

1978: Bribes were only real thing at Mirage

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"I finally figured it out!" the tippler said. "This place is a front for the Syndicate! I dunno. It's gotta be a front for something."

And therein lay a story.

Investigative reporters had known the problem for years. The system in Chicago was government by envelope: shakedowns and payoffs, finagling and fixes. The victims, mostly people who ran businesses in the city, were always asking for help. But nobody would come forward. Nobody would go on record.

Everybody was afraid of City Hall.

That's when the idea came. Investigative reporters sometimes infiltrated places -- nursing homes, abortion mills. Why not try to infiltrate a city?

Pamela Zekman made it happen. The idea was to buy a bar and let the city come in with its hands out. She and Sun-Times reporter Zay N. Smith became Pam the Barmaid and Norty the Bartender. William Recktenwald of the Better Government Association was in on it, too, as well as a mysterious backer named Ray.

The bar was called the Mirage. It was at 731 N. Wells. It was a place for cold beer and hot graft for four months in 1977.

And the city did come to call.

There was a payoff parade of city and state inspectors, hands out, in search of health and safety violations to wink at. Six accountants offered to keep, and kept, endless crooked books for the tax man.

It was all put down on paper by the reporters and BGA investigators -- and made vivid by Sun-Times photographers Gene Pesek and Jim Frost, snapping quietly from a hidden loft.

The series ran 25 parts in January 1978, attracting worldwide attention. The result? Federal investigators told the Sun-Times that payoffs were shut down across the city.

For two months. Then the prices went up because the heat was on. This was Chicago, remember.

Then came serious reforms -- new procedures in city inspections, code revisions, state and city investigations.

The IRS sent in 20 agents to take a closer look at tax fraud by cash businesses. The Illinois Department of Revenue formed a new investigative unit: the Mirage Audit Unit.

An ongoing federal probe, spurred by the Mirage findings, indicted a third of the city's electrical inspectors in 1978, with many more indictments to come.

It appeared briefly, served its purpose and then it was gone. It was all a Mirage.