

**Laborers' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago
Minutes of Regular Board Meeting # 971**

March 22, 2016

***Suite 1300 • 321 N Clark Street • Chicago Illinois 60654-4739
(312) 236-2065 • Fax (312) 236-0574***

**LABORERS' & RETIREMENT BOARD EMPLOYEES'
ANNUITY & BENEFIT FUND OF CHICAGO**

March 22, 2016

Report of Meeting No. 971 held on March 22, 2016, starting at 1:05 p.m. in the office of the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago ("Fund").

The following were present:

Board Members:

Victor Roa, President (Local 1001)
Erin Keane, Vice President (First Deputy Comptroller, City of Chicago)
Michael LoVerde, Secretary (Active Employee Elected Member)
Carol Hamburger, Trustee (Managing Deputy Comptroller, City of Chicago)
James Capasso, Jr., Trustee (Retired Elected Member)
James Joiner, Trustee (Active Employee Elected Member)

Fund's Staff & Consultants:

Graham Grady – Taft Stettinius & Hollister LLP, Fund's Attorney
Cary Donham – Taft Stettinius & Hollister LLP, Fund's Attorney
Dr. Terence Sullivan – Fund's Physician
Mike Cairns – NEPC, LLC, Fund's Investment Consultant
Kristin Finney-Cooke – NEPC, LLC, Fund's Investment Consultant
DeAnna Ingram – NEPC, LLC, Fund's Investment Consultant
Michael Walsh – Executive Director and Chief Investment Officer
Peggy Grabowski - Comptroller
Tina Rhoten –Assistant Benefits Manager
Deonna Morano – Benefits Services Assistant
Margie Grazevich – Benefits Payment Manager
Irene Velazquez – Benefits Payment Assistant
Nicole Evangelista – Payment Services Coordinator
John Carroll – Compliance Administrator
Sheila Jones – Administrative Coordinator
Nadia Oumata – Manager of Accounting and Investments

Absent: Kurt Summers, Jr., Trustee (City Treasurer, City of Chicago)
Carole Brown, Trustee (Chief Financial Officer, City of Chicago)

Observers: Miriam Martinez – Office of the City Treasurer, City of Chicago
Jason Parks – Loop Capital
Cynthia Stifter – Stifter and Associates

President Roa determined that a quorum was present.

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, that the regular minutes of Meeting No. 970 be approved as submitted.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, that the minutes of the executive sessions 1, 2, 3, 4 5 and 6 of meeting No. 970 be approved as submitted.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.



***Laborers' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago***

Board Members:

I am transmitting herewith the minutes for the meeting of the Board which was held on **March 22, 2016**. The minutes are comprised of the following:

- Approval of minutes from prior meetings
- Public Participation
- Schedule A: Applications for Refunds
 1. Refund of Contributions Due to Separation From Service
 2. Miscellaneous Refunds
- Schedule B: Applications for Annuities
 1. Employee Annuity Applications
 2. Spouse and Child Annuity Applications
- Schedule C: Adjustment Refunds to New Annuitants
- Schedule D: Applications for Duty Disability Benefits
- Schedule E: Applications for Ordinary Disability Benefits
- Schedule F: Applications for Extension of Duty Disability Benefits
- Schedule G: Applications for Extension of Ordinary Disability Benefits
- Schedule H: Payment of Uncashed Checks of Deceased Members
- Schedule I: Payment of Administrative Expenses
- Executive Session No. 1
- Coveliers Administrative Hearing
- Executive Session No. 2
- Coveliers Administrative Hearing Continued
- Executive Session No. 3
- Executive Session No. 4
- Okparaji/Dobbs Administrative Hearing
- Executive Session No. 5
- Investments Report
- Executive Session No. 6
- Executive Session No. 7
- Administrative Report
- Legal Report
- Executive Session No. 8
- Executive Session No. 9
- Adjournment

All the foregoing matters were checked upon receipt into the Office of the Board and were found to be hereinafter set forth.

Sincerely,

Michael R. LoVerde
Board Secretary

**LABORERS' & RETIREMENT BOARD EMPLOYEES'
ANNUITY & BENEFIT FUND OF CHICAGO**

March 22, 2016

PUBLIC PARTICIPATION

None.

SCHEDULE A – APPLICATIONS FOR REFUNDS

1. Refund of Contributions Due to Separation From Service

It was moved by Trustee Capasso, seconded by Trustee LoVerde, that Applications for Refunds of Contributions due to Separation from Service be approved and ordered paid.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

2. Refund to Heirs of a Deceased Member

It was moved by Trustee LoVerde, seconded by Trustee Keane, that Refund to Heirs of a Deceased Member be approved and ordered paid.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

SCHEDULE B – APPLICATIONS FOR ANNUITIES

1. Employee Annuities

Mr. Walsh and Mr. Donham discussed the starred case for employee #62209 and noted that shift differential pay was included in the final average salary calculation for this member. The trustees were informed of a recent Illinois appellate court decision that might have some implications on the legal justification behind including the shift differential pay for the purposes of calculating benefits. Separately, Mr. Grady updated the trustees regarding a conversation unrelated to the appellate court decision that he had with the City of Chicago's Corporation Counsel's Office regarding shift differentials. Mr. Grady noted that the Corporation Counsel's office is reviewing whether shift differentials should be included in benefit calculations.

It was moved by Trustee LoVerde, seconded by Trustee Capasso, that applications presented for Employee Annuities be approved and ordered paid.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

2. Spouse and Child Annuities

It was moved by Trustee LoVerde, seconded by Trustee Joiner, that applications presented for Spouse and Child Annuities be approved and ordered paid.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

SCHEDULE C – ADJUSTMENT REFUNDS TO NEW ANNUITANTS

It was moved by Trustee Hamburger, seconded by Trustee LoVerde, that Adjustment Refunds to New Annuitants be approved and ordered paid.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

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SCHEDULE D – APPLICATIONS FOR DUTY DISABILITY BENEFITS

Mr. Walsh noted that, similar to what was discussed previously regarding employee #62209, shift differential pay factored into the duty disability benefit amount for employee #64777. It was moved by Trustee Hamburger, seconded by Trustee Capasso, that the applications for Duty Disability Benefits be approved and ordered paid.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

SCHEDULE E – APPLICATIONS FOR ORDINARY DISABILITY BENEFITS

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, that the applications for Ordinary Disability Benefits be approved and ordered paid.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

SCHEDULE F – EXTENSION OF DUTY DISABILITY BENEFITS

It was moved by Trustee Joiner, seconded by Trustee Capasso, that the applications for Extension of Duty Disability Benefits be approved and ordered paid.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

SCHEDULE G – EXTENSION OF ORDINARY DISABILITY BENEFITS

Dr. Sullivan reviewed the conditions for employee #66640, which was a starred case. The trustees discussed possible options for this member. It was moved by Trustee LoVerde, seconded by Trustee Keane, that the applications for Extension of Ordinary Disability Benefits be approved and ordered paid.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

SCHEDULE H – PAYMENT OF UNCASHED CHECKS OF DECEASED MEMBERS

It was moved by Trustee Capasso, seconded by Trustee Hamburger, that the applications for Uncashed Checks of Deceased Members be approved and ordered paid.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

SCHEDULE I – PAYMENT OF ADMINISTRATIVE EXPENSES

Administrative Invoices and Investment Invoices

It was moved by Trustee LoVerde, seconded by Trustee Capasso, that Invoices be approved and ordered paid.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

**LABORERS' & RETIREMENT BOARD EMPLOYEES'
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EXECUTIVE SESSION NO. 1

At 1:27 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(11) to discuss potential or current litigation of the Fund. Trustee Hamburger seconded the motion.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

At 1:31 p.m., Trustee LoVerde made a motion, seconded by Trustee Capasso, that the executive session be adjourned and that the Board return to open session.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

The trustees took no action.

COVELIERS ADMINISTRATIVE HEARING

Hearing Participants: Richard Coveliers, LABF Member; David P. Schippers, Esq., David P. Schippers & Associates; and Nancy Ruggero, Paralegal, David P. Schippers & Associates.

Richard Coveliers, Fund member, requested a hearing in order to review a previous decision by the Board denying his application for annuity benefits at the July 14, 2015 LABF Board meeting on the grounds that he was convicted of a felony relating to or arising out of or in connection with his service as an employee of the City of Chicago. The hearing was transcribed by a court reporter. The transcript of proceedings is incorporated into these minutes by reference. Victor Roa, Board President, presided over the hearing. Part of the way through the hearing, the trustees entered executive session pursuant to 5 ILCS 120/2(c)(11).

EXECUTIVE SESSION NO. 2

At 2:13 p.m., Trustee Loverde requested an executive session under 5 ILCS 120/2(c)(11) to discuss potential or current litigation of the Fund. Trustee Hamburger seconded the motion.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

At 2:21 p.m., Trustee Hamburger made a motion, seconded by Trustee LoVerde, that the executive session be adjourned and that the Board return to open session.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

The trustees took no action.

COVELIERS ADMINISTRATIVE HEARING CONTINUED

Following the executive session, the hearing continued again transcribed by a court reporter. At the conclusion of all testimony, the trustees decided to enter executive session pursuant to 5 ILCS 120/2(c)(11).

**LABORERS' & RETIREMENT BOARD EMPLOYEES'
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EXECUTIVE SESSION NO. 3

At 3:07 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(11) to discuss potential or current litigation of the Fund. Trustee Hamburger seconded the motion.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

At 3:12 p.m., Trustee Hamburger made a motion, seconded by Trustee LoVerde, that the executive session be adjourned and that the Board return to open session.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, to uphold the previous decision of the Board from July 14, 2015 denying Mr. Coveliers' annuity application on the grounds that Mr. Coveliers was convicted of a felony relating to or arising out of or in connection with his service as an employee.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

The Fund's counsel let Mr. Schippers know that the Board would follow up with a written decision following the regular April Board meeting.

EXECUTIVE SESSION NO. 4

At 3:15 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(11) to discuss potential or current litigation of the Fund. Trustee Hamburger seconded the motion.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

At 3:29 p.m., Trustee LoVerde made a motion, seconded by Trustee Joiner, that the executive session be adjourned and that the Board return to open session.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

OKPARAJI/DOBBS ADMINISTRATIVE HEARING

Hearing Participants: Synola Okparaji, adoptive parent and legal guardian of applicants; Demarea and Tiasia Dobbs Okparaji, Child Annuity applicants; and Eleni Katsoulis, attorney for the Okparaji children.

Synola Okparaji, adoptive parent and legal guardian of the child annuity applicants, requested a hearing in order to review a previous decision by the Board related to the denial of Child Annuity benefits for Demarea and Tiasia Dobbs Okparaji at the September 10, 2015 LABF Board meeting. Ms. Okparaji was represented by attorney Eleni Katsoulis of the Legal Aid Society. The hearing was transcribed by a court reporter. The transcript of proceedings is incorporated into these minutes by reference. Victor Roa, Board Preseident, presided over the hearing. At the conclusion of all testimony, the trustees entered executive session pursuant to 5 ILCS 120/2(c)(11).

**LABORERS' & RETIREMENT BOARD EMPLOYEES'
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EXECUTIVE SESSION NO. 5

At 3:57 p.m., Trustee Keane requested an executive session under 5 ILCS 120/2(c)(11) to discuss potential or current litigation of the Fund. Trustee Hamburger seconded the motion.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

At 4:42 p.m., Trustee LoVerde made a motion, seconded by Trustee Hamburger, that the executive session be adjourned and that the Board return to open session.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

It was moved by Trustee Hamburger, seconded by Trustee Joiner, that the previous decision of the Board from September 10, 2015 denying the Child Annuity benefits for Demarea and Tiasia Okparji be reversed and that the Child Annuity benefits for Demarea and Tiasia be approved and ordered paid immediately.

Roll-call: For-- Trustees Roa, Keane, Hamburger, Capasso and Joiner.
Against -- Trustee Loverde.

The Board discussed with Ms. Katsoulis some follow-up information that would be required if there is to be an application for a Child Annuity benefit for a possible third child of Mr. Dobbs.

INVESTMENTS REPORT

January 31, 2016 Performance Flash Report/February 29, 2016 Preliminary Flash

These items were deferred to a future meeting.

Rebalancing Recommendation

Mr. Walsh reported that the LABF would be liquidating up to \$9 million from the Thomas White portfolio to cover administrative expenses for the month of April, 2016.

Manager Review:

Apex Capital - Mr. Cairns provided an update on Apex Capital Management being purchased by Fiera U.S. Holdings Inc.

Mr. Walsh informed the trustees that the acquisition of Apex Capital Management by Fiera US Holdings Inc. constitutes a deemed assignment of the investment management agreement between LABF and Apex Capital Management. The request to approve the deemed assignment of the investment management agreement was received by LABF. Mr. Walsh also informed the trustees of the intent to execute the consent upon the concurrence of the investment consultant and legal counsel review.

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, to place Apex Capital Management on the Watch List for organizational changes.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

Entrust - Mr. Cairns reviewed a memo regarding the organizational changes that are taking place with Entrust and Permal. Mr. Cairns noted that NEPC has changed the status of Entrust from "preferred" to "neutral".

Thomas White - Ms. Finney-Cooke informed the Board about organizational changes that have taken place at Thomas White.

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Vontobel – Ms. Finney-Cooke and Mr. Cairns informed the Board about organizational changes that have taken place at Vontobel.

It was moved by Trustee Loverde, seconded by Trustee Capasso, to place Vontobel on the Watch List for organizational changes.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

Hedge Fund Program Review and Private Equity Direct Lending RFP
These items were deferred to a future meeting.

EXECUTIVE SESSION NO. 6

At 5:13 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(7) to discuss the sale or purchase of securities, investments or investment contracts. Trustee Joiner seconded the motion.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

At 5:15 p.m., Trustee LoVerde made a motion, seconded by Trustee Hamburger, that the executive session be adjourned and that the Board return to open session.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

The trustees took no action.

