliation with NFSTC created legitimate questions about whether the decision to award the training contract to NFSTC on a sole source basis was made with the best interests of ISP and the State in mind. These questions undermined the confidence of both the public and the employees of ISP in DFS. The documented concerns of ISP employees underscore this point. As Yokley pointed out in his email, putting the training contract out for competitive bids would not have slowed the training process substantially. Open bidding might also have allowed the ISP to avoid looking as though it were unfairly awarding a large contract to one of its officer's pet organizations. Additionally, several employees had legitimate concerns, both before and after the training occurred, about whether the decision to use NFSTC instead of conducting the training in-house resulted in a waste of state resources. Sheppo's conflicting positions as Commander of ISP's Forensic Science Center and NFSTC Board President only amplifies these concerns.

## **2. Misuse of OEIG Opinion**

Equally troubling to the OEIG is the misuse of the "advice" ISP received from this office. The request ISP made to the OEIG for advice on Sheppo's role at NFSTC omitted key information. The OEIG was not provided any of the reasons behind the telephone call. For example, the OEIG was not told that ISP was in the process of awarding a \$750,000 contract to

the very company the OEIG was being asked to comment on. The OEIG was also not informed of the full nature of Sheppo's relationship with NFSTC and FQS, or of Sheppo's perceived role in the procurement of the training process. Indeed, the OEIG was not informed that the call related in any way to a pending procurement. Rather, Col. Nelson represented that the question stemmed from the new ethics law and prohibitions on board appointments.

Nonetheless, the OEIG's response to ISP was clear: "*Since the NFSTC is a national organization and because they are not conducting business with the State of Illinois* (as a nonprofit organization) our quick analysis is that there is not a problem with Mr. Sheppo sitting on that board." (emphasis added). ISP disregarded the OEIG's reference to its belief the NFSTC was not doing business with the state and misused the OEIG's qualified opinion.

Section 20-20 (6) of the State Officials and Employees Ethics Act (the "Ethics Act") provides that the duties of the Executive Inspector General shall include "assist[ing] and coordinat[ing] the ethics officers for State agencies under the jurisdiction of the Executive Inspector General and to work with those ethics officers." By not presenting a complete picture of the circumstances behind their request, ISP actively prohibited the OEIG from completing the duties assigned to it under the Ethics Act. Moreover, as the email from Fay, ISP's Deputy Director of Administration, illustrates, the OEIG opinion provided misplaced assurance to ISP officials who may have otherwise been concerned with the appearance of impropriety.

### 3. Retaliation

The Ethics Act also prevents acts of retaliation made in response to State employee reports of wrongdoing. Section 15-10(1) prohibits officers, members, State employees and state agencies from taking retaliatory action against State employees because the employee, "discloses or threatens to disclose to a supervisor or to a public body an activity, policy, or practice of any officer, member, State agency, or other State employee that the State employee reasonably believes is in violation of a law, rule, or regulation." Retaliatory action is defined to include suspensions.

The stated reason for the suspension of Chaklos and Wist was that MFS' development of a proposed ISP training program was impermissible and outside the scope of Wist and Chaklos' approved secondary employment requests. Specifically, the development of the program created an appearance of impropriety and a conflict of interest and was based on "insider information" obtained by virtue of Wist and Chaklos' ISP employment. DII cited ISP PER-035 which governs secondary employment and prohibits "employees in positions determining ISP training efforts or other comparable services for local agencies [from engaging in] secondary employment that parallels their Department responsibility." (PER-035, III.D.4.) The directive also prohibits secondary employment that "creates an appearance of impropriety or reflects unfavorably upon the employee or the Department," (PER-035, III.E.2), or that competes with Department services. (PER-035 III.D.5.)

While the ISP directives cited for Wist and Chaklos' suspensions do purportedly limit secondary employment that parallels the job duties of ISP trainers, ISP clearly selectively enforces the provisions: Wist's secondary employment request to teach at NFSTC's training

academy was encouraged and approved by ISP. It is difficult to see how teaching at the NFSTC paralleled Wist's ISP duties any less than teaching at MFS would have. Additionally, ISP gave NFSTC its training manual to use in developing the DNA training academy and, presumably, in preparing its response to the sole source posting of the training contract NFSTC relied on information it had learned about ISP from Sheppo and other ISP employees, including Wist, who had taught at previous NFSTC academies. Considering that NFSTC's use of this information was deemed acceptable, it is difficult for the OEIG to understand how the knowledge and experience Wist and Chaklos had gained by virtue of their nearly 50 years of collective experience with ISP could be considered "insider information" and serve as grounds for severe discipline.

