

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

Case Number: 23-00644

Subject(s): Deborah Reynolds-Jones

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

Based on finding evidence of a State employee fraudulently obtaining a federal Paycheck Protection Program (PPP) loan, the OEIG conducted a larger review to determine whether State employees properly obtained PPP loans and provided notice of secondary employment. Due to the large volume of PPP loans obtained by State employees, the OEIG narrowed its review based on certain factors including those State employees who received approximately \$20,000 or more in PPP loan funds.¹

The OEIG self-initiated this investigation regarding a \$20,000 PPP loan obtained by Deborah Reynolds-Jones while employed at the Illinois Department of Human Services (DHS). The OEIG determined that Ms. Reynolds-Jones obtained a federal PPP loan based on falsified information in violation of DHS and State of Illinois policies on employee conduct.

II. BACKGROUND

Ms. Reynolds-Jones began working for the State in March 2016 and currently works at DHS as a Human Services Caseworker.

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.² 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.³ PPP loans were eligible for forgiveness by the SBA if used on qualifying expenses and if at least 60% was used for payroll costs.⁴

III. INVESTIGATION

A. PPP Records For Ms. Reynolds-Jones

The OEIG located public records from the SBA showing that Ms. Reynolds-Jones received a \$20,000 PPP loan in approximately March 2021 for a sole proprietorship. The OEIG subpoenaed loan documents from the lender, which included a loan application for “Schedule C Filers,” signed in Ms. Reynolds-Jones’ name and dated March 22, 2021. The “Sole proprietor” box was checked, the Business Legal Name was “Deborah Reynolds-Jones” with establishment year 2019, and the

¹ From the OEIG’s review, in order to be eligible for at least \$20,000 in loan proceeds, the small business typically had approximately \$100,000 or more in yearly net profit or gross income. The OEIG will be referring to the Ultimate Jurisdictional Authority those State employees who obtained PPP loans in smaller amounts or were not investigated for other logistical reasons.

² 15 U.S.C. § 636(a)(36); SBA Interim Final Rule, 85 FR 20811 (Apr. 15, 2020).

³ SBA Interim Final Rule, 86 FR 13149 (Mar. 8, 2021) (expanded definition of “payroll costs” for sole proprietors).

⁴ *See id.*; 15 U.S.C. § 636(m).

business was categorized under a code for “Marketing Consulting Services.” Ms. Reynolds-Jones was identified as the primary contact for the business and the application reflected that the business had one employee including the owner. A box checked under “Purpose of the loan” reflected the loan was for payroll costs, rent/mortgage interest, utilities, and other unspecified expenses. The form contained various certifications, all reflecting the initials “DR,” which included a statement that the applicant “was in operation on February 15, 2020...and was either an eligible self-employed individual, independent contractor, or sole proprietorship with no employees, or had employees for whom it paid salaries and payroll taxes or paid independent contractors, as reported on Form(s) 1099-MISC”; a statement that the funds would be used as authorized by PPP rules; and a statement that information provided in the application and supporting documentation was “true and accurate in all material respects.”

On the application, the gross income from tax year 2019 from the “IRS Form 1040, Schedule C, line 7” was identified as \$96,000. That figure was used to calculate the loan amount of \$20,000 (intended to cover a period up to 2.5 months). A 2019 Schedule C Profit or Loss From Business (Schedule C) form in Ms. Reynolds-Jones’ name reflected a principal business or profession of “Administrative Services” and a business code for an “Other Administrative Services” business. The 2019 Schedule C form further reflected that Ms. Reynolds-Jones’ gross receipts or sales were \$96,000 with \$3,000 in unspecified expenses.⁵

Other documents were submitted related to the loan, which included:

- a bank statement for January 25 through February 25, 2020, for an account in Ms. Reynolds- Jones’ name; and
- a copy of Ms. Reynolds-Jones’ Illinois driver’s license.

A “Note” was dated March 31, 2021, and contained an electronic signature in Ms. Reynolds-Jones’ name for a loan in the amount of \$20,000, and an Additional and Correction Documents Agreement contained an electronic signature in Ms. Reynolds-Jones’ name for the same date. A PPP loan forgiveness application was dated September 14, 2021, and contained an electronic signature in Ms. Reynolds-Jones’ name, indicating the amount spent on payroll costs was \$20,000 and requesting forgiveness of the full amount of \$20,000. The application 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.” An SBA form, included in the lender documents, stated that the loan had been forgiven in full on September 21, 2021.