EXECUTIVE SESSION NO. 7

At 5:15 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(7) to discuss the sale or purchase of securities, investments or investment contracts. Trustee Hamburger seconded the motion.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

At 5:19 p.m., Trustee LoVerde made a motion, seconded by Trustee Keane, that the executive session be adjourned and that the Board return to open session.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

It was moved by Trustee LoVerde, seconded by Trustee Capasso, to rebalance the Fund so that our current real estate allocation is more in line with the Fund's asset allocation policy by making an additional \$15 million commitment to ASB Allegiance Real Estate Fund.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

ADMINISTRATIVE REPORT

Entrust Special Opps Fund III

Entrust Special Opps Fund III requested a capital call on February 5, 2016 in the amount of \$200,667.00.

Mesirow Financial Capital Partners X

Mesirow Financial Capital Partners X requested a capital call on February 9, 2016 in the amount of \$50,000.00.

**LABORERS' & RETIREMENT BOARD EMPLOYEES'
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Mesirow Real Estate Value Fund

Mesirow Real Estate Value Fund made a distribution on February 4, 2016 in the amount of \$342,659.00.

Mesirow Real Estate Value Fund

Mesirow Real Estate Value Fund made a distribution on February 17, 2016 in the amount of \$610,216.00.

Mesirow Real Estate Value Fund

Mesirow Real Estate Value Fund made a distribution on February 22, 2016 in the amount of \$119,034.00.

Mesirow Real Estate Value Fund II

Mesirow Real Estate Value Fund II made a distribution on February 22, 2016 in the amount of \$49,534.00.

Mesirow Real Estate Value Fund

Mesirow Real Estate Value Fund made a distribution on February 25, 2016 in the amount of \$638,443.00.

70.5 Distribution Update

Mr. Walsh updated the Board regarding the 70.5 minimum distribution project that Fund staff is currently undertaking.

Fiduciary Liability

Mr. Walsh provided an update on the current status of the Fiduciary Liability Insurance renewal for the LABF.

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, to extend the Fiduciary Liability insurance policy for 2.5 additional months from the date that it is currently to set to expire, so that the LABF may be able to take advantage of a group purchasing initiative.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

April 2016 Board Meeting

This item was taken out of order. Mr. Walsh confirmed with trustees that the new meeting date for the April Board Meeting has been changed to April 28, 2016 and he also noted some changes to the Special Meeting that will be held on April 12, 2016.

Retiree Healthcare Letter

Mr. Walsh reviewed with trustees a draft letter regarding retiree healthcare for staff members who have retired from the Fund. The trustees directed Mr. Walsh to mail the letter to LABF retirees informing them of possible future changes.

Stakeholder Letter

Mr. Walsh updated trustees on several meetings that the LABF and Municipal Employees' Annuity and Benefit Fund had or is planning to have with various stakeholders that received the funding letter sent out by the LABF. The trustees requested that Mr. Walsh have the letter posted on the LABF's website.

Statement of Economic Interest

Mr. Carroll reminded trustees of the need to complete their Statement of Economic Interest with the Clerk of Cook County by May 1, 2016. He noted that an email would be sent out within the week from the Clerk's Office giving detailed instructions for the electronic filing.

LEGAL REPORT

Underwood Litigation

Mr. Donham update the trustees on the current status of this matter.

**LABORERS' & RETIREMENT BOARD EMPLOYEES'
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EXECUTIVE SESSION NO. 8

At 5:45 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(11) to discuss potential or current litigation of the Fund. Trustee Hamburger seconded the motion.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

At 5:51 p.m., Trustee Hamburger made a motion, seconded by Trustee LoVerde, that the executive session be adjourned and that the Board return to open session.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

The trustees took no action.

EXECUTIVE SESSION NO. 9

At 5:52 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(1) to discuss Personnel Matters. Trustee Capasso seconded the motion. The Executive Director did not participate in this executive session.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

At 5:56 p.m., Trustee LoVerde made a motion, seconded by Trustee Hamburger, that the executive session be adjourned and that the Board return to open session.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

The trustees took no action.

ADJOURNMENT

With no further business, at 5:56 p.m., Trustee LoVerde made a motion to adjourn. Trustee Joiner seconded the motion.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

BEFORE THE LABORERS' AND RETIREMENT BOARD
EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

IN RE:)
)
)
RICHARD A. COVELIERS)

REPORT OF PROCEEDINGS at the
Administrative Hearing of the above-entitled case before
CHAIRMAN VICTOR ROA, on the 22nd day of March, A.D.,
2016, at 1:37 o'clock p.m., at 321 North Clark Street,
Suite 1300, Chicago, Illinois.

REPORTED BY: CYNTHIA M. STIFTER, CSR

LICENSE NO.: 084-003054

1 PRESENT:

2 TAFT STETTINIUS & HOLLISTER, LLP
3 (111 East Wacker Drive
4 Suite 2800
5 Chicago, Illinois 60601
6 (312) 836-4036
7 cdonham@taftlaw.com
8 ggrady@taftlaw.com)

9 BY: MR. CARY E. DONHAM and
10 MR. GRAHAM C. GRADY,

11 Appeared on behalf of the LABF.

12 DAVID P. SCHIPPERS & ASSOCIATES, CHTD.
13 (20 North Clark Street
14 Suite 3600
15 Chicago, Illinois 60602)

16 BY: MR. DAVID P. SCHIPPERS,

17 Appeared on behalf of Richard A.
18 Coveliers.

19 ALSO PRESENT:

20 Ms. Nancy Ruggero, Paralegal
21 David P. Schippers & Associates, Chtd.

22 TRUSTEES:

23 Trustee Carol Hamburger;
24 Trustee Michael LoVerde
25 Trustee James Capasso, Jr.;
26 Trustee Kurt Summers, Jr.(represented by
27 Miriam Martinez);

28 Trustee Erin Keane;
29 Trustee James Joiner;

30 ALSO PRESENT:

31 Mr. John Carroll;
32 Ms. Sheila Jones;
33 Ms. Michael Walsh.

I N D E X O F E X A M I N A T I O N S

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1 CHAIRMAN ROA: Good afternoon. We are here for
2 the Richard Coveliers appeal hearing. My name is Victor
3 Roa. I'm the Chairman of the Pension Board. For the
4 record, they would have to state their name.

5 MR. DONHAM: Right. But I believe that --
6 Cindy, you already have the names of all those present?

7 THE REPORTER: Yes.

8 MR. DONHAM: So we're ready to proceed in the
9 matter of Richard Coveliers before the Laborers' and
10 Retirement Board Employees' Annuity and Benefit Fund of
11 Chicago. This is Mr. Coveliers' appeal of the Board's
12 denial of his application for annuity benefits.
13 Mr. Coveliers is represented by counsel at this hearing.
14 And the hearing is being transcribed by a court
15 reporter.

16 Before we start, I'd like to see if we
17 can enter some exhibits. And to get started, the first
18 exhibit is the Notice of Hearing and the exhibits
19 thereto that originated, which were the exhibits that
20 the Board considered in its denial of Mr. Coveliers'
21 application. And I have handed a copy to counsel for
22 Mr. Coveliers, and I would ask that this be admitted as
23 LABF Exhibit 1.

24 MR. SCHIPPERS: No objection. Let me take a

1 look at it.

2 CHAIRMAN ROA: Yes. I'm sorry. Okay.

3 MR. DONHAM: Please mark that one as LABF
4 Exhibit Number 1.

5

6 (LABF Exhibit Number 1 was
7 marked for
8 identification.)

9

10 MR. SCHIPPERS: I have no objection.

11

12 (LABF Exhibit Number 2 was
13 marked for
14 identification.)

15

16 MR. DONHAM: Okay. Then next I would like to
17 admit the Plea Agreement in the criminal case,
18 04 CR 921, which is the one that involved Mr. Coveliers,
19 the Plea Agreement of his wife, Debra Coveliers, which
20 is a public record.

21 MR. SCHIPPERS: No objection as to Richard
22 Coveliers.

23 MR. DONHAM: Mr. Coveliers' Plea Agreement is
24 attached to the Notice of Hearing.

1 MR. SCHIPPERS: Right.

2 MR. DONHAM: And this is Mrs. Coveliers. Any
3 objection, counsel?

4 MR. SCHIPPERS: Yes, I object to Mrs. Coveliers
5 because I have not had the chance to read this. I've
6 never seen it. And I would not have any opportunity to
7 cross-examine her. I don't care if she's related to my
8 client. This is being sprung on me, and I have no way
9 of protecting my client's interests if this is admitted.

10 MR. DONHAM: I -- Mr. Chairman, last Friday I
11 sent an e-mail --

12 MS. RUGGERO: Yes.

13 MR. DONHAM: -- to Ms. Ruggero, and I told her
14 that the Board would rely on public records from the
15 criminal case, including the Plea Agreements of other
16 parties. So this is not -- or at least I -- maybe I
17 didn't say Plea Agreement.

18 MS. RUGGERO: No, you did not.

19 MR. DONHAM: But I did say public records
20 from --

21 MS. RUGGERO: Correct.

22 MR. DONHAM: So I don't say -- it's not fair to
23 say that this was sprung on at the last minute. These
24 are public records. They are records the Fund could

1 take notice of anyway. You could go down and download
2 them off Pacer, and I said that to Ms. Ruggero on
3 Friday.

4 MS. RUGGERO: You did.

5 MR. DONHAM: So I disagree that these are a
6 surprise, and I believe the Board would have the ability
7 to take notice of these in any event.

8 MR. SCHIPPERS: If the Board wants to take
9 notice of the fact that Debra Coveliers plead guilty,
10 that's fine. But if you're going into the information
11 contained in that Plea Agreement, that is way off the
12 base. I have had -- I have no opportunity to
13 cross-examine. And, therefore, I can't agree to have it
14 entered.

15 CHAIRMAN ROA: I would say, Number 1, it's
16 public record; and Number 2, I would think that you
17 would know that she had entered into a Plea Agreement.

18 MR. SCHIPPERS: I know she entered into a Plea
19 Agreement. The whole world knows that, and I have no
20 problem with --

21 CHAIRMAN ROA: Well, objection overruled, I
22 guess. I would say it's admissible.

23 MR. SCHIPPERS: Okay.

24 MR. DONHAM: All right. The next -- I would

1 like to offer into evidence the Plea Agreement of Gerald
2 Wesolowski, again from Case 04 CR 921, again a public
3 record. It's got the case docket number and so on. He
4 was one of the people who was specifically mentioned in
5 Mr. Coveliers' Plea Agreement, by the way. So, again,
6 we offer this exhibit into the record.

7 MR. SCHIPPERS: Same objection. And, again,
8 this is one of the guys that got the money. He's a
9 bribee. And they're going to use that to nail my
10 client? Again, I do not object to putting it in as a
11 fact that there was a Plea Agreement. But anything in
12 that Plea Agreement, I could no way, no way adopt as
13 true. I'd really love to have a crack at
14 Mr. Wesolowski.

15 CHAIRMAN ROA: Well, that's --

16 MR. DONHAM: Well, Mr. Wesolowski in the Plea
17 Agreement, as did Mr. Coveliers and Mrs. Coveliers,
18 admitted that the facts in there were true. And I would
19 also note that Plea Agreements were admitted in the
20 Romano case that Mr. Schippers handled.

21 MR. SCHIPPERS: Mr. Romano's Plea Agreement,
22 period.

23 MR. DONHAM: I don't know if any others were
24 offered and rejected. But, again, we offer

1 Mr. Wesolowski's and ask that it be admitted.

2 MR. SCHIPPERS: Same objection.

3 CHAIRMAN ROA: Objection overruled, public
4 record.

5

6 (LABF Exhibit Number 3 was
7 marked for
8 identification.)

9

10 MR. DONHAM: Next we would offer the Plea
11 Agreement of Charles Romano. And I don't believe there
12 is any --

13 MR. SCHIPPERS: No objection. I represented
14 him.

15 MR. DONHAM: So that would be Exhibit 4.

16

17 (LABF Exhibit Number 4 was
18 marked for
19 identification.)

20

21 MR. DONHAM: Next we would offer the Plea
22 Agreement of Donald Tomczak; again, a public record;
23 again, admitted -- he admitted that the facts in this
24 were true. And we ask that this be admitted as LABF

1 Exhibit 5.

2
3 (LABF Exhibit Number 5 was
4 marked for
5 identification.)
6

7 MR. SCHIPPERS: Once again, this one I've never
8 seen again, and this is the guy that got all the money.
9 This is the public employee who took hundreds of
10 thousands of dollars in bribes. And I'm supposed to
11 believe what's in that Plea Agreement.

12 Look, I worked with the Federal
13 government. I have represented people who have done
14 Plea Agreements. I know how they operate. They start
15 out with the one guy that tells them what they want to
16 hear. And from there on in, anybody who disagrees with
17 that account is not telling the truth. It's called a
18 one-legged informant. My same objection, but even more
19 strenuous.

20 CHAIRMAN ROA: Objection overruled. It's a
21 public record.

22 (LABF Exhibit Number 6 was
23 marked for
24 identification.)

1 MR. DONHAM: Okay. Next I would like to admit
2 the Memorandum of Law that Mr. Schippers filed on behalf
3 of Mr. Coveliers along with -- there is an Affidavit
4 that is attached to it, and I do object to the last
5 sentence of Paragraph 11.

6 MR. SCHIPPERS: Here, I can read it. Harjung
7 asked Affiant to join merely to supply a name who would
8 be the nominal owner of the corporation. Is that what
9 you object to?

10 MR. DONHAM: Yes, I object to that on the
11 grounds that it's hearsay. And I understand that in an
12 Administrative Hearing, the Board has the leeway to
13 admit hearsay.

14 In this case, though, I believe it's
15 extremely prejudicial to the Board. And here is why.
16 Mr. Harjung lives in Arizona. He is beyond the subpoena
17 power of the Board. We tried to contact Mr. Harjung,
18 and we actually reached him by telephone. He declined
19 to talk to us very respectfully, saying that his
20 attorney had advised him that he should not talk about
21 the Hired Truck issue.

