

Contractor Ethics Violation Results in Loss of Lucrative Contract Opportunity

November 2012

In October, the City of Chicago rejected an existing city contractor's bid for a new contract upon learning that the contractor violated a city ethics ordinance. Redflex, the city contractor, has operated Chicago's red-light camera ticket program since 2003, which is the largest camera enforcement program in the world, and had bid on a contract to operate the city's new speed camera ticket program.

The decision to deem Redflex an ineligible bidder was made shortly after Redflex self-reported an ethics violation to the Chicago Board of Ethics nearly two years after the ethics violation occurred. Redflex had paid a \$910 luxury hotel bill for the city employee who oversaw Chicago's red-light camera ticket program.

At that time, Chicago's gift ordinance prohibited city contractors from providing gifts to city officials or employees valued at more than \$50 per gift and \$100 per year. Chicago recently amended its gift ordinance and, effective November 1, 2012, all persons are prohibited from providing city officials and employees gifts valued at more than \$50 per year.

The Chicago Inspector General also is examining much broader allegations of wrongdoing, focusing on the relationship between Redflex and the former city employee at issue. If the Inspector General finds that more serious ethics violations occurred, the City of Chicago could impose penalties as severe as debarment.

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