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Scandal-Plagued Chicago Suburb Sues Over Pension Crisis.

CHICAGO (CN) – The Chicago suburb of Harvey claims it will be unable to make payroll or fund essential city services by mid-April unless the Illinois comptroller releases \$1 million currently being held to satisfy the debt the city owes to its police pension fund.

In 2015, a Cook County judge found that the city of Harvey, a south Chicago suburb, owes more than \$7.3 million to its police pension fund after failing to make payments for nearly a decade.

To satisfy this judgment, Illinois Comptroller Susana Mendoza is currently withholding more than \$1 million in revenues due to the city.

Harvey sued to recoup the withheld funds in lawsuit filed Thursday afternoon in Cook County Circuit Court, claiming it will be unable to pay for essential government services unless the comptroller immediately releases the money.

“Unless the city is granted its relief, the city will not be able to pay for approximately 200 employees, including but not limited to, police and fire protection, water and sanitation, and its governmental employees,” the complaint states.

The city, represented by Ken Hurst with Roth Fioretti, owes payroll of \$400,000 due on April 13 as well as an additional \$300,000 for its employees’ health insurance, but currently holds less than \$200,000 in its general fund, according to the suit.

Harvey argues Mendoza is illegally withholding the city’s revenues when the city has complied with the requirements of the Illinois Police Pension Code.

“The Illinois Police Pension Code requires the city to levy an annual requirement and to transmit those amounts to the police pension fund,” the lawsuit states. “The city has levied the annual actual requirement under the Pension Code and has transmitted those amounts to the police pension fund. Therefore, there are no delinquent funds that the Illinois Comptroller may legally withhold from the city.”

Harvey is currently in serious debt, with a deficit of \$5.9 million, and its collection rate on real estate taxes is just 58 percent.

After reviewing the city’s finances, the Civic Federation told Fox News in 2016 that the city is “worse than broke,” and key records to determine where the money went are missing.

The court ruling creating the city’s current fiscal crisis is just one in a series of scandals over Harvey’s misuse of public funds.

In 2015, Harvey reached an \$18.5 million settlement with Chicago to pay back the money it owes for water taken from the city without paying and resold to other suburbs.

The year before, the Securities and Exchange Commission obtained an emergency court order after

claiming the city issued a fraudulent bond offering related to a scheme that tricked investors into lending millions for a hotel development deal that diverted \$800,000 to then-top mayoral aide Joseph Letke.

Mayor Eric Kellogg paid a \$10,000 fine, admitting no wrongdoing, and was barred from ever participating in the issuance of municipal bonds. Letke was found dead in September 2016 in an apparent suicide.

Kellogg, who has been mayor of Harvey since 2003, has been accused by city aldermen of rampant corruption. In 2016, Illinois stepped in to block his attempt to unilaterally remove four aldermen who opposed him.

Harvey seeks an injunction prohibiting the comptroller from withholding city funds in the future and an order compelling her to release the \$1 million currently in her possession.

The comptroller's office declined to comment.

COURTHOUSE NEWS SERVICE

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April 5, 2018

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