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Illinois's Shady Political Image Weighs on Appeal of its Debt.

The indictment of ex-House Speaker Michael Madigan is another blemish for Illinois to overcome as it looks to boost a credit rating that ranks below all other U.S. states.

The indictment of former Illinois House Speaker Michael Madigan has added to the state's reputation for corrupt politics – a history that risks tamping investor interest in its municipal debt amid a bond market rout.

Madigan, known as the Velvet Hammer over a career as speaker that spanned nearly four decades, faces a 22-count case that includes federal corruption, racketeering and bribery charges. He has pleaded not guilty. It's the latest in a long line of scandals involving Illinois lawmakers, with other politicians accused of tax fraud, embezzlement and even trying to sell former President Barack Obama's Senate seat.

The frequent imbroglios could affect which investors are willing to buy Illinois debt and how much yield they want in return in the \$4 trillion municipal bond market, where Illinois is among the largest state borrowers.

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