B. DHS Secondary Employment Information

The OEIG requested from DHS Ms. Reynolds-Jones’ personnel file, including documentation reflecting any secondary/outside employment. In response, the OEIG received DHS Report of Secondary Employment forms signed in Ms. Reynold-Jones’ name and dated 2016

⁵ The Schedule C form instructions provide that net profit for the business is obtained by subtracting the expenses from the gross income. On Ms. Reynolds-Jones’ form, however, the expenses of \$3,000 were mistakenly added to, instead of being subtracted from, the gross income of \$96,000, and the listed tentative profit is \$99,000.

and 2017, as well as January 28, 2020, and February 9, 2022 reflecting that she had no secondary employment.

C. Ms. Reynolds-Jones' OEIG Interview

On April 12, 2023, the OEIG interviewed Ms. Reynolds-Jones. Ms. Reynolds-Jones said that she is the sole owner of a business called [Business 1] and her business sells gift boxes that contain bath beads, incense, incense holders, and other items for relaxation. She said that she operates the business out of her home and sells the items through a website she has for the business and at pop-up shops, which she described as a business place where different vendors came to sell their products. She said a lot of her sales are to family and friends but customers also found her on her social media pages. Ms. Reynolds-Jones later said that most of her sales came from the approximate five pop-up shops she attended and that these customers mostly paid in cash. Ms. Reynolds-Jones said that she has a business phone that she obtained about a month prior to her interview, but has not used the phone yet.

Ms. Reynolds-Jones said that she sold her first gift box in March of 2020 and estimated that she has had about 50 customers since then. She stated that she had no idea how many boxes she sells per year, but has sold maybe 75 boxes since she has been in business and most of those sales were between March and October 2020. She estimated that her gross profits were between \$2,500 to \$3,000 in 2020, \$500 in 2021, and \$100 in 2022 and that she worked about 15 hours per week for her business in 2020. Ms. Reynolds-Jones stated the only employees she had were her relatives who helped her put the boxes together and delivered the boxes to the post office and customers. Ms. Reynolds-Jones said she paid her relatives by the project but could not recall how much she paid them in 2020 to help with her business. Later in the interview, Ms. Reynolds-Jones said that from around October 2020 until January 2021 she also sold a weight loss drink through her [Business 1] business.⁶

Ms. Reynolds-Jones confirmed that she did not report her [Business 1] business to DHS. Initially she said that the DHS paperwork for reporting secondary employment always comes out in March and when the paperwork came out in March of 2020, she had not started her business yet. She said she did not officially start [Business 1] until late March of 2020. She then said she assumed the DHS paperwork for secondary employment was for a second job such as working at Walgreens or a company, and she did not think about it pertaining to self-employment. Ms. Reynolds-Jones said she felt that she did not have to report her business to DHS as secondary employment in 2021 and 2022 because it was self-employment and she did not have any revenue from her business. Ms. Reynolds-Jones was shown her DHS Report of Secondary Employment forms dated January 28, 2020, and February 9, 2022 reporting that she did not have secondary employment and she confirmed her signatures on the forms.

Ms. Reynolds-Jones said she learned about the PPP loans from a barber who owned his own business, and he provided her the phone number of a company⁷ to call to help her obtain a

⁶ Ms. Reynolds-Jones said the estimates of gross income she previously provided for her business did not include sales of the drinks.

⁷ Ms. Reynolds-Jones provided the OEIG with name of the company that was provided to her by the barber and that she said assisted her with the PPP loan. The OEIG searched for the business in the Illinois Secretary of State's business

loan. She said that the barber, who was not a State employee, passed away about one month prior to her interview and that she thought she knew his first name but not his last name. Ms. Reynolds-Jones said that she was told the purpose of the PPP loans was to help out small businesses that may have been affected by COVID and to help pay any type of debt they may have.

Ms. Reynolds-Jones said she contacted the company that the barber told her about, and she provided the information that the company requested, including her personal information, such as her Social Security number, bank account number and routing number, a copy of one of her bank statements, the taxpayer identification number for her business, and a copy of her driver's license, as well as information about her business and the revenue from it. Ms. Reynolds-Jones said she communicated with the company via phone calls about five or six times, text four or five times, and email two or three times. She said that company told her to go to a lender service provider's website and create an account and receive a PIN number, which she did. She said the company then asked for that PIN number and she provided it to them. She said that she received a message from the lender service provider that she needed to sign the documents, which she did electronically. Ms. Reynolds-Jones claimed she did not complete any part of the application except for her signature. She said she paid the company that assisted her with the PPP loan \$3,000 for their services through a payment application. Ms. Reynolds-Jones thought she only signed one document and that document had information on it, such as the name of the bank and a notice that she may have to pay the loan back. When asked if she reviewed the documents she signed, she said she "glanced" at them, adding that sometimes there are terms that she may not understand completely, but she felt like she "had the basics of it." She said she made sure she kept a copy of the document she signed and took a screenshot of it. Ms. Reynolds-Jones said she texted the company on September 14, 2021 because she had not received the loan forgiveness paperwork and they told her that she could go to a website and fill out the paperwork, which she did.

