

**PUBLICATION OF REDACTED VERSION**  
**OF THE OEIG FOR THE AGENCIES UNDER THE GOVERNOR**  
**INVESTIGATIVE REPORT**

Case Number: 23-00862

Subject(s): Kimberly McCoy

Below is the redacted version of an investigative summary report issued by the Executive Inspector General for the Agencies of the Illinois Governor. Pursuant to section 20-50 of the State Officials and Employees Ethics Act (Act) (5 ILCS 430/20-50), a summary report of an investigation is required to be issued by an executive inspector general when, and only when, at the conclusion of investigation, the executive inspector general determines reasonable cause exists to believe a violation has occurred. If a complaint is not to be filed with the Executive Ethics Commission (Commission) for adjudication of the alleged violation, the Act further requires the executive inspector general to deliver to the Commission a statement setting forth the basis for the decision not to file a complaint and a copy of the summary report of the investigation and of the response from the ultimate jurisdictional authority or agency head regarding the summary report. 5 ILCS 430/20-50(c-5). The Act requires that some summary reports be made available to the public and authorizes the Commission to make others available. 5 ILCS 430/20-52. Before making them available, however, the Commission is to redact from them information that may reveal the identity of witnesses, complainants, or informants and may redact “any other information it believes should not be made public.” 5 ILCS 430/20-52(b).

Some summary reports delivered to the Commission may contain a mix of information relating to allegations with respect to which the executive inspector general did and did not determine reasonable cause existed to believe a violation occurred. In those situations, the Commission may redact information relating to those allegations with respect to which the existence of reasonable cause was not determined.

The Commission exercises its publication responsibility with great caution and seeks to balance the sometimes-competing interests of transparency and fairness to the accused and others uninvolved. To balance these interests, the Commission has redacted certain information contained in this report and identified where said redactions have taken place and inserted clarifying edits as marked. Publication of a summary report of an investigation, whether redacted or not, is made

with the understanding that the subject or subjects of the investigation may not have had the opportunity to rebut the report's factual allegations or legal conclusions before issuance of the report. Moreover, there has not been, nor will there be, an opportunity for the subject to contest or adjudicate them before the Commission. The subject merely has the opportunity to submit a response for publication with the report.

The Commission received this report and a response from the ultimate jurisdictional authority and/or agency in this matter from the Agencies of the Illinois Governor Office of Executive Inspector General ("OEIG"). The Commission, pursuant to 5 ILCS 430/20-52, redacted the OEIG's final report and responses and mailed copies of the redacted version and responses to the Attorney General, the Executive Inspector General for the Agencies of the Illinois Governor, and each subject.

The Commission reviewed all suggestions received and makes this document available pursuant to 5 ILCS 430/20-52. By publishing the below redacted summary report, the Commission neither makes nor adopts any determination of fact or conclusions of law for or against any individual or entity referenced therein.

– THE REDACTED VERSION OF THE EIG'S SUMMARY REPORT  
BEGINS ON THE NEXT PAGE –

## **I. INTRODUCTION**

On March 31, 2023, the OEIG received an anonymous complaint alleging that Illinois Department of Human Services (DHS) Mental Health Technician Kimberly McCoy obtained two PPP loans. Based on its investigation, the OEIG determined there is reasonable cause to believe that Ms. McCoy obtained two federal PPP loans based on falsified information.

## **II. BACKGROUND**

Kimberly McCoy began working for the State in 2014 as a Mental Health Trainee and worked her way through the Mental Health Technician (MHT) levels until she was promoted to a MHT II where she is responsible for overseeing individuals at a DHS development center and helping with their daily needs.

