

IN THE EXECUTIVE ETHICS COMMISSION
OF THE STATE OF ILLINOIS

IN RE: KATHERINE PATTI) OEIG Case #18-01567

OEIG FINAL REPORT (REDACTED)

Below is a final summary report from an Executive Inspector General. The General Assembly has directed the Executive Ethics Commission (Commission) to redact information from this report that may reveal the identity of witnesses, complainants or informants and “any other information it believes should not be made public.” 5 ILCS 430/20-52(b).

The Commission exercises this responsibility with great caution and with the goal of balancing the sometimes-competing interests of increasing transparency and operating with fairness to the accused. In order to balance these interests, the Commission may redact certain information contained in this report. The redactions are made with the understanding that the subject or subjects of the investigation have had no opportunity to rebut the report’s factual allegations or legal conclusions before the Commission.

The Commission received this report from the Governor’s Office of Executive Inspector General (“OEIG”) and a response from the agency in this matter. The Commission, pursuant to 5 ILCS 430/20-52, redacted the final report and mailed copies of the redacted version and responses to the Attorney General, the Executive Inspector General for the Governor, and to Katherine Patti at her last known address.

The Commission reviewed all suggestions received and makes this document available pursuant to 5 ILCS 430/20-52.

I. ALLEGATIONS

On July 26, 2018, the Office of Executive Inspector General (OEIG) received an anonymous complaint alleging that Property Tax Appeal Board Deputy Chief Administrative Law Judge (ALJ) Katherine Patti issued favorable decisions to clients represented by the law firm Amari & Locallo while her [relative], was employed with that firm as a law clerk.¹ The complaint indicated that Ms. Patti also may have helped her [relative] get the job at the firm.

II. BACKGROUND

The Illinois Property Tax Appeal Board (Appeal Board) adjudicates real property tax assessment disputes appealed from the County Boards of Review. The Appeal Board employs

¹ The complaint included a printout of the LinkedIn online profile of [Relative], dated August 23, 2018. [Relative’s] title is listed as “Law Clerk at Amari & Locallo.” The profile noted in the section titled “EXPERIENCE” that [Relative] was a Law Clerk at Amari & Locallo from “August 2017 – Present (1 year 1 month).”

ALJs to preside over these disputes by hearing arguments, reviewing evidence, and issuing findings. Ms. Patti is an attorney and has been an ALJ with the Appeal Board since 1996. She was named Deputy Chief ALJ in 2014 and supervises the ALJs in the Appeal Board's Des Plaines office.

The Appeal Board Employee Handbook states that “[e]mployees shall refrain from ... inappropriate social relationships with taxpayers, taxpayers’ family members, legal representatives or other close associates with whom the employee has a working relationship.” In the event that an employee finds that they “have received an assignment where the action involves a person or business where your social, business, or other relationships are of such a nature that it might impair or give the appearance of impairing your impartiality or independence,” the Handbook provides the following direction: “you should discuss the matter with your supervisor to determine whether it would be appropriate to disqualify yourself from the assignment.”²

Amari & Locallo is an Illinois-based real estate tax appeal law firm.³

III. INVESTIGATION

A. [Relative’s] Employment With Amari & Locallo

On October 2, 2018, the OEIG served a subpoena on Amari & Locallo for all documents pertaining to the hiring of [Relative]. [Attorney], a partner at the law firm, responded to the subpoena and provided the following information in a narrative form, rather than documents:

- [Relative’s] application to the firm was by “word of mouth.”
- He was interviewed and hired as a law clerk on August 1, 2017, and worked for the firm from August 7 to October 12, 2017.
- His job was to organize files, move boxes, create file folders, maintain spreadsheets for the “Property Tax Appeal Board Summer Project” (Summer Project),⁴ and assist in scanning briefs into a database.
- He worked part-time, three days a week, and was paid \$12.00 per hour.