22 So we are now left with a statement
23 that's material to this case by Mr. Coveliers as to what
24 Mr. Harjung said. And we have no way of addressing

1 that. And I would point out that Mr. Coveliers does not
2 have a reputation for truthfulness.

3 MR. SCHIPPERS: I object to that remark.
4 That's way out of line.

5 MR. DONHAM: It is not out of line, counsel.

6 MR. SCHIPPERS: Where's your proof?

7 MR. DONHAM: Because Mr. Coveliers admitted in
8 his Plea Agreement that he lied to Federal agents.

9 MR. SCHIPPERS: So that makes him a liar,
10 period? What about Tomczak? What about Wesolowski?
11 What about Romano? Every one of them did the same
12 thing.

13 MR. DONHAM: They are not asking for a pension
14 here, counsel, and so --

15 CHAIRMAN ROA: I would have to agree. I
16 would -- if we can strike that from the record, that
17 whole blanket statement in terms of the lying part.

18 MR. SCHIPPERS: Thank you.

19 CHAIRMAN ROA: I think that's reasonable.

20 MR. DONHAM: All right.

21 MR. SCHIPPERS: As to the objection,
22 Mr. Chairman, this statement goes to state of mind, his
23 state of mind at the time he joined this thing. And
24 it's clear exception to the hearsay rule.

1 MR. DONHAM: I don't believe it goes to state
2 of mind. I think he's offering for the truth of the
3 matter that he was never -- that Harjung asked him to
4 participate, and he's trying to establish that he had
5 nothing to do with -- that Harjung asking him to
6 participate had nothing to do with his status as a City
7 employee. And that's the truth that he's wanting the
8 Board to take that for. So that's why we object.

9 MR. SCHIPPERS: It is offered for the truth of
10 the statement. It is offered under the clear hearsay
11 exception that it goes to the state of mind of the
12 witness.

13 CHAIRMAN ROA: To be honest, I wasn't happy
14 with Statement 11, too, because it's unsubstantiated.
15 We cannot speak to Mr. Harjung to corroborate what
16 Mr. Coveliers said that Mr. Harjung said. So objection
17 overruled for that one.

18 MR. DONHAM: Wait --

19 CHAIRMAN ROA: No. I'm sorry. Reverse that.

20 MR. SCHIPPERS: No. Objection sustained.

21 CHAIRMAN ROA: Objection sustained.

22 MR. SCHIPPERS: May I have an ongoing objection
23 to all of these other Plea Agreements that have been put
24 in based on identical facts that he just said. There is

1 all kinds of hearsay in there, Mr. Harjung, Mr. Tomczak,
2 Mrs. Coveliers, and Wesolowski.

3 MS. RUGGERO: I don't have Wesolowski.

4 MR. SCHIPPERS: They're not available to
5 testify as far as I know.

6 MR. DONHAM: There is a significant difference,
7 Mr. Chairman. That difference is that those documents
8 are public records that the Board, even if they weren't
9 entered into evidence, could take judicial notice of or
10 administrative notice of. And, however, if counsel -- I
11 would have no problem with counsel's continuing
12 objection on that ground.

13 MR. SCHIPPERS: And I assume a continuing
14 order, overruled? All my objections are overruled.

15 MR. DONHAM: Yes, yes.

16 MS. RUGGERO: Can I have Exhibit 3, your
17 Exhibit 3, I think it's Wesolowski.

18 MR. DONHAM: Oh, sure, sure. I apologize.

19 MS. RUGGERO: Thank you.

20 MR. DONHAM: And the record should show that
21 the last sentence of Paragraph 11 of the Affidavit
22 attached to Mr. Coveliers' Legal Memorandum is stricken
23 from the record.

24 And at this point, we turn it over to

1 Mr. Schippers.

2 MR. SCHIPPERS: Thank you. We will stand on
3 our Affidavits as evidence for Mr. Coveliers. And I
4 assume you want to cross-examine?

5 MR. DONHAM: Yes. We will cross-examine.

6 MR. SCHIPPERS: Go right ahead.

7 MR. DONHAM: Okay.

8 Would you swear the witness, please?

9

10 (Witness duly sworn.)

11

12 RICHARD COVELIERS,
13 called as a witness herein, having been first duly
14 sworn, was examined and testified as follows:

15

16 CROSS-EXAMINATION

17 BY

18 MR. DONHAM:

19

20 Q. Mr. Coveliers, you were convicted of a felony;
21 correct?

22 A. Yes.

23 Q. You pleaded guilty to a charge of mail fraud;
24 isn't that right?

1 A. Yes, sir.

2 Q. In fact, you participated in a scheme to
3 defraud the people of the City of Chicago and the City
4 of money and property; isn't that true?

5 A. To fraud?

6 Q. Do you want to look at your Plea Agreement,
7 and see if you --

8 MR. SCHIPPERS: You did.

9 THE WITNESS: Yes, I did. I mean, I don't want
10 to --

11 MR. SCHIPPERS: This is being taken from the
12 Plea Agreement; right?

13 MR. DONHAM: It is.

14 MR. SCHIPPERS: So just --

15 THE WITNESS: Yes.

16 BY MR. DONHAM:

17 Q. Okay. And when you participated in this
18 scheme to defraud, you were employed by the City; isn't
19 that true?

20 A. Yes, sir.

21 Q. And you participated in this scheme beginning
22 in 1998?

23 A. Yes, sir.

24 Q. And it continued until at least early in 2004;

1 right?

2 A. Yes, sir.

3 Q. And you participated in this scheme with
4 Michael Harjung; correct?

5 A. Yes, sir.

6 Q. And you and Mr. Harjung were owners of Cayla
7 Trucking; isn't that right?

8 A. No, it wasn't.

9 MR. DONHAM: John, do you have a copy of the
10 Plea Agreement?

11 MR. SCHIPPERS: Nancy, do you have it?

12 MS. RUGGERO: No, I do not. What page is that?

13 MR. SCHIPPERS: Page 3, I think. Page 2 or 3,
14 I think. I'm not sure.

15 MR. DONHAM: Okay.

16 CHAIRMAN ROA: John, on the iPad, where we
17 would look at the Plea Agreement again?

18 MR. CARROLL: This is Slide 6.

19 MR. GRADY: There are four attachments, John.
20 Which one?

21 MR. CARROLL: Number 1.

22 CHAIRMAN ROA: Page 6.

23 MR. CARROLL: Page 6, Slide 6.

24 MR. DONHAM: Let me ask this question then.

1 You formed, along with Mr. Harjung, Cayla Trucking;
2 isn't that correct?

3 THE WITNESS: Yes.

4 MR. GRADY: Here it is.

5 BY MR. DONHAM:

6 Q. But you say you weren't an owner?

7 MR. SCHIPPERS: That's what he said.

8 THE WITNESS: Yes, sir.

9 BY MR. DONHAM:

10 Q. Who was the owner of Cayla Trucking?

11 A. Who's the owner? Christine Garber.

12 Q. You participated in this scheme with
13 Mr. Tomczak; isn't that correct?

14 A. No, sir.

15 Q. Well, let me refer to your Plea Agreement,
16 sir, and --

17 A. I never met Mr. Tomczak.

18 Q. May I?

19 A. Yes, sir.

20 Q. Your Plea Agreement on Page 2 says -- do you
21 have a copy of it?

22 MS. RUGGERO: Yes, I do. He does, too.

23 Page 2.

24

1 BY MR. DONHAM:

2 Q. Page 2, starting at -- it says, Beginning no
3 later than 1998 and continuing until early 2004,
4 Defendant, along with Michael Harjung and Co-Defendants
5 Donald Tomczak, Gerald Wesolowski, and Debra Coveliers,
6 devised and intended to devise, and participated in, a
7 scheme and artifice to defraud the people of the City of
8 Chicago. That's what it says; isn't it, sir?

9 A. Yeah, but --

10 Q. There's no -- that's all we need is the
11 question.

12 A. My problem is my attorney told me --

13 Q. Wait a minute. I don't want to know what your
14 attorney said.

15 MR. SCHIPPERS: Leave it. Just answer the
16 question.

17 THE WITNESS: Yes.

18 MR. DONHAM: What your attorney said is
19 privileged.

20 MR. SCHIPPERS: I'll have a chance to clear
21 that up.

22 THE WITNESS: Okay.

23 BY MR. DONHAM:

24 Q. You admitted that everything in this Plea

1 Agreement was true; isn't that right, sir?

2 A. From -- I didn't understand most of what I --

3 MR. SCHIPPERS: Did you say -- did you or
4 didn't you?

5 THE WITNESS: Yes.

6 BY MR. DONHAM:

7 Q. In fact, your Plea Agreement says on Page 2 in
8 Paragraph 5, in pleading guilty, Defendant, that's you;
9 right?

10 A. Yes, sir.

11 Q. Admits the following facts, and that those
12 facts establish his guilt beyond a reasonable doubt as
13 to the charged offense. That's what it said here;
14 right?

15 A. Yes, sir.

16 MS. RUGGERO: What page are you on?

17 MR. DONHAM: I'm on Page 2, Paragraph 5.

18 MS. RUGGERO: Okay.

19 BY MR. DONHAM:

20 Q. And you even involved your wife in this scheme
21 to defraud; isn't that right, sir?

22 A. Yes, sir.

23 Q. But you concealed your involvement in Cayla;
24 isn't that right?

1 A. I didn't have any involvement, sir.

2 MR. SCHIPPERS: The answer is no.

3 MR. DONHAM: I'd like to refer to your Plea
4 Agreement again.

5 MR. SCHIPPERS: I think I can save some time
6 here. It is in the Plea Agreement. And rather than go
7 into it, I will admit that he said that in the Plea
8 Agreement.

9 MR. DONHAM: No. I'm entitled to --

10 MR. SCHIPPERS: Do what you want.

11 MR. DONHAM: -- go through this to make a
12 record. And part of what we're dealing --

13 MR. SCHIPPERS: Fine. Go ahead.

14 BY MR. DONHAM:

15 Q. On Page 3 of your Plea Agreement, sir, it
16 says, After hearing about Harjung's payment arrangement
17 with Tomczak, Defendant -- again, that's you, right,
18 sir?

19 A. Yes, sir.

20 Q. Agreed to participate in the formation of
21 Cayla and to participate in its business operations.
22 That's what it says; isn't it?

23 A. Here, when they offered me --

24 MR. SCHIPPERS: No. Is that what it says?

1 THE WITNESS: Yes, sir.

2 BY MR. DONHAM:

3 Q. And, again, you said that the facts in this
4 Plea Agreement were true; right?

5 A. Yes, I did.

6 Q. And so let's go back to the question. You
7 concealed your involvement in Cayla; isn't that right?

8 MR. SCHIPPERS: He just said he didn't have any
9 involvement.

10 MR. DONHAM: Well, I think we impeached him on
11 that.

12 BY MR. DONHAM:

13 Q. You said that you did have involvement in your
14 Plea Agreement.

15 MR. SCHIPPERS: Fine.

16 THE WITNESS: Yes.

17 MR. SCHIPPERS: He said that.

18 BY MR. DONHAM:

19 Q. Did you ever -- you never disclosed your
20 ownership in Cayla to anyone outside of the group of
21 conspirators; isn't that true?

22 A. Ownership?

23 Q. Your involvement.

24 MR. SCHIPPERS: Involvement or ownership?

1 BY MR. DONHAM:

2 Q. Let me rephrase the question.

3 Mr. Coveliers --

4 A. Yes, sir.

5 Q. You did not disclose your involvement in the
6 operations of Cayla to anyone at the City other than the
7 people who were involved in this conspiracy; isn't that
8 true?

9 A. No, I didn't -- here, all I did was --

10 MR. SCHIPPERS: No. Answer the question.

11 THE WITNESS: No.

12 BY MR. DONHAM:

13 Q. You never went to the Corporation Counsel, for
14 example, and said, hey, there's this scheme going on
15 where people are paying bribes to Tomczak?

16 A. No, I didn't do that.

17 Q. And the reason is that if you would have
18 disclosed that you were operating a business with the
19 City, you would have lost your job; isn't that true?

20 A. Probably, yes.

21 Q. Because there is an Ethics Ordinance that said
22 that if you were working for the City, you could not do
23 business with the City; isn't that true?

24 A. Yes.

1 Q. And part of your work -- in connection with
2 your work for the City, part of your job was to follow
3 the Ethics Ordinance; wasn't it?

4 A. Yes, sir.

5 Q. That was a rule that applied to all City
6 employees; right?

7 A. Yes, sir.

8 Q. Including you?

9 A. And -- I won't even --

10 MR. SCHIPPERS: I'm sorry, I didn't hear that
11 one.

12 MR. DONHAM: We'll just move on.

13 BY MR. DONHAM:

14 Q. By operating Cayla, you broke that rule;
15 right?

16 A. I didn't operate it, but I -- I gave -- he
17 asked me -- no.

18 Q. Your testimony right now is that you didn't
19 operate Cayla?

20 A. No, I didn't run the company.

21 Q. Even though that's what it says in your Plea
22 Agreement?

23 MR. SCHIPPERS: Is that a question?

24 MR. DONHAM: Yes.

1 BY MR. DONHAM:

2 Q. You're saying that you had no operation
3 in the --

4 A. They wanted to give me four years a jail.

5 MR. SCHIPPERS: No, no. Answer the question.
6 That is what it is in the --

7 THE WITNESS: Yes.

8 BY MR. DONHAM:

9 Q. So you and Mr. Harjung -- okay. You and
10 Mr. Harjung discussed that you couldn't be the owner of
11 record of Cayla because you were a City employee, and
12 you were prohibited from doing business with the City;
13 isn't that right?