Moreover, the OEIG questions whether Wist and Chaklos' mere preparation of MFS' bid protest even qualifies as secondary employment. ISP's directive defines secondary employment as, "the performance of any service outside the scope of ISP duties which results in, or is anticipated to result in, payment of money, goods or services; or participation and/or exercise of control in any enterprise, public or private, which results in, or is anticipated to result in, profits of money, goods or services." PER-035 Secondary Employment, (II.A, Definitions). ISP concluded that by preparing MFS' bid protest Wist and Chaklos engaged in unauthorized secondary employment. However, the men did not actually submit a bid, just a protest, and therefore did not provide a "service". Thus, a submission of a secondary employment approval request would have been premature. If MFS' bid protest had been successful, ISP's training contract would have then been opened for competitive bids. Had that occurred, Wist and Chaklos could have decided, at that time, whether they wanted to engage in a service for profit and, therefore, seek additional secondary employment approval before actually submitting a bid.

Further, it is possible to read ISP's definition of "secondary employment" in such a way that Sheppo's work for NFSTC would have violated the provision. The definition is not clear on whether an individual must be profiting from work for the work to constitute secondary employment or if it is enough that the enterprise the individual works for profits as a result of that individual's work. If ISP's definition is read to mean that secondary employment occurs when an enterprise an ISP employee works for profits as a result of the employees work, Sheppo's NFSTC board position certainly qualifies as secondary employment because NFSTC profited as a result of having Sheppo on its board.

The timing of DH's investigation of Wist and Chaklos also strongly suggests retaliatory Sheppo's NFSTC board position certainly qualifies as secondary employment because NFSTC profited as a result of having Sheppo on its board.

The timing of DH's investigation of Wist and Chaklos also strongly suggests retaliatory action in violation of Section 15-10(1) of the Ethics Act. The investigation was launched just three days after MFS filed its bid protest. The protest was based, in part, on a reasonable belief that sole sourcing the contract violated a rule or regulation. Specifically, section 20-25 of the Illinois Procurement Code allows contracts to be awarded on a sole source basis only in cases where there is a single economically feasible source for the item. 30 ILCS 500/20-25. MFS' protest suggested the existence of more than one economically feasible source for the training by stating that MFS could train the scientists. Furthermore, while the protest did not explicitly allege a conflict of interest, it did suggest that awarding the contract to MFS could save the State "substantial" sums of money and that MFS' proximity to ISP could "provide for the fiscal, personnel, and other requirements of the persons in training." ISP's previous internal discussions about training alternatives and potential conflicts of interest with NFSTC support the

conclusion that Wist and Chaklos could have reasonably believed there had been a violation of a law rule or regulation in the posting of a sole source contract, thus a protest was appropriate.

Finally, the review of Chaklos in 2004 in which, for this first time in his 19-year history with ISP, he received an "unacceptable" rating, also supports a finding of retaliation. As mentioned above, Chaklos' review was completed a mere five months after the date of MFS' bid protest and the ratings in it are inconsistent with the ratings he had received in **all** of his previous reviews.

#### **4. Sheppo's Failure to Cooperate with the OEIG Investigation**

Section 20-70 of the Ethics Act requires all state employees to "cooperate with the Executive Inspector General in any investigation undertaken pursuant to [the Ethics Act]. Failure to cooperate with an investigation of the Executive Inspector General is grounds for disciplinary action, including dismissal." Similarly, ISP's Code of Ethics, ROC-001, states that, "officers are required to truthfully answer questions by, or render material and relevant statements to, competent authority in a Department personnel investigation when said officer...is the subject of the investigation and has been advised of his/her statutory administrative proceeding rights if the allegation indicates that a recommendation for demotion, suspension of more than 15 days or discharge from the Department is probable." ROC-002, III.A.42.c. Sheppo violated these provisions requiring cooperation by failing to provide complete and truthful responses to the OEIG when he was asked about his role at FQS.