The PPP was created by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the Small Business Administration (SBA) to provide relief to small businesses affected by the COVID-19 pandemic. PPP loans were made to eligible businesses, which included sole proprietorships and self-employed individuals, for qualifying payroll costs and business operating expenses such as insurance, rent, and utilities.<sup>1</sup> To apply for the loan, a sole proprietor or self-employed individual needed to submit certain tax filings or other payroll documentation to an SBA-approved lender, establishing their eligibility and demonstrating the qualifying payroll amount, which as of March 2021 could be based on “gross income” reported on an IRS Form 1040, Schedule C.<sup>2</sup> PPP loans were eligible for forgiveness by the SBA if used on qualifying expenses and if at least 60% was used for payroll costs.<sup>3</sup>

## **III. INVESTIGATION**

### **A. PPP Records For Kimberly McCoy**

The OEIG located public records from the SBA showing that Ms. McCoy received two \$13,900 PPP loans around February 2021 and April 2021 for a sole proprietorship. The OEIG subpoenaed loan documents from the lender, which included a PPP Borrower Application Form dated February 3, 2021 (PPP Loan Application 1) and a PPP Second Draw Borrower Application form for Schedule C Filers dated April 8, 2021 (PPP Loan Application 2), both signed in the name of Ms. McCoy. On both applications, the “sole proprietorship” box was checked, the Business Legal Name was “KMCCOY TREATS,” and the business was categorized under a North American Industry Classification System (NAICS) code for “Caterers.” On both applications, Ms. McCoy was identified as the sole employee for a business that was established on June 12, 2015. Boxes check under “Purpose of the loan” on both applications reflected the loan was for “payroll costs” and “covered operations expenditures.” Both applications contained various certifications, all reflecting the initials “KM,” which included a statement that the application “was in operation

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<sup>1</sup> 15 U.S.C. § 636(a)(36); SBA Interim Final Rule, 85 FR 20811 (Apr. 15, 2020).

<sup>2</sup> SBA Interim Final Rules, 86 FR 3692 (Jan. 14, 2021) & 86 FR 13149 (Mar. 8, 2021) (expanded definition of “payroll costs” for sole proprietors); *see also* SBA Paycheck Protection Program Guidance (June 26, 2020), available at [https://www.sba.gov/sites/default/files/2020-12/How-to-Calculate-Loan-amounts-508\\_6-26-20.pdf](https://www.sba.gov/sites/default/files/2020-12/How-to-Calculate-Loan-amounts-508_6-26-20.pdf).

<sup>3</sup> *See id.*; 15 U.S.C. § 636(m).

on February 15, 2020...” Both loan applications also included certifications indicating that the funds would be used as authorized by PPP rules and that information provided in the application and supporting documentation was “true and accurate in all material respects.”

On PPP Loan Application 1, the average monthly payroll was identified as \$5,560, and this figure was used to calculate the loan amount of \$13,900. On PPP Loan Application 2, the gross income from “IRS Form 1040, Schedule C, line 7” for tax year 2019 was identified as \$66,720 and that figure was used to calculate the loan amount of \$13,900 (intended to cover a period up to 2.5 months). The same 2019 Schedule C form was submitted as support for both loan applications reflecting that the gross receipts or sales from Ms. McCoy’s business was \$96,442 and the expenses included advertising for \$4,416, car and truck expenses for \$2,686, legal and professional services for \$2,124, office expense for \$1,477, vehicles, machinery, and equipment for \$6,980, and utilities for \$1,638. Other documents were submitted related to the loans, including a copy of Ms. McCoy’s driver’s license, a void check from Ms. McCoy’s bank account, and a February 13, 2020 invoice from “[Company 1],” reflecting Ms. McCoy purchased \$2,348.84 in 500 business cards, shipping labels, a vintage popcorn machine, cotton candy machine cart, and 200 meal prep containers.

Two “Note[s]” as well as accompanying loan agreements from the lender were dated February 16 and April 9, 2021, and contained electronic signatures in Ms. McCoy’s name for loans in the amounts of \$13,900. Two PPP loan forgiveness applications were dated June 17 and August 23, 2021 respectively, and contained electronic signatures in Ms. McCoy’s name, indicating the amount spent on payroll costs was \$13,900 and requesting forgiveness of the full loan amounts. The applications included certifications that the borrower had complied with all requirements, including those related to eligible use of PPP loan proceeds, and that the information provided in the application was “true and correct in all material respects.” Documents from the SBA website<sup>4</sup> reflect that the SBA forgave in full both loans around June 2021 and September 2021.