14 MR. SCHIPPERS: Now, is this what Mr. Harjung
15 and he talked about? It's hearsay. Harjung isn't here.

16 MR. DONHAM: I'm asking him a question.

17 THE WITNESS: Could you ask it again, sir?

18 BY MR. DONHAM:

19 Q. Did you and Harjung discuss that you couldn't
20 be the owner of record of Cayla because you were a City
21 employee and couldn't do business --

22 A. No, no.

23 Q. But you got Christine Garber to be the
24 president; right?

1 A. Yes, sir.

2 Q. And she was the owner, too?

3 A. Yes, sir.

4 Q. Did she get money from the operation of Cayla?

5 A. I presume so.

6 Q. Did you?

7 A. No, sir.

8 Q. You got no money from that?

9 A. I got my money back that I invested.

10 Q. And Ms. Garber was your wife's sister; right?

11 MR. SCHIPPERS: No.

12 THE WITNESS: No.

13 BY MR. DONHAM:

14 Q. She was related to you in some way?

15 A. She was my sister.

16 Q. Your sister?

17 A. Yes.

18 Q. Okay. So you not only involved your wife in
19 this scheme, you involved your sister, too; right?

20 A. Yes, sir.

21 Q. But Christine Garber didn't operate Cayla; did
22 she?

23 A. Yes, she did.

24 Q. Let's turn to your Plea Agreement, sir.

1 MR. SCHIPPERS: What are you on now?

2 MR. DONHAM: We're on --

3 MR. SCHIPPERS: Page 3, okay.

4 MR. DONHAM: No. We're on Page 5.

5 MR. SCHIPPERS: Page 5?

6 MR. DONHAM: Yes, Page 5.

7 MR. SCHIPPERS: Okay. Let me see it.

8 MS. RUGGERO: Page 5?

9 MR. DONHAM: Yes.

10 MS. RUGGERO: Okay.

11 BY MR. DONHAM:

12 Q. Wait a minute -- well, you personally made
13 false statements to the Federal agents; isn't that
14 correct?

15 MR. SCHIPPERS: Postal.

16 THE WITNESS: Oh, postal, yes.

17 BY MR. DONHAM:

18 Q. In fact, on January 28, 2005, after
19 Mr. Harjung had begun cooperating with the investigation
20 of the hired trucks, and had identified your role in
21 Cayla, you were interviewed by Federal law enforcement,
22 including an agent from the United States Department of
23 Labor; isn't that true?

24 A. Yes.

1 MR. SCHIPPERS: I object to the fact that
2 Mr. Harjung identified Defendant's role in Cayla. That
3 is clear hearsay.

4 MR. DONHAM: It's in the Plea Agreement.

5 MR. SCHIPPERS: I don't care. It's clear
6 hearsay.

7 BY MR. DONHAM:

8 Q. Well, that's -- during the January 28th
9 interview in 2005, agents questioned you, among other
10 things, about your involvement with Cayla; how Cayla
11 obtained business in the Hired Truck Program; and
12 whether Harjung had told you that he was making payments
13 to Tomczak; isn't that true?

14 A. Yes.

15 Q. And you falsely stated to Federal agents that
16 you had no involvement in Cayla; that you were never
17 told by Harjung that he was paying Tomczak to receive
18 Hired Truck Program business for Cayla; isn't that
19 right?

20 A. Yes.

21 Q. So you lied to Federal agents; isn't that
22 right?

23 A. No. Here's the --

24 MR. SCHIPPERS: No. Leave it.

1 MR. DONHAM: There's no question pending, sir.

2 MR. SCHIPPERS: I get to question you.

3 THE WITNESS: I don't know what the hell is
4 going on.

5 MR. SCHIPPERS: Just relax.

6 MS. RUGGERO: Take a deep breath.

7 MR. DONHAM: What's the Debra Coveliers
8 exhibit? Is that 3?

9 MR. SCHIPPERS: Now we're going into Debra's
10 Plea Agreement?

11 MR. DONHAM: Yes.

12 MS. RUGGERO: 2.

13 BY MR. DONHAM:

14 Q. Okay. Referring to LABF Exhibit 2, this is
15 your wife's Plea Agreement. Do you need a copy of it,
16 sir?

17 MR. SCHIPPERS: Yes.

18 THE WITNESS: Might as well.

19

20 (Document tendered.)

21

22 BY MR. DONHAM:

23 Q. You and your wife were working to conceal the
24 identities of the true operators of Cayla from the City;

1 isn't that right?

2 A. No.

3 Q. Okay. So isn't it true that on multiple
4 occasions, your wife impersonated Ms. Garber to City
5 officials and to Cayla drivers?

6 A. No.

7 Q. So you're saying that when your wife admitted
8 in her Plea Agreement that that's what happened, that
9 was false?

10 MR. SCHIPPERS: Mr. Chairman, I can't take any
11 more of this. This is way out of line. Now, he's going
12 into what his wife said. She's not here. I have no
13 opportunity to cross-examine her. And they're asking
14 him what she said. I mean, come on. There has to be a
15 point at which he can't go into what other people are
16 saying about him without any opportunity to
17 cross-examine those people.

18 THE WITNESS: It's nine years ago. I --

19 MR. SCHIPPERS: Just let me handle it.

20 So I'm objecting, again.

21 CHAIRMAN ROA: Could you give me one second?

22 (Brief pause.)

23

24 CHAIRMAN ROA: I guess as long as what you're

1 referring to is in the documents at hand, I would say
2 that it's admissible.

3 MR. DONHAM: Okay.

4 BY MR. DONHAM:

5 Q. So do you recall whether your wife
6 impersonated Ms. Garber to City officials?

7 A. I don't know, sir.

8 Q. You don't know? But if your wife put it in a
9 Plea Agreement and admitted it was true, you'd have no
10 reason to doubt it; would you?

11 MR. SCHIPPERS: Objection.

12 MR. DONHAM: There's no basis for that
13 objection, counsel.

14 THE WITNESS: I really don't know, sir.

15 BY MR. DONHAM:

16 Q. Isn't it true that in July of 2004, Federal
17 agents scheduled an interview of Ms. Garber?

18 A. I don't know.

19 Q. And before you -- before the Federal agents
20 met with her, you and Mr. Harjung and your wife helped
21 educate her about the business of Cayla?

22 A. I don't -- I mean, it's nine years ago. I
23 don't --

24 MR. SCHIPPERS: Do you know or not?

1 THE WITNESS: No, I don't.

2 BY MR. DONHAM:

3 Q. Okay. But, again, if it's in the Plea
4 Agreement, and your wife said that was true, you would
5 have no reason to doubt it; right?

6 A. No, I guess not.

7 Q. And you helped prepare her for this July 2004
8 interview because at the time Ms. Garber knew virtually
9 nothing about the operations of Cayla; isn't that
10 correct?

11 A. I don't know.

12 Q. Okay. And you gave her false -- you, along
13 with others, including your wife and Mr. Harjung, you
14 gave her false information about Cayla's operations?

15 A. Mr. Harjung ran the company, okay?

16 Q. I understand.

17 A. He bought the trucks. He did everything.

18 Q. I understand.

19 A. Okay. There it is.

20 Q. That's your --

21 MR. SCHIPPERS: Calm down.

22 MR. DONHAM: That was a fine answer, but that
23 was not the answer to my question.

24 Cindy, would you read the question back?

1 (The question was read
2 back as requested.)
3

4 MR. SCHIPPERS: Do you know?

5 THE WITNESS: No, I don't.

6 MR. DONHAM: Let the record reflect that
7 Mr. Coveliers is looking at his counsel to try to get an
8 answer.

9 THE WITNESS: I can't remember things, sir.

10 MR. DONHAM: That's fine.

11 THE WITNESS: It's nine years ago.

12 MR. DONHAM: That's fine.

13 THE WITNESS: Can you remember something nine
14 years ago?

15 MR. SCHIPPERS: Relax.

16 MR. DONHAM: Mr. Coveliers, I'm asking the
17 questions here.

18 THE WITNESS: Yes, sir.

19 BY MR. DONHAM:

20 Q. I would note this is something that you went
21 to jail for, though; isn't it?

22 A. Yes, sir, it was.

23 MR. SCHIPPERS: This, being the --

24 MR. DONHAM: Your Plea Agreement.

1 MR. SCHIPPERS: Yes. Well, he plead to one
2 count.

3 MR. DONHAM: I understand.

4 MR. SCHIPPERS: And you went to jail.

5 THE WITNESS: Yeah.

6 BY MR. DONHAM:

7 Q. Sir, on the last page of the Plea Agreement --

8 TRUSTEE HAMBURGER: Which Plea Agreement?

9 MR. DONHAM: Oh, on the last page of
10 Mr. Coveliers' Plea Agreement.

11 TRUSTEE CAPASSO: Which page is that?

12 MS. RUGGERO: We're back to his Plea Agreement.

13 MR. GRADY: Page 18 on the iPad on the first
14 attachment.

15 BY MR. DONHAM:

16 Q. Yes, on Page 13, that's your signature; isn't
17 it, sir?

18 A. Yes, sir.

19 Q. Okay. And you say here that you acknowledge
20 that you have read the agreement, and carefully reviewed
21 its provision with your attorney, and you further
22 acknowledge that you understand and voluntarily accept
23 each and every term and condition of this agreement.
24 That's what it says; isn't it?

1 A. That's what it said, yes.

2 Q. And then you signed it?

3 A. Yes.

4 CHAIRMAN ROA: You know, I'd like to call a
5 brief time-out, if you wouldn't mind, Mr. Coveliers.

6 MR. SCHIPPERS: Not at all.

7 MS. RUGGERO: Do you want all three of us to
8 leave?

9 TRUSTEE HAMBURGER: And the court reporter,
10 please.

11 MR. SCHIPPERS: And the court reporter?

12 TRUSTEE HAMBURGER: Yes. It's Executive
13 Session.

14 TRUSTEE LOVERDE: Motion to go into Executive
15 Session.

16 TRUSTEE HAMBURGER: Second.

17 CHAIRMAN ROA: Motion made by Trustee LoVerde;
18 seconded by Trustee Hamburger. All those in favor?

19

20 (Chorus of ayes.)

21

22 CHAIRMAN ROA: Opposed?

23

24 (A break was taken.)

1 CHAIRMAN ROA: We were supposed to identify
2 ourselves. My name is Victor Roa. I am the Chairman of
3 the Pension Fund.

4 TRUSTEE HAMBURGER: Carol Hamburger, a Trustee
5 appointed by the City.

6 TRUSTEE LOVERDE: Michael LoVerde, elected
7 Trustee of the members of Fund, active members of the
8 Fund, and Secretary.

9 TRUSTEE CAPASSO: Jim Capasso, Trustee.

10 MR. CARROLL: John Carroll. I'm the Compliance
11 Administrator for the Fund.

12 MR. WALSH: Mike Walsh, the Executive Director.

13 MR. GRADY: My name is Graham Grady. I'm one
14 of the attorneys for the Fund from the law firm of Taft.

15 MS. RUGGERO: Okay.

16 TRUSTEE JOINER: James Joiner. I'm also a
17 Trustee elected by the members of the Fund.

18 MS. RUGGERO: Okay.

19 MS. MARTINEZ: Miriam Martinez representing
20 Kurt Summers.

21 MS. RUGGERO: Representing who?

22 MS. MARTINEZ: Kurt Summers.

23 CHAIRMAN ROA: Kurt Summers, City Treasurer.

24 MS. RUGGERO: Okay.

1 TRUSTEE KEANE: And I'm Erin Keane. I'm also
2 Trustee, Vice-Chairman, not representing, but named --
3 appointed by the Comptroller.

4 MS. RUGGERO: Thank you.

5 CHAIRMAN ROA: You are?

6 MS. RUGGERO: I'm Nancy Ruggero. I'm sorry.
7 I'm Mr. Schippers' paralegal for 38 years. I should get
8 a star for that.

9 THE WITNESS: I'm Richard Coveliers.

10 MR. SCHIPPERS: And I'm David Schippers. I
11 represent Mr. Coveliers.

12 CHAIRMAN ROA: Okay.

13 MR. DONHAM: Are we back on the record?

14 BY MR. DONHAM:

15 Q. Mr. Coveliers, Mr. Harjung had worked at the
16 City before?

17 A. Yes.

18 Q. And had you worked with him?

19 A. No, sir.

20 Q. Okay. Now, Cayla was just one of two
21 companies that Harjung was involved in with the City's
22 Hired Truck Program; isn't that right?

23 A. There could have been more. I don't know.

24 Q. Do you know of any more -- well, do you know

1 of Garfield Trucking?

2 A. Just what I read, yes, sir.

3 Q. Okay. Do you know of any others? Have you
4 ever heard of any others?

5 A. No, I haven't.

6 Q. Would you agree that Cayla wouldn't have been
7 called out under the Hired Truck Program if you hadn't
8 violated the City Ethics Ordinance?

9 MR. SCHIPPERS: Would he agree with that
10 statement?

11 BY MR. DONHAM:

12 Q. Would you agree with that statement?

13 A. Would you --

14 Q. Sure. I'll repeat it.

15 A. Yes. I don't understand it.

16 Q. Would you agree that if you hadn't violated
17 the City Ethics Ordinance by not making public your
18 involvement in the operations of Cayla, Cayla would not
19 have been called out under the Hired Truck Program?

20 A. No.

21 Q. You think it would have been?

22 A. Sure.

23 Q. If you had told everyone that you were -- that
24 Cayla was -- that you were involved in --

1 A. Mike Harjung was the operator. He was a Daley
2 coordinator.

3 Q. Okay. And --

4 MR. SCHIPPERS: Is that d-a-i-l-y or D-a-l-e-y?
5 Rich Daley?

6 THE WITNESS: Mayor Daley.

7 MR. SCHIPPERS: Okay.

8 BY MR. DONHAM:

9 Q. Well, in 2009 Cayla was permanently debarred
10 by the City as a contractor; isn't that right?

11 A. I guess.

12 Q. Well, let me show you a document from the City
13 website, and I'll ask that this be admitted. I'll show
14 it to counsel.

