

'Government by Envelope': Chicago's 'System' Exposed

By T. R. Reid

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CHICAGO — When the new owners took over a tavern called the "Mirage" just north of the downtown Loop here, they discovered that the dilapidated firetrap would need thousands of dollars in repairs before it could pass city inspections and open for business.

But this is Chicago, after all, where such matters can often be handled more cheaply. So when the fire inspector arrived, the owners handed him a white envelope with \$10 inside. There was a long, uncomfortable pause; finally the inspector pocketed the money and pronounced the good news: the Mirage had passed, with no repairs needed.

Then the owners passed on some news of their own.

They weren't really barkeepers, but rather investigators from the Chicago Sun-Times and the Better Government Association, an energetic citizens' group. They had bought the bar to gain firsthand evidence of the pervasive system of "government by envelope" that has been a fact of life in Chicago for decades.

In a remarkable series of articles that began last week, the Sun-Times has reported names, dates and amounts of a string of payoffs it made while running the Mirage four months last year.

In leasers promoting future stories, the spirited tabloid has promised to reveal cases of private chicanery as well, including suppliers who paid a \$1,000 kickback to win the Mirage's business and accounting firms that systematically doctored books to reduce the bar's tax bills.

Neither public nor private graft is new to Chicago, but the Sun-Times' striking first-person accounts — documented by photographs showing uniformed inspectors accepting cash payoffs — have electrified the city.

When the Sun-Times bought it last

July, the bar was a nightmare of fire hazards, including exposed wood beams, flammable liquids stored under corroded gas pipes on a dark staircase and a basement piled high with wood and rubbish. For his \$10, the fire inspector ignored all that.

For \$15, a building inspector agreed that the bar's rotting wooden floors and sagging rear wall need not be fixed. A plumbing inspector received \$50 to permit the owners to install a urinal without a building permit. A ventilation inspector charged \$100 to pass a jury-rigged exhaust duct that mocked the city's stringent building code.

State liquor inspectors recited a long list of violations after reviewing the bar's bottled stock, but said nothing after they were permitted to skim \$50 from the bar's cash register.

The stories have sparked separate federal, state and local investigations of business and property inspections. They forced Mayor Michael A. Bilandic to start a total reorganization of the city's multifarious inspection agency. And they prompted every other journalist in the city to offer the Sun-Times, with a mixture of jealousy and admiration, the reporter's classic tribute to a colleague: "great story."

The Sun-Times' "great story" began a year ago when the paper decided the only way to get ironclad proof of official shakedowns was to be shaken down itself.

"Bribery stuff is a recurring theme in Chicago," explained Pamela Zekman, one of the Sun-Times' reporters on the story.

"But no businessman would ever talk about it on the record. They'd be finished if they did. So you could only write 'not for attribution' stuff."

The "Mirage" project was too big for the paper to handle alone, but editors had no trouble enlisting the Better Government Association as a partner. The 55-year-old "reform" group,

funded largely by grants from the city's major corporations, had an active history of teamwork with Chicago newspapers to root out official skullduggery.

In one particularly imaginative effort to expose the "graveyard voting" practices of the Democratic machine the association arranged in 1968 to have several distinguished (and dead) literary figures registered to vote.

In the next election, such people as James Joyce and Henry David Thoreau were recorded as voting sometimes more than once in heavily Democratic precincts.

For the latest shakedown expose, the Sun-Times and the citizens' group spent about \$25,000 to purchase and run the Mirage. They had reporters tending bar and photographers hidden in a ventilation duct to record the fascinating details of running a small business in the big city.

Despite the impressive initial reaction to the Mirage affair, nobody here is sure whether the Sun-Times' series will make a serious dent in Chicago's traditional "system."

"It might tighten things up for a while," says Zekman, who has learned to be skeptical after 10 years of investigative reporting here. "But it's hard to believe that anything could really clean up Chicago."

Yet even Zekman found evidence of a cleansing process.

Four years ago, federal prosecutors brought scores of indictments in a similar shakedown investigation of Chicago's police force. [The police are separate from civilian building inspectors in Chicago's complicated municipal bureaucracy.]

The Sun-Times found that the crackdown on police seemed to have a lingering effect.

In all dealings with officialdom at the Mirage, Zekman says, "The Sun-Times reporters had to deal only once with a policeman. He turned out to be the only public employee they found who did his work both honestly and well."

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Building inspector Burt L. Herrera is shown slipping a \$15 bribe into papers, the Chicago Sun-Times says. By Jim Frost—Copyright Chicago Sun-Times