OEIG investigators interviewed [Attorney] on November 8, 2018. [Attorney] advised that she has worked at Amari & Locallo since 2004 and is currently a partner at the firm. She explained that Amari & Locallo exclusively handles cases involving property tax assessments and appeals. [Attorney] stated that a large majority of Amari & Locallo’s cases that go before PTAB have stipulated dispositions, and she would estimate that fewer than ten cases per year go to a hearing.

² Illinois Property Tax Appeal Board Employee Handbook, Section 7.1, Professional Conduct (2013).

³ See *Capabilities*, Amari & Locallo, <http://www.amariandlocallo.com/overview/capabilities/> (last visited Feb. 13, 2019).

⁴ As discussed further below, Ms. Patti explained in her OEIG interview that the Summer Project is an annual collaboration between PTAB and the Cook County Board of Review to dispose of long-outstanding property tax cases through settlements.

[Attorney] stated that she first met Ms. Patti when she ([Attorney]) brought cases before PTAB in a prior position as an Assistant State's Attorney. She described her relationship with Ms. Patti as "professional friends"; however, she said they do not associate outside of work.

[Attorney] stated that during the 2017 Summer Project, she participated in monthly calls with Ms. Patti or another ALJ regarding the status of cases.⁵ [Attorney] stated that during one of these phone calls with Ms. Patti in August 2017, she ([Attorney]) mentioned that her law clerk was leaving the firm. [Attorney] said that Ms. Patti then mentioned that her [Relative] had recently graduated from college and was looking for a job. [Attorney] stated that she invited Ms. Patti to have her [Relative] give her a call. [Attorney] advised that she hired [Relative] as a law clerk because he needed a job and they needed the help. She asserted that she did not believe that Amari & Locallo would gain any favor in their dealings with PTAB based on the hiring of [Relative].

[Attorney] stated that because [Relative] had no legal background or legal education, he was "more of an assistant than a clerk." [Attorney] stated that [Relative] was tasked with organizing a spreadsheet and filing documents from the Summer Project, including scanning documents and making files for them. [Attorney] advised that these were cases that already had a final decision from the Appeal Board, and that he was not assigned duties involving reviewing or processing cases in which Ms. Patti ruled on or heard arguments. [Attorney] stated that [Relative] left the firm at the end of the Summer Project because there was nothing else for him to do.

B. Review Of Appeal Board Cases

The OEIG obtained statistical data from the Appeal Board detailing the number of cases heard by each ALJ between August 1, 2017 and October 31, 2017. The OEIG's request sought information on how many decisions resulted in the appellant's property taxes being lowered or where the appellant received a favorable decision or finding, as well as how many of those cases were brought by Amari & Locallo. As detailed in the chart below, the data provided by the Appeal Board revealed that in those three months, Amari & Locallo brought 484 cases before the Appeal Board, 261 of which were assigned to Ms. Patti. The data reflected that all 261 Amari & Locallo cases assigned to Ms. Patti were resolved through stipulations, and all but one of the 261 resolutions (99%) were favorable to Amari & Locallo's client.

The data reflected that Ms. Patti's resolutions of cases not brought by Amari & Locallo similarly favored the appellant about 99% of the time. During the same time period, all of the stipulated Amari & Locallo cases assigned to other ALJs and about 99% of the non-Amari & Locallo cases assigned to other ALJs with stipulated decisions resulted in a favorable result for the appellant.

⁵ Although the State Officials and Employees Ethics Act requires PTAB employees to report *ex parte* communications with representatives of interested parties, statements regarding the status of a matter are not considered to be *ex parte* communications. See 5 ILCS 430/5-50.