15 MR. SCHIPPERS: I'll stipulate that it's true
16 and correct, so you just put it in.

17 BY MR. DONHAM:

18 Q. All right. Would you, please, read the
19 right-hand column that's highlighted in green?

20 MR. SCHIPPERS: You want him to read it aloud?

21 MR. DONHAM: Read it aloud, yes, sir.

22 THE WITNESS: Company used by Debra Coveliers
23 and Richard Coveliers to commit fraud. Where is Mike
24 Harjung?

1 MR. SCHIPPERS: Your partner?

2 BY MR. DONHAM:

3 Q. And that's referring to Cayla Trucking; right?

4 A. Pardon me, sir?

5 Q. That's referring to Cayla Trucking here in
6 this document?

7 A. Not Garfield.

8 MR. SCHIPPERS: Once again, it's hearsay.

9 MR. DONHAM: So we'll mark that as Exhibit 7.

10

11 (LABF Exhibit Number 7 was
12 marked for
13 identification.)

14

15 BY MR. DONHAM:

16 Q. Now, in your Affidavit you said that you were
17 working for the City Sewer Department when you joined a
18 conspiracy. I think that's referring to Paragraph 6 of
19 your Affidavit; is that right?

20 A. Yes.

21 Q. And the conspiracy at issue, I think, is the
22 way you phrased it in your Affidavit. That's the
23 conspiracy that you admit to in your Plea Agreement?

24 A. What? Number 6?

1 Q. Yes, in 6 you say you joined a conspiracy at
2 issue; isn't that right?

3 A. Yes.

4 Q. And I just want to make clear that conspiracy
5 has to do with what you say your involvement was in your
6 Plea Agreement; isn't that true?

7 A. No.

8 MR. SCHIPPERS: Yes, it is.

9 THE WITNESS: Well, here, I don't even know
10 where it is on the sheet. He's asking me to look and
11 know what's on that sheet from before. I don't know.
12 What number is it?

13 MR. SCHIPPERS: Number 6 is what he's talking
14 about.

15 THE WITNESS: I said yes the first time. And
16 then he's saying according to the -- whatever -- what
17 sheet am I supposed to look at?

18 MR. DONHAM: Your Plea Agreement, sir.

19 THE WITNESS: Do I have a Plea Agreement here?

20 MS. RUGGERO: Right here. This one right
21 here (indicating).

22 THE WITNESS: I don't know what's in front of
23 me on the Plea Agreement.

24 MS. RUGGERO: What number on the Plea

1 Agreement?

2 MR. DONHAM: The whole Plea Agreement.

3 MS. RUGGERO: Oh, the whole Plea Agreement,
4 okay.

5 BY MR. DONHAM:

6 Q. I just want to make sure that -- you mention a
7 conspiracy in that paragraph of your Affidavit. I'm
8 just trying to understand what conspiracy. What do you
9 mean by the conspiracy there? And I thought we could
10 short-cut it by saying --

11 MR. SCHIPPERS: I think it says the conspiracy
12 at issue.

13 MR. DONHAM: Right.

14 MR. SCHIPPERS: The conspiracy at issue is the
15 mail fraud conspiracy.

16 MR. DONHAM: Okay. Well, then, if you're going
17 to stipulate to that, then I'll move on.

18 MR. SCHIPPERS: So stipulated.

19 MR. DONHAM: Okay.

20 BY MR. DONHAM:

21 Q. When you joined the conspiracy in 1998 when
22 you were working for the City Sewer Department, at that
23 time you were subject to the Ethics Ordinance that
24 prevented you from doing business with the City?

1 A. Yes.

2 Q. And then in 2003, the City Water and Sewer
3 Departments merged and became the Municipal Water
4 Department; is that right?

5 A. Yes, Sewer and Water as they called it.

6 Q. So you were employed -- in January 2003 you
7 were employed by the Municipal Water Department once
8 they had merged?

9 A. Well, yes.

10 Q. And that Ethics Ordinance still applied to you
11 then?

12 A. Yes.

13 Q. And while you were under the auspices, I'll
14 say it that way, of the Water Department, that was where
15 the specific act of mail fraud that you pleaded guilty
16 to took place; right?

17 A. What is auspices? I don't understand.

18 Q. I mean under the -- let's say that that --
19 there was an umbrella department that included both
20 Water as well as Sewer, and that was -- when you
21 pleaded -- you understand that, right, that after their
22 merge, I'll call it an umbrella department. I think it
23 was called the Water Department.

24 A. Water and Sewer. I was on the Sewer side,

1 yes.

2 Q. Okay. And you pleaded guilty to a specific
3 act of mail fraud on November 26, 2003; right?

4 A. Yes.

5 Q. And so that was while you were part of the
6 Water and Sewer Department; right?

7 A. Yes.

8 Q. Okay.

9 A. Well, I'm just trying to process everything.

10 MS. RUGGERO: It's okay.

11 MR. SCHIPPERS: May I make a statement for the
12 record?

13 MR. DONHAM: Sure, counsel.

14 MR. SCHIPPERS: In mail fraud conspiracy cases,
15 every mailing, regardless of who mailed it, is
16 considered a mailing by each and every one of the
17 conspirators. Consequently, he plead to whoever mailed
18 it, he's responsible.

19 BY MR. DONHAM:

20 Q. Now, you never contacted the Corporation
21 Counsel's office explaining your involvement in Cayla's
22 business?

23 A. No.

24 Q. And so by participating in this mail fraud

1 conspiracy, the City was deprived of an ability to make
2 an informed choice as to hired truck vendors; isn't that
3 correct?

4 MR. SCHIPPERS: That's really out of his area.
5 That's calling for a legal conclusion.

6 MR. DONHAM: Well, that's up to you. It's an
7 objection.

8 CHAIRMAN ROA: Could you repeat that again?
9 I'm sorry.

10 THE WITNESS: Yeah, help me out.

11 BY MR. DONHAM:

12 Q. Okay. By participating in the mail fraud
13 conspiracy, the City was deprived of being able to make
14 an informed choice as to hired truck vendors; isn't that
15 true?

16 A. Hired -- I don't know. I wasn't even -- I
17 wasn't listening to you. I'm sorry. My mind is going a
18 thousand miles.

19 MR. DONHAM: Okay. Let me repeat it.

20 MR. SCHIPPERS: Can I stipulate that everything
21 that's in -- he's reading is true, and he will so
22 testify. I mean, it's in the Plea Agreement.

23 MS. RUGGERO: What is he reading from, the Plea
24 Agreement?

1 MR. DONHAM: Well, this isn't in the Plea
2 Agreement, counsel. I don't want to mislead you.

3 MR. SCHIPPERS: Okay. I'm sorry.

4 BY MR. DONHAM:

5 Q. Basically, would you agree that if Harjung,
6 through Cayla, is paying bribes to Tomczak; and as a
7 result, Tomczak is calling out those hired truck vendors
8 where the bribes came from, the City isn't able to make
9 an informed choice about hired truck vendors?

10 A. I guess yes.

11 Q. I mean, the whole purpose of the bribe was to
12 get Cayla to pay the -- to get called out for the Hired
13 Truck Program; wasn't it?

14 A. Mike dealt with that, you know what I mean?
15 Mike Harjung, he dealt with that.

16 Q. Okay. Now, you knew that Harjung was using
17 Cayla money to pay bribes to Tomczak; right?

18 A. Yes.

19 Q. And you knew that Harjung was making regular
20 payments to Wesolowski and Tomczak; isn't that right?

21 A. Well, they weren't -- yes, I thought they were
22 the same people.

23 Q. Do you know how often Harjung met with
24 Wesolowski to make payments?

1 A. No.

2 Q. Were you aware that Harjung and Wesolowski
3 would meet at some -- a diner somewhere on the north
4 side?

5 A. No.

6 Q. Do you know where Wesolowski lived?

7 A. No.

8 Q. Okay.

9 A. I never met him.

10 Q. You did accompany Harjung at least once when
11 he made a payment to Wesolowski; isn't that right?

12 A. He told me afterwards.

13 Q. Well, you were with him; weren't you?

14 MR. SCHIPPERS: The answer is yes.

15 THE WITNESS: Yes, I was.

16 BY MR. DONHAM:

17 Q. And --

18 MR. SCHIPPERS: He's admitted that in his
19 Affidavit.

20 BY MR. DONHAM:

21 Q. When you went -- you went to a Jewel grocery
22 store that was at Harlem and Foster; right?

23 A. Yes.

24 Q. Do you remember who drove there?

1 A. No, I don't, sir.

2 Q. Do you remember -- so you don't know if you or
3 Harjung drove?

4 A. Well, I must have drove because Mike got out
5 of the car.

6 Q. Okay. Do you know where you picked him up?

7 A. Probably by his house.

8 Q. Where is his house in relation to the Jewel?
9 How long did it take you to get there?

10 MR. SCHIPPERS: If you remember.

11 BY MR. DONHAM:

12 Q. If you remember.

13 A. I don't know. If I picked him up at his
14 house, 10, 15 minutes.

15 Q. So during the drive, were you and Harjung
16 discussing Cayla business?

17 A. No.

18 Q. You knew that Harjung was going to meet
19 Wesolowski at the Jewel parking lot?

20 A. Yes.

21 Q. What time of day was it?

22 MR. SCHIPPERS: We're getting a little far
23 afield.

24 THE WITNESS: Had to be nighttime.

1 BY MR. DONHAM:

2 Q. It was nighttime?

3 A. Had to be nighttime.

4 Q. And Mr. Harjung, you said, got out of the car?

5 A. Yeah.

6 Q. Did you see him meet with someone?

7 A. He just walked away.

8 Q. So you didn't actually see him interact with
9 Mr. Wesolowski?

10 A. No.

11 Q. So is that the only time that you and
12 Mr. Harjung went to that Jewel parking lot to meet with
13 Wesolowski?

14 A. Yes, sir.

15 Q. Now, you knew something was happening about
16 Cayla's business when you went there with Harjung;
17 right?

18 A. No.

19 Q. No? You say that you only learned sometime
20 later that this meeting involved Harjung dropping off a
21 bribe. That's, I think, Paragraph 17 of your Affidavit;
22 is that right?

23 A. Yes, sir.

24 Q. How much later?

1 A. He told me when we were leaving.

2 Q. Oh, okay. So that same night you went, he
3 told you that he had just paid off Wesolowski?

4 A. That's what he said.

5 Q. And did you do anything about it?

6 A. What am I going to do about it?

7 Q. Did you go to any of your --

8 MR. SCHIPPERS: The answer is no.

9 BY MR. DONHAM:

10 Q. Did you go to anyone --

11 A. Did I go to the Mayor and tell him? No.

12 Q. Okay. And you didn't do that because you were
13 afraid you'd lose your job; isn't that right?

14 A. No.

15 MR. SCHIPPERS: This has been asked and
16 answered about four times now, Mr. Chairman.

17 THE WITNESS: You know why? He was a --

18 MR. SCHIPPERS: No. Sit back and shut up. Let
19 him ask questions.

20 BY MR. DONHAM:

21 Q. Now, you did once impersonate Christine
22 Garber's husband to conceal the fact that you were one
23 of the people who owned and controlled Cayla; right?

24 A. No.

1 Q. No? If that --

2 A. It's in the Affidavit.

3 MR. SCHIPPERS: No. It's in the Plea
4 Agreement.

5 BY MR. DONHAM:

6 Q. If it's in the Plea Agreement? So you're
7 saying it's not true?

8 MR. SCHIPPERS: That's what he said. It's not
9 true.

10 BY MR. DONHAM:

11 Q. Okay. Even though you signed the Plea
12 Agreement and said that everything in it was true?

13 A. And get four years, yeah.

14

15 (Brief pause.)

16

17 MR. DONHAM: Okay.

18 TRUSTEE HAMBURGER: Can you tell us what
19 document you're referring to? We're lost here. Sorry.

20 MR. DONHAM: Pardon me? Oh, there's no
21 question right now.

22 BY MR. DONHAM:

23 Q. So you agreed before that one of the issues
24 with violating the City Ethics Ordinance was the

1 possibility that you could be fired if the City found
2 out; right?

3 A. Yes.

4 Q. Okay. And then you also agreed before that
5 you lied to Federal agents as to your role with Cayla;
6 right?

7 A. No.

8 MR. SCHIPPERS: No. You did.

9 THE WITNESS: Did I?

10 MR. SCHIPPERS: I'm sorry, I should have --
11 listen to the question, please.

12 MR. DONHAM: I think we talked --

13 THE WITNESS: It's on the indictment. Yes, I
14 did.

15 MS. RUGGERO: The Plea Agreement.

16 MR. DONHAM: Okay.

17 THE WITNESS: The Plea Agreement.

18 BY MR. DONHAM:

19 Q. And one reason that you lied to Federal agents
20 was because you wanted to continue making money from
21 your City job; isn't that right?

22 A. No.

23 Q. Why did you lie to Federal agents?

24 A. I was afraid of what would happen to my

1 family.

2 Q. Including that you wouldn't have a job to
3 support them; right?

4 A. Sir, the minute I left the City, I went to
5 work. Resigned on a Friday, went to work on a Monday.
6 My work ethic is no question at all, ever.

7 Q. I'm not asking about your work ethic, sir.
8 I'm asking about --

9 A. No.

10 Q. -- what the City would have done if it would
11 have found out that you were violating --

12 A. I had two young daughters.

13 MR. SCHIPPERS: No. Answer the question,
14 please. Just answer.

15 MR. DONHAM: Can I ask the question?

16 THE WITNESS: Yeah, you can do whatever you
17 want, it seems.

18 MR. SCHIPPERS: No. Relax.

19 MS. RUGGERO: Richard, relax.

20 BY MR. DONHAM:

21 Q. Sir, my question is simply one of your
22 concerns in terms of supporting your family was that if
23 you came forward, you could lose your job with the City;
24 right?

1 A. No.

2 MR. DONHAM: That's all I have.

3 MR. SCHIPPERS: Redirect, if I may?

4 CHAIRMAN ROA: Yes.

5 MR. DONHAM: Sure.

6

7 REDIRECT EXAMINATION

8 BY

9 MR. SCHIPPERS:

10

11 Q. You were asked if you knew that payments were
12 being made to Tomczak?

13 A. Yes.

14 Q. And you were asked if you knew that regular
15 payments were being made to Tomczak?

16 A. From what he told me, yes.

17 Q. That was my next question. How did you know
18 it?

19 A. Mike Harjung told me.

20 Q. Did you ever meet Tomczak?

21 A. No.

22 Q. Did you ever meet Wesolowski, or whatever his
23 name is?

24 A. No.

1 Q. Now, there was a question asked about you
2 impersonating your sister's husband or something, and
3 you said you didn't impersonate him?