## **B. DHS Secondary Employment Information and Online Research**

The OEIG requested from DHS any documents reflecting any secondary employment for Ms. McCoy. In response, DHS provided seven Reports of Secondary Employment, dated from 2016 through 2022, and one having no date. All of the forms, except the undated form, stated Ms. McCoy was employed only in her DHS position. The undated form indicated that Ms. McCoy had secondary employment as a residential counselor at an academy.

The OEIG also conducted a search of the Illinois Secretary of State records for corporations and found a listing for “KMCCOY ENTERPRISES LLC” which was created on February 26, 2021 and involuntarily dissolved on August 12, 2022.

## **C. Kimberly McCoy’s OEIG Interview**

On May 25, 2023, OEIG investigators interviewed MHT II Kimberly McCoy. Ms. McCoy said she has worked for DHS since 2014 and her duties and responsibilities as MHT II are to help

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<sup>4</sup> <https://www.sba.gov/funding-programs/loans/covid-19-relief-options/paycheck-protection-program/ppp-data#section-header-6>.

individuals with their daily needs such as their hygiene and going out into the community. Ms. McCoy said that in addition to her work at DHS, from 2019 to the end of 2020 or beginning of 2021, she ran her own business called KMcCoy Enterprises where she sold baked goods and small plates of food, and printed designs and sayings on t-shirts. Ms. McCoy said her customers were mainly people she knew and that they paid mostly in cash but sometimes through CashApp. Ms. McCoy said her business made less than \$1,000 in 2019 and 2020 and her business did not make any money in 2021.

Ms. McCoy confirmed she received a PPP loan with the help of Individual A. Ms. McCoy explained that Individual A is an accountant<sup>5</sup> who helped her set up her business and obtain an Employer Identification number, registered the business as a Limited Liability Company, and completed the PPP loan application her behalf, and stated that she paid Individual A \$1,500 to \$3,000 for these services. Ms. McCoy said Individual A brought up the PPP loan to her and said it could help her grow her business. Ms. McCoy said Individual A asked her for her name, social security number, address, business name, and banking information, which Ms. McCoy said she provided over the phone, but Individual A did not ask for any information related to her business finances or records. Ms. McCoy confirmed that she received documents related to the PPP loan through email which Individual A instructed her to review and sign. Ms. McCoy said she reviewed the PPP documents to make sure her name and social security number were accurate, but she did not review the certifications or rules for the loan and just assumed she was eligible for the loan.

When shown PPP Loan Application 1, Ms. McCoy stated that she had probably seen it before and received a copy of it through her email after Individual A completed it. Ms. McCoy confirmed the business name, her home address, and email address were listed on the application were accurate. Ms. McCoy further stated that the year of establishment was not accurate because she started her business in 2019 and not 2015 as listed on the application. Ms. McCoy said the NAICS code listed on the application for catering was “somewhat accurate,” but she never did big catering orders. Ms. McCoy said the average monthly payroll of \$5,560 was not accurate and she never made that much money in one month. Ms. McCoy said she did not know where that number came from. Ms. McCoy confirmed she signed PPP Loan Application 1 through DocuSign but does not recall placing her initials on the application, and said that if she had initialed the application, she would have noticed the inaccurate information.

When shown PPP Loan Application 2, Ms. McCoy claimed that she had never seen the application but said that the only person she could think of who might have completed the second draw application on her behalf was Individual A. Ms. McCoy said she did not recall discussing a second application with Individual A. Ms. McCoy said the gross income amount of \$66,720 listed on PPP Loan Application 2 was not accurate and she did not know where that number came from. Ms. McCoy said she did not recall reading, signing, or placing her initials on this application.