Appeal Board Stipulated Cases from August 1, 2017 to October 31, 2017

	Favorable to Appellant	Unfavorable to Appellant
Amari & Locallo cases assigned to Ms. Patti	260	1
Non-Amari & Locallo cases assigned to Ms. Patti	398	1
Amari & Locallo cases assigned to other ALJs	214	0
Non-Amari & Locallo cases assigned to other ALJs	4,653	14

C. Interview Of Appeal Board Acting Executive Director Steven Waggoner

On August 22, 2018 the OEIG interviewed the Appeal Board Acting Executive Director and Chief ALJ Steven Waggoner, and he subsequently provided additional information by email. Mr. Waggoner advised that he has been an ALJ with the Appeal Board since 1987 and was named Acting Executive Director on January 1, 2018. Mr. Waggoner said that he is Ms. Patti’s direct supervisor.

Mr. Waggoner explained that the Appeal Board reviews appeals of decisions from various counties’ boards of review, and determines the correct assessment of real property. He stated that cases are decided either after a hearing, on evidence submitted by the parties without a hearing, or via stipulation. He explained that decisions based on stipulated agreements can occur when the parties come to an agreement on the amount of the property tax assessment; the board of review agrees with the assessment requested by the appellant; or the board of review proposes a tax assessment reduction that PTAB then forwards to the appellant for review. The appellant would then have 30 days to accept or reject the proposed tax reduction.

Mr. Waggoner stated that all appeals are assigned to ALJs unless they are dismissed by the Appeal Board staff for administrative reasons (such as missing a deadline to file). Mr. Waggoner noted that it is the responsibility of each ALJ to hold hearings, make a good record, and make a recommendation to the Appeal Board. He noted that the ALJs meet weekly and conduct a “peer review process” of their decisions, to ensure the rationale makes sense, and to review for typos and grammar errors before being submitted to the Appeal Board members. He said that the Appeal Board members review the ALJs’ findings and make the ultimate decision on the cases.

Mr. Waggoner advised that there are nine ALJs assigned to the Des Plaines office and Ms. Patti is responsible for assigning cases to ALJs in that office. Mr. Waggoner said Ms. Patti also handles cases herself, and noted that nothing in the Appeal Board computer system prevents an ALJ from assigning cases to themselves and there is no particular method for how cases are assigned to the ALJs. Mr. Waggoner said that Ms. Patti is also responsible for reviewing the work

and decisions of the ALJs and may send decisions back to the ALJ for edits, before being presented to the Appeal Board. Mr. Waggoner said he did not believe Ms. Patti herself could change a decision that another ALJ had already made, and he is not aware of any instances where Ms. Patti has asked an ALJ to change a decision.

With respect to conflicts of interest, Mr. Waggoner recalled a couple of instances when an ALJ asked to be recused from a case; however, he stated that there is “nothing really written” as policy concerning the recusal of an ALJ. Mr. Waggoner stated that if such a situation arose, either he or Ms. Patti would discuss the issue and come to a solution.

Mr. Waggoner stated he is familiar with the law firm of Amari & Locallo and is aware that the firm represents appellants in cases before the Appeal Board. He said he was unaware that Ms. Patti’s [Relative], worked for the firm. Mr. Waggoner stated that he is not aware of any efforts by Ms. Patti to be recused from cases involving this law firm. When asked if he would have liked to have known that Ms. Patti’s [Relative] worked for Amari & Locallo, Mr. Waggoner replied that it “probably would have been beneficial” if Ms. Patti had informed him when her [Relative] took the position, and that the situation might give the perception of inappropriate influence. Mr. Waggoner added that had he been made aware of this, he probably would have taken steps to notify the Appeal Board members of Ms. Patti’s connection to Amari & Locallo and probably would have suggested to not have Ms. Patti hold hearings involving that law firm.

D. Interview Of Appeal Board Deputy Chief ALJ Katherine Patti

The OEIG interviewed Ms. Patti on September 26, 2018. She advised that she reports to Chief ALJ Steven Waggoner. She confirmed that as Deputy Chief ALJ, she supervises the ALJs assigned to the Des Plaines office and is responsible for assigning cases to the ALJs, including to herself. Ms. Patti noted that she mostly assigns cases to ALJs randomly and that the types of cases and amount of cases assigned to an ALJ vary, based on the complexity of the case.