4 A. No.

5 Q. Okay. You answered it.

6 I'm going to go back and bring this up to
7 date, all right? You worked for the City since 19 what?

8 A. '78.

9 Q. And originally what was your job?

10 A. I was a laborer.

11 Q. In what department?

12 A. Sewer Department.

13 Q. Did you, then, become -- get a promotion?

14 A. Yes, a bricklayer.

15 Q. What department?

16 A. Sewer Department.

17 Q. Now, after the merger, what was your job?

18 A. I was a house drain inspector.

19 Q. House drain inspector?

20 A. Yeah.

21 Q. Is that -- what side of the Water Department
22 is that?

23 A. Sewer Department. It's clay tile.

24 Q. Oh, okay. Now, did you know Mike Harjung

1 before 1998?

2 A. 1998?

3 Q. That's what he came to you and asked you to --

4 A. Yes.

5 Q. So you knew who he was?

6 A. Yeah, our kids went to school together.

7 Q. Okay. So when Harjung came over to your
8 house -- or where was it he approached you?

9 A. Just on the street.

10 Q. Okay. And did you know what his job was at
11 that time?

12 A. No -- well, yes, I did. He was a --

13 Q. Mayor Daley's coordinator?

14 A. Yes, that, but he was either -- he either
15 worked for the CTA or --

16 Q. All right. But you knew he was Mayor Daley's
17 coordinator?

18 A. Yes, he was a coordinator for Mayor Daley.

19 Q. Now, you didn't go to him to ask to get into
20 this thing; did you?

21 A. No.

22 Q. He came to you?

23 A. Yes, sir.

24 Q. And he told -- what did he tell you?

1 MR. DONHAM: I'll object. It's going to call
2 for hearsay.

3 CHAIRMAN ROA: Overruled.

4 BY MR. SCHIPPERS:

5 Q. What did he tell you? What did Mike tell you
6 when he met you there?

7 A. He was looking for an owner for Cayla.

8 Q. He was looking for an owner?

9 A. Somebody --

10 Q. He asked you for a name?

11 A. Yeah, a company's name.

12 Q. All right. And did he ask you for anything
13 else?

14 A. Money, 15,000.

15 Q. All right. Now, that's -- we haven't gotten
16 to that. Did you, in fact, give him \$15,000?

17 A. Yes, I did.

18 Q. What did he tell you he was going to use it
19 for?

20 A. To buy a truck.

21 Q. Did he tell you what he was going to use these
22 trucks for?

23 A. To put in the Water Department.

24 Q. And he was going to make money?

1 A. Yes.

2 Q. Let's get this out of the way once and for
3 all. How much money did you make out of this whole
4 operation?

5 A. I got my 15,000 back.

6 Q. Did you get another dime?

7 A. No.

8 Q. Who got it all?

9 A. Mike had it.

10 Q. Mike Harjung. Okay. You knew of Harjung's
11 job with the City at the time that he came to you?

12 A. Yes.

13 Q. And you knew that he was very close to the
14 Mayor?

15 A. Well, yes, he dealt with them all.

16 Q. So when he asked you to give him \$15,000 and a
17 name, you knew better than to refuse him; didn't you?

18 A. Well, yeah, I didn't want to get transferred
19 or lose my job.

20 Q. Okay.

21 A. I had no clout.

22 Q. Now, since 1998 did you ever call out a truck?

23 A. No.

24 Q. Since 1998 was it ever your job to call out a

1 truck?

2 A. No.

3 Q. This is until the day you retired?

4 A. Yeah.

5 Q. Did you ever participate in the HTP program in
6 any way?

7 A. No.

8 Q. Did you ever use your City job to help Cayla
9 get business?

10 A. No.

11 Q. Were you a secret owner of Cayla?

12 A. No.

13 Q. If you were, you didn't make much out of it.

14 MR. DONHAM: Move to strike that. That's
15 counsel testifying.

16 MR. SCHIPPERS: Withdrawn.

17 BY MR. SCHIPPERS:

18 Q. By the way, did you ever see Tomczak's Plea
19 Agreement?

20 A. No.

21 Q. Did you ever see Wesolowski's Plea Agreement?

22 A. No.

23 Q. Did you ever see Romano's Plea Agreement?

24 A. No.

1 Q. You did, of course, see your wife's Plea
2 Agreement? I mean, you saw it when she brought it home.

3 A. Well, the lawyer showed it to us in the
4 office.

5 Q. Now, was the lawyer the same as your lawyer?
6 Was your wife's lawyer the same as your lawyer?

7 A. Yes, sir.

8 Q. Okay. All right. Now, did you -- look,
9 there's a -- we've gone through the Plea Agreement, and
10 you have testified that there are some matters in there
11 that are not true, even though you said they were true,
12 and you signed it?

13 A. Yes.

14 Q. One of them was that you said you never
15 participated in Cayla's business operation.

16 A. Yes.

17 Q. Did you?

18 A. No.

19 Q. So that statement in the Plea Agreement is not
20 true?

21 A. Yes.

22 Q. You also said you were never a hidden owner of
23 Cayla; were you?

24 A. Pardon me?

1 Q. Were you ever a hidden owner of Cayla?

2 A. No.

3 Q. It says so in your Plea Agreement. Is that
4 false in the Plea Agreement?

5 A. Well, yeah.

6 Q. Okay. All right. I'm going to get to the
7 Plea Agreement itself, all right?

8 A. Yes, sir.

9 Q. Who handled the negotiations for you to plead
10 guilty?

11 A. Jim Graham.

12 Q. What was his business?

13 A. He was an attorney.

14 Q. He was your lawyer at the time?

15 A. Yes, sir.

16 Q. All right. And when is the first time you saw
17 that Plea Agreement, to the best of your recollection?

18 A. In his office.

19 Q. And you hadn't seen it before then?

20 A. No.

21 Q. So he handed it to you and said take a look at
22 it?

23 A. Yes, sir.

24 Q. Did you take a look at it?

1 A. Yeah. I didn't understand much, but yeah.

2 Q. You tried to read part of it?

3 A. Well, I'm not a rocket scientist.

4 Q. Did your attorney go through the Plea
5 Agreement with you page by page and section by section?

6 A. Yes.

7 Q. And did he tell you what each one meant?

8 A. Yes.

9 Q. So you knew what you were signing when you
10 signed it?

11 A. Yeah, but I told him some of it wasn't true.

12 Q. And he said -- what did he say when you said
13 it wasn't true?

14 A. It is what it is.

15 Q. It is what it is?

16 A. That was his favorite saying.

17 Q. And did you ask him if he could talk to the
18 U.S. Attorney's office and see if they could correct
19 those errors?

20 A. He says they're not changing anything.

21 Q. Did you ask him?

22 A. Yes.

23 Q. And what was his answer?

24 A. His answer is they're not going to change

1 nothing.

2 Q. And did you say what happens if I don't sign
3 this thing? Did you ask him?

4 A. Yes, I did.

5 Q. And what was his answer?

6 A. He says they want to give you four years in
7 jail.

8 Q. So you signed it?

9 A. Yeah.

10 MR. SCHIPPERS: May I have a moment, please,
11 Mr. Chairman?

12 CHAIRMAN ROA: Yes.

13

14 (Brief pause.)

15 BY MR. SCHIPPERS:

16 Q. Just to wind it up, you never called out any
17 trucks -- did you ever call out any trucks during your
18 entire career with the Sewer Department or the Water
19 Department?

20 A. No.

21 Q. Did you have the ability to call out trucks?

22 A. No.

23 Q. That was the boss's job?

24 A. To call out trucks what? When I was working

1 on the street?

2 Q. Yes.

3 A. No. That came from the General Superintendent
4 or --

5 Q. Okay.

6 A. Hoisting Engineer Foreman.

7 Q. And did you ever use your job as an employee
8 of the Sewer Department or the Water Department to help
9 Cayla get business or in any other way whatsoever?

10 A. No.

11 MR. SCHIPPERS: Nothing further.

12 MR. DONHAM: May I have a second?

13 MR. SCHIPPERS: Sure.

14

15 (A discussion was had
16 off the record.)

17

18 MR. SCHIPPERS: Okay?

19 CHAIRMAN ROA: Yes.

20 BY MR. SCHIPPERS:

21 Q. Do you know what happened to Mr. Harjung?

22 A. He said he was in Arizona.

23 Q. Do you know what happened to him involved with
24 this indictment? The guy who set the whole thing up,

1 what happened to him?

2 A. Nothing. He got nothing. He's sitting in
3 Arizona collecting his wife's pension and his pension.
4 Is that true, sir?

5 MR. SCHIPPERS: Don't ask him.

6 That's all I have. That's it. Go ahead.

7 MR. DONHAM: Thank you, counsel.

8

9 RECROSS-EXAMINATION

10 BY

11 MR. DONHAM:

12

13 Q. A couple of follow-up questions, sir.

14 You said in response to Mr. Schippers'
15 question that you didn't participate at all in Cayla.
16 Do you remember that?

17 A. I didn't run any of the business.

18 Q. Well, you did invest money in Cayla; right?

19 A. Yes, I did.

20 Q. And you bought a truck that Cayla used; right?

21 A. I gave -- no, I gave the money to Mike.

22 Q. And he used that money to buy a truck that was
23 used in Cayla?

24 A. I presume, yes.

1 Q. And did you have any involvement in the other
2 five trucks that Cayla had?

3 A. No. Why would I?

4 Q. Okay. And money that came from Cayla is what
5 repaid your investment; right?

6 A. I presume so, yeah.

7 Q. So you basically testified that you lied in
8 your Plea Agreement because you were -- you thought that
9 that would get you a lesser sentence; is that right?

10 A. No, I didn't -- I did what my lawyer told me
11 to do.

12 Q. Which included making statements that you knew
13 were not true?

14 A. He said it wasn't going to change.

15 MR. DONHAM: Would you read my question back,
16 Cindy?

17

18 (The question was read
19 back as requested.)

20

21 THE WITNESS: Yeah, I guess, if that's --

22 BY MR. DONHAM:

23 Q. Now, you had no personal knowledge, in terms
24 of observing Mr. Harjung, that he ever spoke with Mayor

1 Daley or anything? You never saw Harjung talk to Daley;
2 did you?

3 A. I seen him talk to Degnan. He was a Daley
4 coordinator. All the guys would meet in an office. I
5 could get -- you want addresses, dates, and names?

6 MR. SCHIPPERS: No, no, no.

7 MR. DONHAM: Would you read my question back?

8
9 (The question was read
10 back as requested.)
11

12 THE WITNESS: No, I did not.

13 BY MR. DONHAM:

14 Q. Now, how many times did you see him talk to
15 these other people?

16 MR. SCHIPPERS: Who's the other people?

17 BY MR. DONHAM:

18 Q. Well, you mentioned Degnan and --

19 A. Well, we came downtown; he got out and talked
20 to him.

21 MR. SCHIPPERS: Who is him?

22 THE WITNESS: Degnan. What date? God, one of
23 the elections.

24

1 BY MR. DONHAM:

2 Q. And why were you hanging out with Harjung at
3 that time?

4 A. He tried to get me to work a precinct.

5 Q. And that was all while this was going on, the
6 Hired Truck scandal was going on; right?

7 A. No. There was no scandal at the time, no.

8 Q. This was before 1998?

9 A. No. Would you say as the scandal -- the
10 scandal -- how can I -- how I perceive it is that the
11 scandal -- when he wore a wire on everybody, and then
12 the scandal started then.

13 Q. Oh, I see. So when you were -- when the
14 company that -- when Cayla was involved in bribing
15 Tomczak to get work from the City, that wasn't a
16 scandal? Is that what your testimony is?

17 MR. SCHIPPERS: Define scandal.

18 THE WITNESS: I don't know.

19 MR. SCHIPPERS: I mean he said the scandal.

20 MR. DONHAM: Let the witness answer, counsel.

21 THE WITNESS: I don't know.

22 MR. DONHAM: That's all.

23 CHAIRMAN ROA: Okay.

24

FURTHER REDIRECT EXAMINATION

BY

MR. SCHIPPERS:

Q. You mentioned Degnan. Who is Degnan?

A. I guess at the time, it was the patronage chief.

Q. For who?

A. For the City of Chicago.

Q. And who did he work for?

A. I guess the Mayor.

Q. Okay. Now, you said that money from Cayla -- he asked you if money from Cayla came back to you to pay off the 15,000.

A. Yes, he did.

Q. Who told you it was from Cayla?

A. Mike.

MR. SCHIPPERS: Nothing further.

MR. DONHAM: That's all.

CHAIRMAN ROA: Okay.

MR. DONHAM: We have no other witnesses.

MR. SCHIPPERS: And I'm through.

MS. RUGGERO: Does the Board have an opportunity to ask questions or no?

1 CHAIRMAN ROA: One second, please.

2
3 (A discussion was had
4 off the record.)
5

6 MR. DONHAM: The Board, of course, could ask
7 questions if you want.

8 TRUSTEE KEANE: I think that's what we're
9 clarifying now.
10

11 (A discussion was had
12 off the record.)

13 TRUSTEE HAMBURGER: My question for you is why
14 did Mr. Harjung approach you about being involved with
15 the company?

16 THE WITNESS: Because he needed a name to put
17 the company in, ma'am.

18 TRUSTEE HAMBURGER: But why you?

19 THE WITNESS: I couldn't tell you. He knew --

20 TRUSTEE HAMBURGER: How did you know him?

21 THE WITNESS: I'm sorry, ma'am. I knew him
22 from --

23 TRUSTEE HAMBURGER: How did you know
24 Mr. Harjung?

1 THE WITNESS: My kids went to grammar school
2 with his kids.

3 TRUSTEE HAMBURGER: Oh, okay.

4 THE WITNESS: And he was around. He only lived
5 two blocks away from me, you know, walk the dog or
6 whatever. And then a friend introduced us one time.