When shown the Schedule C form that was submitted with the PPP loan applications, Ms. McCoy admitted that the gross receipts or sales listed as \$96,442 was “absolutely not” accurate, nor was the tentative profit amount. Ms. McCoy said she had no idea where that number came from and reiterated that she made less than \$1,000 per year from her business. Ms. McCoy said

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<sup>5</sup> Ms. McCoy said she met Individual A through a friend approximately three to four years ago, Individual A sometimes filed her personal taxes, and Individual A is not a State employee.

the advertising listed as \$4,416, the car and truck expenses of \$2,686, the legal and professional services of \$2,124, the office expense of \$1,477, and the rent or lease or vehicles, machinery, and equipment of \$6,980 either were inaccurate or she did not know where they came from. Ms. McCoy said she never did advertising for her business or tracked car expenses, her business was never large enough to need legal services, and she never had any machines or equipment for her business. Ms. McCoy said the utilities expense of \$1,638 could be accurate since she operated her business from her home and had to pay utilities. Ms. McCoy claimed she did not give any of these numbers to Individual A, did not know where Individual A got them from, and reiterated that they were not accurate. Ms. McCoy said she did not know Individual A completed a Schedule C on her behalf for any PPP application. Ms. McCoy confirmed she provided her driver's license to Individual A but said Individual A never asked her for any expenses for her business. Ms. McCoy said she was not familiar with the invoice submitted with the loan applications.

Ms. McCoy confirmed she received the first \$13,900 loan. Ms. McCoy claimed she was not familiar with the Note or lender agreement for the first loan, but that she probably signed it without reading the terms and conditions of the agreement. Ms. McCoy claimed it is possible she saw the second loan agreement and Note but could not recall. Ms. McCoy said she also did not recall signing the second loan agreement but confirmed that her banking information included on the Note was accurate. Ms. McCoy also claimed she had no recollection of receiving the second \$13,900 loan, and said she thought she would have noticed the second loan being deposited into her bank account because she checks it on her phone two to three times each day, but also said that it is possible that she gambled the money away without realizing it was in her bank account.

When shown the forgiveness application for the first loan, Ms. McCoy said she did not see any documents associated with loan forgiveness, but that Individual A completed the forgiveness application on her behalf with her permission. Ms. McCoy said she did not spend the loan on payroll but instead spent the money on bills and gambling. Ms. McCoy claimed she was not familiar with the second loan forgiveness application.

Ms. McCoy claimed that although she gave Individual A permission to complete PPP Loan Application 1 on her behalf, she did not know the numbers were inaccurate and would not have let Individual A submit the application on her behalf if she knew there was incorrect information. Ms. McCoy said that she did not read all the information on the documents, and she just signed them because Individual A told her to look out for the documents in her email. Ms. McCoy said that her intention was to use the loan to start her business, and she did not know the loan was meant for existing businesses that were struggling due to the pandemic. Ms. McCoy said she is used to taking out loans to use for gambling that she signs without reading, which is what she did with her first PPP loan.

Ms. McCoy claimed she generally knew about DHS's secondary employment policy, but she had not seen the policy before and was not familiar with the specific details in the policy. Ms. McCoy said that her understanding was that secondary employment was when a State employee had a second job at another place like a fast food restaurant, and that the second job could not conflict with a State employee's work schedule. Ms. McCoy said she was not aware that secondary employment also included self-employment. Ms. McCoy said she never reported her business to DHS as secondary employment because she never knew that she needed to since her business was

conducted from her home, she did not have any employees, and her business never conflicted with her DHS employment.