Ms. Patti relayed that she holds a meeting with the ALJs every Friday to review each other’s cases for typographical and grammatical errors, ask questions about the decisions, as well as to discuss relevant law. She stated that it is not uncommon for cases to be returned to an ALJ for “re-examination” after a discussion. Ms. Patti stated that if there is a continued disagreement with a decision she would present the matter to Mr. Waggoner for a resolution; however, she said she cannot change the decision of another ALJ.

Ms. Patti stated that she was aware of the Appeal Board Employee Handbook and that it is incumbent on the ALJs to report any questionable relationships or conflicts when those situations arise. She stated that ALJs may ask for a recusal from a case in person, in writing, or by email; however, there is no specific method for reviewing or approving recusal requests. She recalled one circumstance where an ALJ asked to be recused from a case involving a law firm where the ALJ previously worked.

Ms. Patti stated there is a close circle between the ALJs and the property tax attorneys, and the group has gotten to know details about each other and each other’s families. Ms. Patti explained that at the end of a hearing she was speaking with [Attorney], an attorney at Amari &

Locallo, and [Attorney] told her of an open position at the firm. Ms. Patti stated that her [Relative] was living with her at the time and she encouraged him to apply for the position, which he did.

Ms. Patti said that her [Relative] was at Amari & Locallo for approximately one month and he was a file clerk rather than a law clerk. According to Ms. Patti, her [Relative] spent his time “moving boxes” two to three days per week. Ms. Patti stated that she believed that her [Relative] did not have access to case files, nor did he have any opportunity to review any of her case files for cases in which Amari & Locallo represented an appellant. When asked whether she believed that her position as an Appeal Board ALJ helped her [Relative] get hired at Amari & Locallo, Ms. Patti stated that she “would think not.”

Ms. Patti was shown a copy of the statistical data the OEIG received from the Appeal Board regarding the cases she was assigned involving clients represented by Amari & Locallo. Ms. Patti explained that the reason why she handled so many cases involving Amari & Locallo was because she coordinates the Summer Project, in which Cook County Board of Review staff work out settlements with appellants. Ms. Patti stated that in 2017 the Summer Project disposed of approximately 8,000 cases, many of which had appellants represented by Amari & Locallo. Ms. Patti said that because she coordinates the Summer Project, she assigned those settled cases to herself for review. She explained when she reviews settled cases, she only modifies errors in calculations, but she will not modify the document for fairness.

Ms. Patti stated that during the time her [Relative] worked for Amari & Locallo she did not assign herself any cases from that firm where arguments might be heard because he worked at the firm. However, she said she did not recuse herself from handling any cases in which a party was represented by Amari & Locallo because her [Relative] was only “moving boxes.” She said she did not tell anyone at the Appeal Board about her [Relative’s] employment at Amari & Locallo because she did not see any conflict of interest.⁶ Ms. Patti denied giving any unwarranted favorable decisions to clients represented by Amari & Locallo on the basis of her [Relative’s] employment at that law firm.

IV. ANALYSIS

The Appeal Board Employee Handbook prohibits any employee from engaging in an inappropriate social relationship with a taxpayer’s legal representative if the Appeal Board employee has a working relationship with that person. The Handbook specifies that if an employee receives an assignment in which a social, business, or other relationship might impair or give the appearance of impairing the employee’s impartiality or independence, the employee should discuss this matter with their supervisor to determine whether the employee should be disqualified from that assignment.

Here, the evidence indicates that in August 2017, Ms. Patti, while in the course of her duties as an ALJ, had a conversation with a partner at a law firm that frequently represented clients before the Appeal Board about her [Relative] potentially working at that law firm. Following that

⁶ Later in the interview, Ms. Patti was again asked if she believed her [Relative’s] employment at Amari & Locallo created a conflict of interest and she replied, “I don’t know,” and she also stated that she did not know why she did not feel it was her responsibility to notify the Chief ALJ or the then-PTAB Director.

conversation, Ms. Patti made her [Relative] aware of the job opening and encouraged him to apply for the position to which he was ultimately hired. According to data supplied by the Appeal Board, during the timeframe that [Relative] worked at Amari & Locallo, Ms. Patti assigned herself 261 cases in which a party was represented by that law firm. The OEIG concludes that these circumstances created a potential conflict of interest, in that there was at least an appearance that Ms. Patti's impartiality or independence could be impaired.