7 TRUSTEE HAMBURGER: Sure.

8 THE WITNESS: And, you know, that was my
9 downfall.

10 TRUSTEE HAMBURGER: Did he know you worked for
11 the City?

12 THE WITNESS: Yes.

13 TRUSTEE HAMBURGER: And he knew you worked for
14 the Sewer Department?

15 THE WITNESS: Yeah.

16 TRUSTEE HAMBURGER: Thank you.

17 THE WITNESS: He knew everything, yes, ma'am

18 TRUSTEE HAMBURGER: Thank you very much.

19 THE WITNESS: I'm sorry.

20 TRUSTEE LOVERDE: Mike LoVerde. Under your
21 attorney's questioning, you responded that when he
22 approached you requesting money for the trucking
23 company --

24 THE WITNESS: Yes, sir.

1 TRUSTEE LOVERDE: You were afraid to say no?

2 THE WITNESS: Yes, sir.

3 TRUSTEE LOVERDE: That is because you thought
4 you would lose your job or be transferred to another
5 department?

6 THE WITNESS: Transferred somewhere.

7 TRUSTEE LOVERDE: You were afraid of the
8 repercussions?

9 THE WITNESS: Yes, sir.

10 TRUSTEE LOVERDE: So would those repercussions
11 have existed if you were not a City employee?

12 THE WITNESS: If I wasn't a City employee?
13 Well, no, there would have been no repercussions, you
14 know, on me, no.

15 TRUSTEE LOVERDE: Okay.

16 THE WITNESS: He couldn't hang anything over my
17 head.

18 TRUSTEE LOVERDE: Thank you.

19 MR. SCHIPPERS: May I clarify very briefly?

20 CHAIRMAN ROA: Yes.

21 FURTHER REDIRECT EXAMINATION

22 BY

23 MR. SCHIPPERS:

24 Q. You said that you knew him from the

1 neighborhood and from the school?

2 A. Yes, sir.

3 Q. I mean Mike.

4 A. Yes.

5 Q. When Mike approached you, did he make any
6 reference to the fact that, hey, I want to talk to you
7 because you work for the City?

8 A. No.

9 Q. Did he say I want to talk to you because I
10 know you're in the Sewer Department?

11 A. No.

12 Q. What did he say?

13 A. He was looking for somebody to put a company's
14 name in.

15 MR. SCHIPPERS: Thank you.

16 CHAIRMAN ROA: Any other questions?

17 MR. GRADY: I want to ask a question. Graham
18 Grady.

19 When he approached you, he was aware that
20 you worked for the City of Chicago; correct?

21 THE WITNESS: I'm sure he was, yes.

22 MR. GRADY: And he knew what department you
23 worked in; correct?

24 THE WITNESS: Oh, sure.

1 MR. GRADY: Very good.

2 THE WITNESS: Yes, the Sewer Department.

3 MR. GRADY: That's where I want to leave it.

4 MR. DONHAM: Okay. Nothing.

5 CHAIRMAN ROA: Okay. Procedurally, we step
6 out, and we confer?

7 MR. DONHAM: Right.

8 MR. SCHIPPERS: I guess you go into Executive
9 Session.

10 MR. DONHAM: You could go into Executive
11 Session and --

12 TRUSTEE LOVERDE: I'll make a motion to go into
13 Executive Session.

14 MR. DONHAM: And just so the record is clear,
15 there has to be a written decision by the Board.

16 TRUSTEE HAMBURGER: Yes.

17 MR. DONHAM: And that won't be available until
18 the earliest at next -- you know, next month's meeting.

19 TRUSTEE HAMBURGER: Correct. We have to
20 review a --

21 MR. DONHAM: The Board will have to review a
22 written decision, and then --

23 MR. SCHIPPERS: I know how it works.

24 MR. DONHAM: And you know the procedure, of

1 course.

2 MR. SCHIPPERS: I've been there before.

3 MR. DONHAM: You've been there before, I'm
4 sure, many times, Mr. Schippers.

5

6 (A discussion was had
7 off the record.)

8

9

10 (WHICH WERE ALL THE PROCEEDINGS HAD
11 IN THE ABOVE-ENTITLED HEARING.)

12

13

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STATE OF ILLINOIS)
) SS:
 COUNTY OF C O O K)

CYNTHIA M. STIFTER, being first duly
 sworn, on oath says that she is a Certified Shorthand
 Reporter, that she reported in shorthand the proceedings
 at the said hearing, and that the foregoing is a true
 and correct transcript of her shorthand notes so taken
 as aforesaid.

Certified Shorthand Reporter
 Notary Public
 Cook County, Illinois
 C.S.R. License No. 084-003054

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BEFORE THE LABORERS' AND RETIREMENT BOARD
EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

IN RE:)
)
)
ROBERT DOBBS - Child's Annuity)

REPORT OF PROCEEDINGS at the
Administrative Hearing of the above-entitled case before
CHAIRMAN VICTOR ROA, on the 22nd day of March, A.D.,
2016, at 3:31 o'clock p.m., at 321 North Clark Street,
Suite 1300, Chicago, Illinois.

REPORTED BY: CYNTHIA M. STIFTER, CSR

LICENSE NO.: 084-003054

1 PRESENT:

2 TAFT STETTINIUS & HOLLISTER, LLP
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4 Suite 2800
5 Chicago, Illinois 60601
6 (312) 836-4036
7 cdonham@taftlaw.com
8 ggrady@taftlaw.com)

9 BY: MR. CARY E. DONHAM and
10 MR. GRAHAM C. GRADY,

11 Appeared on behalf of the LABF.

12 ALDEN MANAGEMENT SERVICES, INC.
13 (4200 West Peterson Avenue
14 Chicago, Illinois 60646)
15 BY: MS. ELENI KATSOULIS,

16 Appeared on behalf of Synola Okparaji.

17 TRUSTEES:

18 Trustee Carol Hamburger;
19 Trustee Michael LoVerde
20 Trustee James Capasso, Jr.;
21 Trustee Kurt Summers, Jr. (represented by
22 Miriam Martinez);
23 Trustee Erin Keane;
24 Trustee James Joiner;

25 ALSO PRESENT:

26 Mr. John Carroll;
27 Ms. Sheila Jones;
28 Ms. Michael Walsh;
29 Ms. Peggy Grabowski;
30 Ms. Tina Rhoten;
31 Ms. Nicole Evangelista;
32 Ms. Deonna Morano.

33 CHAIRMAN ROA: Good afternoon. We are here for

1 the Okparaji-Dobbs Administrative Hearing. My name is
2 Victor Roa. I am the Union-appointed Trustee and
3 Chairman.

4 We'll go around and identify ourselves.

5 TRUSTEE HAMBURGER: Oh, I'm Carol Hamburger. I
6 apologize. I'm a Trustee for the City appointed by,
7 actually, the Department of Human Resources.

8 TRUSTEE LOVERDE: I am Michael LoVerde. I'm a
9 Trustee elected by active members of the Fund and
10 Secretary.

11 TRUSTEE CAPASSO: Jim Capasso, Trustee.

12 MR. CARROLL: John Carroll, Compliance
13 Administrator.

14 MR. DONHAM: I'm Cary Donham, one of the
15 counsel for the Fund from Taft, Stettinius & Hollister.

16 MR. GRADY: I'm Graham Grady, one of the
17 attorneys for the Fund from Taft, Stettinius &
18 Hollister.

19 MR. WALSH: Michael Walsh, the Executive
20 Director for the Fund.

21 TRUSTEE JOINER: James Joiner, also a Trustee
22 elected by the members of the Fund.

23 MS. MARTINEZ: Miriam Martinez representing
24 Trustee Kurt Summers.

1 TRUSTEE KEANE: Erin Keane, Vice-Chair
2 appointed by the Comptroller.

3 CHAIRMAN ROA: Go ahead.

4 MR. GRADY: Terrific. Counsel and I have had
5 an opportunity to confer, and Ms. Katsoulis will go
6 first.

7 MS. KATSOULIS: Hi, I'm Eleni Katsoulis. These
8 are my clients, Synola Okparaji, Dimarea, and Tiasia.

9 As I notified Mr. Grady, since there are
10 no issues of fact and just an issue of application of
11 law, I've prepared oral argument today.

12 Ms. Okparaji adopted Dimarea and Tiasia
13 in 2003. Their father, Robert Dobbs, worked for the
14 City of Chicago Streets and Sanitation from 2001 until
15 the time of his passing, July 2014.

16 As a result of his employment, he was a
17 member of the Laborers' and Retirement Board Employees'
18 Annuity and Benefit Fund of Chicago. Under the Pension
19 Code, a Child's Annuity shall be payable monthly after
20 the death of an employee parent to an unmarried child
21 until the child's attainment of age 18 or marriage,
22 whichever event shall first occur, under the following
23 conditions, if the child was born or in esse before the
24 employee attained age 65, and before he withdrew from

1 service.

2 Upon examination of the applicable law
3 and also examination of Mr. Dobbs' intent, it's evident
4 that Mr. Dobbs' children, Dimarea and Tiasia, are
5 entitled to certain benefits from this Board.

6 Accordingly, the Laborers' and Retirement
7 Board erroneously denied benefits entitled to the
8 children at the September 2015 Board Meeting, and this
9 decision must be reversed.

10 There are three different areas of law
11 which establish that the children should be granted
12 benefits by the Board, and each area of law will be
13 examined. First, the Pension Code; second, the Probate
14 Act; and lastly, the Illinois Adoption Act.
15 Additionally, I think examination of Mr. Dobbs' intent
16 should be taken into consideration.

17 The Pension Code. In its September 2015
18 denial letter, the Board cited the provision of the
19 Pension Code which sets forth that a Child's Annuity
20 shall be payable monthly after the death of an employed
21 parent to an unmarried child until the child's
22 attainment of age 18 or marriage, whichever event shall
23 first occur, under the following conditions, if the
24 child was born or in esse before the employee attained

1 age 65, and before he withdrew from service.

2 So if we analyze this statute, there are
3 only two requirements in order for children to receive
4 benefits under the Pension Code. First, the child must
5 have been born or in existence prior to the employee
6 turning 65 years old. And second, the child must have
7 been born or in existence before the employed parent
8 withdrew from service.

9 Here, Mr. Dobbs was 37 at the time of his
10 death in July 2014. This is reflected in his death
11 certificate, which is marked as Exhibit I in the packets
12 provided so generously by the Board. Thank you. As a
13 result, the first requirement is met.

14 The second requirement is also met, as
15 Mr. Dobbs had not withdrawn from service prior to his
16 death. This is reflected in his employment records,
17 which are marked as Exhibit B.

18 In September 2015 the Board denied
19 Dimarea and Tiasia benefits, and the Board arrived at
20 this decision because at the time of Mr. Dobbs' death,
21 he was no longer Dimarea and Tiasia's parent. And
22 that's a direct quote from the September 25, 2015,
23 correspondence to my clients.

24 In doing so, the Board applied the wrong

1 standard. Nowhere in the aforementioned Pension Code is
2 the parental status at time of death contemplated. The
3 only important factor is the parent's employment status
4 at the time of their death.

5 The Courts have also confirmed this
6 point. For example, the Fifth District Appellate Court
7 affirmed in Field versus Board of Trustees that adoption
8 of a Pension Board member's child does not terminate the
9 child's benefits. In that matter the Court's decision
10 was based on the fact that adoption was not made a
11 reason for determination of the benefits.

12 Specifically, the Court cited that there
13 were only two provisions which a child could lose
14 entitlement, and it's marriage or turning 18, which is
15 similar to this case at issue. Similarly here, the
16 Pension Board does not consider adoption as a cutoff to
17 benefits.

18 Accordingly, the Board's misapplication
19 of the standards set forth by the Pension Code requires
20 reversal of the Board's September 2015 decision.

21 Secondly, we must also consider the
22 Probate Act. The Probate Act also required that
23 benefits be awarded to Dimarea and Tiasia. In Illinois,
24 the Probate Act of 1975 is the primary authority on

1 inheritance.

2 The Probate Act specifically provides the
3 following guidelines for adopted children: For purposes
4 of inheritance from or through a natural parent and for
5 determining the property rights of any person under any
6 instrument, an adopted child is not a child of a natural
7 parent, nor is the child a descendant of a natural
8 parent or of any lineal or collateral kindred of a
9 natural parent, unless one or more of the following
10 conditions apply.

11 Several conditions are outlined, but the
12 first being that the child is adopted by a descendant or
13 a spouse of a descendant of a great-grandparent of the
14 child, in which case the adopted child is a child of
15 both natural parents.

16 So what does this mean? Pursuant to the
17 Illinois Inheritance Law, adoption does not cut off a
18 child's ability to inherit from their natural parents
19 where a relative adopts them. In this situation,
20 Ms. Okparaji adopted her great-niece's children.

21 Therefore, when applying the black letter
22 of the law, Robert Dobbs was Dimarea and Tiasia's
23 natural father for purposes of inheritance under the
24 Probate Act. Consequently, the children are entitled to

1 benefits connected with Mr. Dobbs. And thus the Board's
2 reasoning behind their September 2015 decision denying
3 Dimarea and Tiasia's applications for Child's Annuity
4 benefits was incorrect and should be reversed.

5 The third law that we should consider is
6 the Illinois Adoption Act. In denying benefits to the
7 children, the Board reasoned that the natural parent's
8 rights are terminated upon adoption. While this is
9 generally correct, it's well-established that there are
10 two exceptions; one, a natural parent may be required to
11 support a child where the adoptive parent is unable to
12 do so; and also a child may inherit from a natural
13 parent.

14 The seminal case on this issue is
15 In re Tilliski's Estate, when the Fourth District
16 Appellate Court of Illinois held that an adopted child
17 was not excluded from inheriting from its natural
18 parent. And in that situation, a child named Sarah
19 Martin was permitted to inherit from her natural mother,
20 though the Armstrong family had adopted her prior to her
21 natural mother's death.

