



Illinois Ethics Matters

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Honesty, Integrity, Service

A newsletter from the Office of Executive Inspector General for the Agencies
of the Illinois Governor

Office of Executive Inspector General

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Paycheck Protection Program (PPP) Fraud

In 2022, the Office of Executive Inspector General for the Agencies of the Illinois Governor (OEIG) initiated a large-scale fraud investigation project, to examine whether State of Illinois employees improperly obtained federal Paycheck Protection Program (PPP) loans. PPP loans were issued to provide relief to small businesses affected by the COVID-19 pandemic, and were eligible for forgiveness if used for qualifying expenses.

Using publicly available information, the OEIG identified PPP loans obtained by individuals with personal identifiers matching those of employees under the OEIG’s jurisdiction. Because a preliminary review of the data revealed a large number of such loans, the OEIG initially focused the investigation on PPP loans of approximately \$20,000 or more. In order to be eligible for a PPP loan of that size, a business typically would have needed to generate approximately \$100,000 or more of annual net profit or gross income—earned outside of the employee’s full-time State work hours. Once the OEIG identified these PPP loans, the OEIG conducted further investigation to determine whether employees received those loans in a fraudulent manner.

To date, the OEIG has conducted the following investigative activity since beginning its PPP investigation project:

As of 9/12/23

PPP investigations initiated: 438

PPP investigations concluded: 204

**PPP referrals to any
law enforcement agency:¹ 177**

¹ The OEIG is required to refer to the Attorney General any misconduct determined to have resulted in the loss of public funds in an amount of \$5,000 or greater. 5 ILCS 430/20-80.



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The State of Illinois Code of Personal Conduct requires State employees to conduct themselves "with integrity and in a manner that reflects favorably upon the State." In addition, various agency policies prohibit employees from engaging in conduct that is unbecoming of a State employee. In 177 cases to date, the OEIG determined that there was reasonable cause to believe that a State employee violated the State of Illinois Code of Personal Conduct and/or agency policy by obtaining PPP loans based on falsified information. The OEIG has, so far, issued these founded reports to the employing State agencies, as indicated below:

Table with 2 columns: Agency, Founded Reports Issued as of 9/12/23. Rows include Department of Human Services (132), Department of Children and Family Services (25), Department of Healthcare and Family Services (8), Department of Employment Security (4), Department of Public Health (3), Department of Veterans' Affairs (3), Department of Natural Resources (1), Department of Revenue (1), and Total (177).

To date, the improper loans identified in these founded reports total more than \$4.5 million in public funds. The OEIG's PPP investigation project remains ongoing. These numbers do not reflect a final total of OEIG founded reports or a final total for any particular agency.

State employees are expected to maintain the public's trust and confidence, and misappropriating public funds is far from acting with integrity, or conducting oneself in a manner that reflects favorably upon the State. Acting in such a manner may result in the loss of employment. Employees also are reminded of their duty to cooperate with OEIG investigations, and that failure to cooperate can also be grounds for disciplinary action, including dismissal.