At the outset, it was improper for Ms. Patti to orchestrate her [Relative's] employment with an appellant's legal counsel while acting in her official capacity as an ALJ, and Ms. Patti recognized that her [Relative's] employment at Amari & Locallo could pose a problem, as evidenced by her explanation that she did not assign herself cases from that firm in which she believed arguments might be heard. However, Ms. Patti did not disclose to her supervisor or anyone else at the Appeal Board that her [Relative] was working for Amari & Locallo, or that she had facilitated his hire; nor did she recuse herself from involvement in all Amari & Locallo matters while her [Relative] worked there. Mr. Waggoner stated that [Relative's] employment at Amari & Locallo is something that "would have been beneficial" for him to know, and that he would have discussed this issue with the Appeal Board members if Ms. Patti had disclosed it to him. The OEIG concludes that the allegation that Ms. Patti failed to advise her supervisor about her [Relative's] employment at Amari & Locallo, when the circumstances might give the appearance of impairing her impartiality or independence, is **FOUNDED**.⁷

Although the evidence obtained in the investigation showed that Ms. Patti's actions created an appearance of a conflict of interest, the OEIG found insufficient evidence to conclude that she took actions on Appeal Board cases that improperly favored Amari & Locallo or its clients. Ms. Patti denied issuing any unwarranted favorable decisions to Amari & Locallo's clients. In addition, the Appeal Board's records indicate that during [Relative's] employment at Amari & Locallo, Ms. Patti personally handled only stipulated cases brought by that law firm, which would pose a lesser likelihood that Ms. Patti manipulated or influenced the outcome of these cases. Furthermore, although the Amari & Locallo cases Ms. Patti handled were overwhelmingly decided in favor of that firm's clients, those outcomes were consistent with the outcomes in Amari & Locallo cases handled by other ALJs, as well as with non-Amari & Locallo stipulated cases that Ms. Patti handled in that same time period. Finally, according to [Attorney], though [Relative] organized files for the Summer Project, he only handled cases that were already closed. The evidence, therefore, is insufficient to establish that Ms. Patti improperly favored Amari & Locallo clients, or that Amari & Locallo otherwise garnered any benefit before the Appeal Board in exchange for employing [Relative], and that allegation is **UNFOUNDED**.

V. FINDING AND RECOMMENDATIONS

As a result of its investigation, the OEIG concludes that there is **REASONABLE CAUSE TO ISSUE THE FOLLOWING FINDING**:

⁷ The OEIG concludes that an allegation is "founded" when it has determined that there is reasonable cause to believe that a violation of law or policy has occurred, or that there has been fraud, waste, mismanagement, misconduct, nonfeasance, misfeasance, or malfeasance.

- **FOUNDED** – Katherine Patti, in her position as Appeal Board Deputy Chief Administrative Law Judge, violated the Appeal Board Employee Handbook by failing to report a potential conflict of interest to her supervisor caused by her [Relative] hire with a law firm whose attorneys regularly represented clients in cases before the Appeal Board.

- **UNFOUNDED** – The evidence is insufficient to establish that Deputy Chief Administrative Law Judge Katherine Patti provided Amari & Locallo with favorable decisions in exchange for her [Relative’s] employment at that law firm.

The OEIG recommends that the Appeal Board take whatever action it deems appropriate regarding Ms. Patti. The OEIG also recommends that PTAB consider revising its policy governing potential and actual conflicts of interest to include a specific process for ALJ recusals when potential or actual conflicts of interest arise.

No further investigative action is needed and this case is considered closed.

Date: February 14, 2019

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