22 Similar situation here. The principles
23 reasserted time and time again through cases such as
24 People ex rel. Bachleda versus Dean and In re Estate of

1 Jerry Orzoff, where the Court recognized that an adopted
2 child may inherit from its natural parents -- may
3 inherit from its natural parents and also from its
4 adoptive parents.

5 Similarly, In re Adoption of Schumacher,
6 the Court determined that an adoption severs all ties to
7 natural parents, except for inheritance rights. That's
8 a very important distinction.

9 The Courts and the Illinois legislature
10 have consistently determined that adoption does not
11 preclude children from inheriting from their natural
12 parents.

13 In light of the above, the Board's
14 reasoning that the 2003 adoption made Dimarea and Tiasia
15 ineligible to inherit from their father is erroneous,
16 and their decision should be reversed.

17 And lastly, we should consider Mr. Dobbs'
18 intent. As previously established, the children are
19 entitled to benefits from -- through Mr. Dobbs pursuant
20 to three different laws; the Pension Code, the Probate
21 Act, and the Illinois Adoption Act.

22 Additionally, we should also look at
23 Robert Dobbs' intent prior to his death. The records
24 reflect that Mr. Dobbs named his children as his

1 beneficiaries in 2009, as reflected in Exhibit H, which
2 is the Beneficiary Designation form. This was years
3 after Dimarea and Tiasia were adopted by Ms. Okparaji.
4 So the adoption was 2003. The Beneficiary Designation
5 form was executed in 2009.

6 Again, in May 2014, just two months prior
7 to his death, Mr. Dobbs executed another note and
8 provided this Board with copies of his children's
9 Social Security cards, with a note saying, I, Robert
10 Dobbs, Jr., will only use social number for beneficiary
11 purposes -- purpose only benefits, no tax reasons. This
12 is reflected in Exhibit J.

13 Mr. Dobbs was very active in his
14 children's lives even after the 2003 adoptions. And his
15 actions indicate that he intended for his children to
16 receive benefits after his death. This remains an
17 important factor in determining the children's
18 eligibility for benefits.

19 In conclusion, as previously established,
20 Robert Dobbs began working for the City in 2001, making
21 him and his heirs eligible for benefits from this Board.
22 The Laborers' and Retirement Board erroneously denied
23 benefits entitled to his children based on their
24 conclusion that Mr. Dobbs was no longer the parent of

1 Dimarea and Tiasia at the time of his death.

2 This conclusion was incorrect, as an
3 adopted child may receive a Child's Annuity from a
4 deceased parent despite the fact that the child was
5 adopted by a relative prior to the parent's death.
6 Moreover, the Illinois Probate Act expressly provides
7 that in a related adoption, the children are still
8 entitled to inherit from their natural parent.

9 And finally, there is an abundance of
10 case law directly interpreting the aforementioned
11 statutes, and case law establishing that children are
12 entitled to their natural parents' inheritance even
13 after the child is adopted by another person.

14 Under the law, the only relevant fact
15 here is that Mr. Dobbs was the natural father of Dimarea
16 and Tiasia, contrary to the Board's reasoning. And
17 moreover, not only do the children deserve these
18 benefits under the law, but these benefits would
19 significantly improve their quality of life.

20 The impact of the Board's decision
21 greatly affects these children's well-being. And for
22 those reasons, I respectfully request that the
23 Retirement Board reexamine their September 2015 decision
24 and reconsider their application of benefits.

1 MR. GRADY: I'd like to provide the Board with
2 the opportunity to ask any questions they have before I
3 go.

4 CHAIRMAN ROA: Yes.

5 TRUSTEE HAMBURGER: You should go.

6 MR. GRADY: That's fine.

7 Again, for the record, my name is Graham
8 Grady representing the Laborers' Pension Fund.

9 Briefly, on July 2nd of 2015, as the
10 Board is aware, the Board received an application for
11 payment of a Child's Annuity to Tiasia Hodges, age 14,
12 and Dimarea Terrel Dobbs, age 16. Both were fathered by
13 LABF participant, Robert Dobbs, who died on July 14,
14 2014. The application was submitted by Synola Okparaji,
15 Tiasia and Dimarea's adoptive parent.

16 On October 3, 2003, and on November 6,
17 2003, Judgments of Adoption were entered in favor of
18 Ms. Okparaji. Both of the Judgments of Adoption
19 terminated all the parental rights of Mr. Dobbs, and
20 made Ms. Okparaji these children's parent. Copies of
21 the Judgment of Adoption are attached to this
22 memorandum.

23 Also, I have what I've called Group
24 Exhibit, which I distributed to all of you, which has

1 three subparts. I've given Ms. Katsoulis the
2 opportunity to review it. We'd request that Group
3 Exhibit be entered into the record.

4 Do you have any objection?

5 MS. KATSOULIS: No objection.

6 MR. GRADY: Thank you.

7 Continuing, this raises the issue of
8 whether children fathered by an LABF participant whose
9 parental rights have been terminated pursuant to a
10 Judgment of Adoption may receive a Child's Annuity.

11 Section 11-153 of the LABF Pension Code
12 provides in relevant part, quote, a Child's Annuity
13 shall be payable monthly after the death of an employee
14 parent to an unmarried child until the child's
15 attainment of age 18 or marriage, whichever event shall
16 occur first, under the following conditions, if the
17 child was born or in esse before the employee attained
18 age 65, and before he withdrew from service.

19 The LABF staff has recommended, and we
20 agree, that these applications for Children's Annuity
21 should be denied. At the time of Mr. Dobbs' death, he
22 was no longer the parent of these children. Rather,
23 pursuant to Court Order, his parental rights had been
24 permanent divested.

1 Because the applicants are not married --
2 because the applicants are not unmarried children of a
3 parent who was a participant in the LABF pursuant to
4 Section 11-153, these applicants are not eligible for a
5 Child's Annuity.

6 The argument has been made to the Board
7 by counsel for Ms. Okparaji, the adoptive parent
8 Petitioner, claims that because under Illinois law, an
9 adopted child may nonetheless inherit from a natural
10 parent, the same rationale should apply to the Child's
11 Annuity benefits at issue here. However, gifts through
12 inheritance are separate and distinct from pension
13 benefits, the award of which is governed by the language
14 of Article 11, quote, pension gifts are not property
15 acquired by gift, bequest, devise, or descent, or
16 property acquired in exchange for such property.

17 Rather, pension benefits are part of the
18 consideration earned by the employed spouse -- by the
19 employed spouse for his service. And this is from the
20 case, In re Marriage of Piper. That the adoptive
21 children can inherit from their adoptive parent does not
22 govern their rights, if any, under Article 11 of the
23 Pension Code.

24 Next, Ms. Okparaji, through counsel,

1 argues that the critical date in Section 11-153 is
2 whether the employee parent was under age 65 when the
3 children were born, and that the Board erred by relying
4 on the fact that Mr. Dobbs' parental rights had been
5 permanently extinguished at the time of his death.

6 However, this interpretation would essentially eliminate
7 a key phrase, which is, quote, a Child's Annuity shall
8 be payable monthly after the death of an employee
9 parent, emphasis on parent, from Section 11-153.

10 Mr. Dobbs was not the parent of the adopted children at
11 the time of his death.

12 Finally, Ms. Okparaji, through counsel,
13 cites Field versus Board of Trustees as support for her
14 position. However, that case involved the daughter,
15 Gabrielle, of an Alton, Illinois, fireman who drowned.
16 While divorced prior to his death, he remained the
17 parent of his daughter. Several months after his death,
18 the new husband of the firefighter's divorced wife
19 adopted Gabrielle. The Court ruled that Gabrielle's
20 right to a child's benefit vested upon the death of her
21 natural father, and her guardian was, thus, entitled to
22 a child's benefit.

23 In this case, Mr. Dobbs' parental rights
24 were terminated years prior to his death; thus, the

1 Field case is inapplicable.

2 We understand the seductiveness of the
3 argument that a parent dies, there is an asset, and it
4 should go to the natural child. But benefit -- but
5 pension benefits are not subject to inheritance, and
6 Mr. Dobbs had given up his parental rights many years
7 ago prior to his death.

8 For those reasons, we respectfully
9 request that the Board affirm the action taken
10 previously with regard to the application for Child's
11 Annuities.

12 I'm happy to answer any questions that
13 you may have.

14 MS. KATSOULIS: Am I entitled to rebuttal?

15 MR. GRADY: It's up to the Judge.

16 CHAIRMAN ROA: Yes.

17 MS. KATSOULIS: Just to draw a few
18 distinctions, Mr. Grady spoke of the Field case and
19 tried to draw a distinction that in that situation, the
20 parent had died, and then a stepparent adopted the
21 daughter.

22 While I note the difference of the facts,
23 the Court's reasoning is on point with the case at hand.
24 They drew the distinction that there are only two

1 situations in which benefits would be terminated, and
2 it's age of -- the child turning age of 18 and marriage.

3 If you take a look at that code and the
4 code at issue, they mirror each other. The code here
5 does not expressly state anything of any rights being
6 terminated upon adoption. The only conditions are
7 children turning age 18 and marriage.

8 And I, again, respect Mr. Grady's
9 argument that Mr. Dobbs was not considered the parent at
10 the time of his death. But I respectfully disagree
11 given that he was, in fact, the natural parent; he was
12 still active in the children's lives; and, again, the
13 Pension Code does not draw a distinction in that sense.

14 MR. GRADY: I have no rebuttal to
15 Ms. Katsoulis' rebuttal.

16 MR. DONHAM: Can I ask one question?

17 CHAIRMAN ROA: Yes.

18 MR. DONHAM: I just want to ask a question.
19 There is another child, Dayon or Dayon -- I'm not sure
20 how you say it. But I think it's important for the
21 Board to understand whether -- how he fits in.

22 MS. KATSOULIS: Into the picture?

23 MR. DONHAM: Into the picture, yes.

24 MS. KATSOULIS: So I believe we had previously

1 discussed this.

2 MR. DONHAM: Yes, we did.

3 MS. KATSOULIS: Mr. Dobbs was the first child's
4 parent; however, his name does not appear on the birth
5 certificate, and there was no paternity test done for
6 that. And so, therefore, we did not pursue benefits,
7 even though, again, through Mr. Dobbs' conduct and
8 documentation provided to the Fund, this child was
9 considered his child. But in terms of documentation, we
10 don't have that, and that's why we did not pursue it.

11 MR. DONHAM: So you would say that there would
12 be anecdotal evidence that he was -- Mr. --

13 MS. KATSOULIS: Sure.

14 MR. DONHAM: -- that Dayon was Mr. Dobbs'
15 child?

16 MS. KATSOULIS: Right.

17 MR. DONHAM: But you don't have a blood test or
18 a paternity test?

19 MS. KATSOULIS: Correct. So in Exhibit J and
20 in Exhibit H, he did provide that child's information,
21 and he wrote, my children. However, I don't have a
22 blood test.

23 MR. DONHAM: Okay.

24 CHAIRMAN ROA: Anybody else have any questions?

1 MR. DONHAM: I have another question that --
2 because I think this was something that the Board is
3 probably -- could be interested in; if not now, at some
4 time in the future. You mentioned that the children
5 were named as beneficiaries by -- I think it was in
6 2009?

7 MS. KATSOULIS: Uh-huh.

8 MR. DONHAM: They were actually named as
9 contingent beneficiaries, I believe.

10 MS. KATSOULIS: Correct.

11 MR. DONHAM: And a Mrs. --

12 MS. KATSOULIS: Mr. Dobbs' former wife was
13 named as the primary.

14 MR. DONHAM: I guess have you had any
15 communication with her?

16 MS. KATSOULIS: I have not. But I do have a
17 divorce decree ending their marriage prior to his death.

18 MR. DONHAM: I just was curious because her
19 status -- well, regardless of whether the Board acts in
20 regard to Child's Annuities, there is a fund of money
21 that -- for it to be refunded under the Pension Code.
22 And her status could be material to that issue
23 regardless of what would happen today.

24 Do you think that's a fair statement,

1 Mike?

2 MR. WALSH: Yes.

3 MS. KATSOULIS: Wouldn't the divorce
4 potentially -- I mean, at issue we're talking about the
5 annuities?

6 MR. DONHAM: No -- well, today is about the
7 annuities. I'm talking about something else. And
8 perhaps we can talk then.

9 MS. KATSOULIS: We could talk about that at
10 another time.

11 MR. DONHAM: Okay.

12 MR. GRADY: We have nothing further.

13 CHAIRMAN ROA: Okay.

14 MR. GRADY: We're happy to answer any questions
15 that the Board may have.

16 CHAIRMAN ROA: I don't have any questions.
17 Anybody else?

18 Now, we will go into Executive Session to
19 discuss.

20 TRUSTEE HAMBURGER: Yes.

21 MS. KATSOULIS: Thank you, everyone, for your
22 time.

23 TRUSTEE LOVERDE: Motion to go into Executive
24 Session.

1 TRUSTEE HAMBURGER: Second.

2 CHAIRMAN ROA: Motion to go into Executive
3 Session made by Trustee LoVerde; seconded by Trustee
4 Hamburger. All those in favor?

5

6 (Chorus of ayes.)

7

8 CHAIRMAN ROA: Opposed?

9 We'll now go into Executive Session.

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12 (WHICH WERE ALL THE PROCEEDINGS HAD
13 IN THE ABOVE-ENTITLED HEARING.)

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1 STATE OF ILLINOIS)
2) SS:
3 COUNTY OF C O O K)

4 CYNTHIA M. STIFTER, being first duly
5 sworn, on oath says that she is a Certified Shorthand
6 Reporter, that she reported in shorthand the proceedings
7 at the said hearing, and that the foregoing is a true
8 and correct transcript of her shorthand notes so taken
9 as aforesaid.

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13 Certified Shorthand Reporter
14 Notary Public
15 Cook County, Illinois
16 C.S.R. License No. 084-003054
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