#### D. Documents Obtained After the Interview

After Ms. McCoy’s interview, OEIG investigators obtained Ms. McCoy’s bank checking account statements for the period of January 26 to September 24, 2021. These records reflect that Ms. McCoy generally received direct deposits from the State of Illinois into this account twice a month (her State paychecks) and, among other things, that the following transactions occurred on the dates that Ms. McCoy received PPP loans.<sup>6</sup>

February 17, 2021	April 13, 2021
+ \$13,900 deposited from the lender associated with PPP Loan 1	+ \$13,900 deposited from the lender associated with PPP Loan 2
- \$1,500 Zelle transfer to someone with Individual A’s unique first name	- \$1,500 Zelle transfer to someone with Individual A’s unique first name
- \$500 Zelle transfer to someone with Individual A’s unique first name	- \$500 Zelle transfer to someone with Individual A’s unique first name <sup>7</sup>
- \$1,000 in ATM withdrawals	- \$5,000 check from Ms. McCoy to herself
- \$300 transfer to Ms. McCoy’s savings account	- \$2,000 CashApp payment to Kimberly
+ \$280 transfer from Ms. McCoy’s savings account	- \$1,000 ATM withdrawal
	- \$200 transfer to Ms. McCoy’s savings account <sup>8</sup>

Of note, OEIG investigators reviewed Ms. McCoy’s March 26 to April 26, 2021 statement, in particular, and calculated that her checking account balance appeared to be approximately \$1,186.80 on April 12, 2021, the day before the second loan was deposited into the account.

#### IV. ANALYSIS

The DHS Rules of Employee Conduct state that an employee’s “conduct while off-duty may subject the Employee to discipline up to and including discharge” when the conduct raises “reasonable doubt concerning the Employee’s suitability for continued state employment.”<sup>9</sup> In addition, the State of Illinois Code of Personal Conduct provides that “A State Employee will conduct himself or herself...with integrity and in a manner that reflects favorably upon the State.”<sup>10</sup>

<sup>6</sup> There were other transfers and withdrawals on these two dates, but the ones included in the chart are the most relevant.

<sup>7</sup> In the approximately eight months of bank records the OEIG reviewed for Ms. McCoy, it only located one other Zelle transfer to someone with Individual A’s unique first name, specifically \$1,000 on July 26, 2021.

<sup>8</sup> \$190 of this amount was seemingly transferred back to Ms. McCoy’s checking account within 3 days after the initial transfer. The OEIG also obtained Ms. McCoy’s savings account statements for these same timeframes and confirmed these transactions.

<sup>9</sup> DHS Administrative Directive 01.02.03.040.

<sup>10</sup> Illinois Code of Personal Conduct, Conduct Unbecoming of a State Employee (2017 & March 17, 2021).

Moreover, the DHS secondary employment policy requires employees to complete a new Report of Secondary Employment form annually, confirming “any secondary employment, including self-employment, or whether no secondary employment exists.” It further states that employees who want to engage in previously unreported outside employment need to submit a Report of Secondary Employment form within five working days of commencing secondary employment and receive approval to engage in the secondary employment. The policy states that “[f]ailure to have an accurate and current form submitted may result in disciplinary action, up to and including discharge.”<sup>11</sup>

Ms. McCoy acknowledged that she obtained her first PPP loan of \$13,900 in 2021, that she used the proceeds, and that the loan was forgiven in full by the SBA. The information in Ms. McCoy’s loan documentation, however, was false. In her interview, Ms. McCoy admitted that the income amounts on the first application and Schedule C were all incorrect and more specifically admitted that her business only made \$1,000 in 2019 and 2020 and her business did not make any money in 2021. Ms. McCoy admitted that after being approved for the first PPP loan, she spent the loan proceeds of \$13,900 in public funds for personal things such as bills and gambling.

Ms. McCoy claimed that Individual A completed at least the loan and forgiveness documents for the first loan with her permission and on her behalf. Ms. McCoy acknowledged that she was given opportunities to review the application, but instead she chose not to take action to verify the information was accurate.

Ms. McCoy denied seeing the second loan and forgiveness applications at all but said it was possible that Individual A completed these documents on her behalf and that the information listed on the second loan application was also not accurate. Although Ms. McCoy claimed to not have known anything about the second loan, she said she checked her bank account balance on a daily basis and her bank records reflect she received the second loan on April 13, 2021 and paid Individual A the same day. Additionally, the day prior to the second PPP deposit, Ms. McCoy’s checking account had an approximate balance of only \$1,186.80 and on the very same day that the \$13,900 loan proceeds were electronically deposited into her account, Ms. McCoy made withdrawals totaling more than \$8,000.