Sheppo originally told the OEIG that he had never been on FQS' Board and had never served as FQS' President. When shown documents suggesting otherwise, Sheppo backtracked and said it was possible he was President or a Board Member of FQS "on paper only." Documents obtained by the OEIG, however, show that not only was Sheppo President and a Board Member of FQS, but he presided over two Board meetings in those roles. In fact, one of the FQS board meetings that Sheppo attended and presided over as President took place over the course of two days making it unlikely he could have forgotten about his role with FQS. Moreover, in the course of its investigation, the OEIG also learned that FQS was formed as a membership corporation and that Sheppo, as a representative of NFSTC, was and still is one of its members. The Ethics Act and ISP's own policies required Sheppo to truthfully disclose this information when asked about it by the OEIG.

membership corporation and that Sheppo, as a representative of NFSTC, was and still is one of its members. The Ethics Act and ISP's own policies required Sheppo to truthfully disclose this information when asked about it by the OEIG.

#### **CONCLUSION & RECOMMENDATION**

The OEIG concludes that the allegations of conflict of interest and retaliation are **FOUNDED**.

The OEIG recommends that ISP implement a more extensive conflict of interest policy that encompasses appearances of conflicts of interest. The OEIG notes that ISP has recently revised its Directive ROC-002, which governs conflicts of interest. The revised directive recommends that first time violations of the conflict of interest provision cited above result in suspensions of between fifteen and thirty days. Adding a specific consequence to conflict of interest violations is a good start. The OEIG further recommends that the ISP also put into place

procedures for dealing with potential appearances of or actual conflicts of interest. This new policy should include provisions for notifying the ISP ethics officer of potential conflicts as well as provisions for the conflicted party to formally remove him or herself from the potentially problematic activity. Finally, these conflict provisions must be universally, not selectively, enforced.

The OEIG also recommends that ISP consider adopting a more expansive secondary employment policy. Under ISP's current policy, PER-035 Secondary Employment, secondary employment is defined only to include work that results, or is anticipated to result, in "profits of money goods or services." ISP should adopt a secondary employment policy that requires employees to obtain permission for significant volunteer activities that could overlap, conflict with or parallel the mission of ISP.

The OEIG recommends that Wist and Chaklos' 30-day suspension without pay be reversed and that they receive backpay for the days they were suspended.<sup>17</sup>

The OEIG recommends that Sheppo be disciplined for his failure to cooperate with the OEIG's investigation.

Finally, OEIG recommends a thorough accounting from NFSTC of the charges assessed ISP for the training academy. Part six of the State's Standard Terms, Conditions and Certifications, which was part of ISP's contract with NFSTC, allows State agencies to conduct post-performance reviews of vendor performances. The provision states that vendors may be required to provide records of their performance and billing. The OEIG recommends that ISP conduct a review of NFSTC's performance to determine why ISP was charged a large fee for the use of facilities that were supposed to be made available free of charge. This review is of special importance considering ISP's current plans to hire NFSTC to perform an efficiency study of ISP laboratories.

This case will be referred to CMS for review of possible procurement violations and to the Illinois Office of Internal Audit for further review of the matters related to the function of these entities.

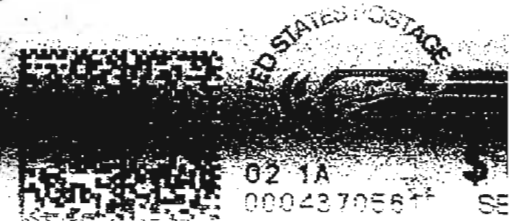
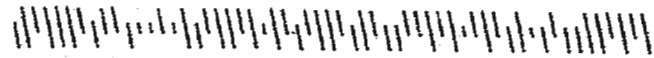
No further investigative action is warranted and the matter is considered closed.  
these entities.

No further investigative action is warranted and the matter is considered closed.

---

<sup>17</sup> The fact that Sheppo was the ISP employee who was charged with implementing the discipline demonstrates that ISP failed to adhere to even modest ethical standards in this case.

Office of Executi  
32 West Randolp  
Suite 1900  
Chicago, IL 60601-3414



Innocence Project  
Mr. Gabriel S. Oberfield  
Research Analyst/Policy Department  
100 Fifth Avenue  
3<sup>rd</sup> Floor  
New York, NY 10011

SEP 10 2007