In addition, while Ms. McCoy claims to have operated her business from 2019 to probably 2021, she admitted she never reported it to DHS. Therefore, there is reasonable cause to believe Ms. McCoy submitted or caused to be submitted two loan applications with false information and received and improperly spent the loans in violation of DHS and State of Illinois policies on employee conduct and secondary employment.

## V. [REDACTED] AND RECOMMENDATIONS

Based on the evidence detailed above, the OEIG has determined **THERE IS REASONABLE CAUSE TO BELIEVE THE FOLLOWING:**

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<sup>11</sup> DHS Administrative Directive 01.02.03.120. The policy states that if secondary employment is reported, the form will be placed in the employee’s official personnel file. *Id.*



- **[REDACTED]** – Kimberly McCoy obtained two federal PPP loans based on falsified information in violation of DHS and State of Illinois policies on employee conduct.
- **[REDACTED]** – Kimberly McCoy failed to report secondary employment in violation of DHS policy.

Regardless of the ease of procuring these PPP funds, this was not free money for the taking. These loans, as with any other, required truthful information as a basis for approval. State employees are expected, at minimum, to maintain the public’s trust and confidence. Misappropriating such funds is far from being ethical, professional, acting with integrity, or conducting oneself in a manner that reflects favorably upon the State. Accordingly, the OEIG recommends that DHS terminate Kimberly McCoy.

Date: July 20, 2023

Office of Executive Inspector General  
for the Agencies of the Illinois Governor  
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By: **Alexa Vouros**  
Assistant Inspector General

**Francesca Lynn**  
Investigator



JB Pritzker, Governor

Illinois Department of Human Services

Grace B. Hou, Secretary

**Office of the General Counsel**

69 West Washington • 9<sup>th</sup> Floor • Chicago, Illinois 60602

July 27, 2023

***Via e-mail to Senior Paralegal Sherry Bult (at [REDACTED]@illinois.gov), on behalf of:***

Susan M. Haling

Executive Inspector General

Office of the Executive Inspector General for the Agencies of the Illinois Governor

69 West Washington Street, Suite 3400

Chicago, Illinois 60602

RE: Response to the Final Reports for Complaints Transmitted on July 20, 2023

Dear Executive Inspector General Haling:

This letter responds to the set of 22 Final Reports for the complaints transmitted to the Department of Human Services (DHS) on July 20, 2023. The complaints are being reviewed. Your office will receive an update as these matters move along. If you have any questions, please feel free to contact Robert J. Grindle, DHS' Ethics Officer.

Regards,

/s/ Grace B. Hou by /s/ Robert J. Grindle

Grace B. Hou  
Secretary



JB Pritzker, Governor

Dulce M. Quintero, Secretary Designate

Office of the General Counsel

69 W. Washington St. • Ste. 901 • Chicago, IL 60602

March 1, 2024

*Via e-mail to Senior Paralegal Sherry Bult (at [REDACTED]@illinois.gov) on behalf of:*

Susan M. Haling

Executive Inspector General

Office of the Executive Inspector General for the Agencies of the Illinois Governor

69 West Washington Street, Suite 3400

Chicago, Illinois 60602

RE: Updated Response to the Final Report for Complaint 23-00862

Dear Executive Inspector General Haling:

This letter updates a previous response for the Final Report for Complaint Number 23-00862. That Final Report details two [REDACTED] allegations, regarding the federal Paycheck Protection Program (PPP) and failure to report secondary employment. It makes one recommendation. That recommendation has been followed.

The Department of Human Services (DHS) initiated the disciplinary process. That process is complete, including resolution of all grievances. The individual remains discharged from State employment.

With the employee's separation complete, DHS considers this matter closed. If you have any questions, please feel free to contact Robert J. Grindle, DHS' Ethics Officer.

Regards,

/s/ Dulce Quintero by /s/ Robert J. Grindle

Dulce Quintero

Secretary-designate