When shown her PPP loan application, Ms. Reynolds-Jones said she did not recognize, complete, or sign the application documents, but confirmed that her personal information including her Social Security number, taxpayer identification number, personal cell phone number, and email address are correctly listed on the application. Ms. Reynolds-Jones said she did not have a business in 2019 and the listed \$96,000 gross income from her business in 2019 was not accurate. She said that she did not give anyone permission to sign documents for her. Ms. Reynolds-Jones also said her Schedule C form did not look familiar and she did not complete the form nor did she file it with her 2019 tax return. She confirmed that the Schedule C form contained her Social Security number and home address. Ms. Reynolds-Jones was shown a copy of the SBA Note for her PPP loan and said that the signature looked like it could be hers and that the page with the signature looked like the page that she mentioned earlier that she signed. Ms. Reynolds-Jones confirmed that she received the \$20,000 in PPP loan money around in April or May 2021.

When first shown her loan forgiveness application, Ms. Jones initially said it did not look familiar to her. When reminded that she said earlier in her interview that she completed a PPP loan forgiveness application, Ms. Reynolds-Jones then said that if the loan forgiveness application

database, but there were multiple results with some form of the business name Ms. Reynolds-Jones provided. Following her interview, Ms. Reynolds-Jones forwarded emails to the OEIG that purported to be from the company, from an email address that contained the same company name Ms. Reynolds-Jones provided in her interview, but they did not indicate the company's physical address or other identifiers.

was after December, then it probably was hers. When told the forgiveness application is dated September 14, 2021, Ms. Reynolds-Jones then said that it was probably the loan forgiveness application that she completed. When shown that the loan forgiveness application reflected that all \$20,000 of the PPP loan was spent on payroll from March 31 to September 14, 2021, Ms. Reynolds-Jones said she did not recall if she completed that portion of the application. She then said she did not complete anything on the top portion of the application nor did she put the numbers and dates on the application. She added that she has no recollection of completing the form. Ms. Reynolds-Jones said she did not recall if she initialed the form and then claimed the signature on the form was not hers. Ms. Reynolds-Jones confirmed that the portion of the forgiveness application reflecting that all of her PPP loan was spent on payroll was not correct. Ms. Reynolds-Jones said she was unsure if her PPP loan was forgiven.

Ms. Reynolds-Jones said she spent about \$15,000 of the PPP loan money on creating a workspace in her kitchen at home and also spent the loan money on inventory, her website, and gave her relatives some money because she had not paid them much for their work. Ms. Reynolds-Jones initially said she gave her relatives approximately \$500 or something like that, but then said that she may have paid her relatives an approximate total of \$1,000.

D. Documents Obtained After the Interview

Subsequent to Ms. Reynold-Jones' interview, the OEIG received several emails from her email address that included copies of emails and screenshots of text messages dated March 16 through September 14, 2021 that were purported to be between Ms. Reynolds-Jones and the company that helped her obtain the PPP loan. In several of the emails, Ms. Reynolds-Jones provided the company with her personal information, including her Social Security number, taxpayer identification number, cell phone number, copy of her driver's license, and bank account and routing number. In a screenshot of a text message dated September 14, 2021, Ms. Reynolds-Jones was asked if she received an email about loan forgiveness and she responded that she had not, adding she thought since they did the paperwork, they would assist with it, adding, "I'm not sure what you told them exactly." Ms. Reynolds-Jones did not provide the OEIG with a copy of the screenshot that she said she took of the PPP loan document that she signed.

The OEIG also received an email message dated April 24, 2023, from Ms. Reynolds-Jones' email address in which she wrote that she had updated her secondary employment, that she has learned to read documents before she signs them, she did not know a PPP loan was strictly for paying employees, and if she has to pay the money back, she will do so.

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."⁸ 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."⁹

⁸ DHS Administrative Directive 01.02.03.040.

⁹ Illinois Code of Personal Conduct, Conduct Unbecoming of a State Employee (2017 & March 17, 2021).

Additionally, 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.”¹⁰

Mr. Reynolds-Jones admitted that she paid a company to apply for a PPP loan on her behalf; provided her personal information to the company, including her Social Security number and bank account information; created an account on a lender service provider website; and signed a document that was related to the loan. The information in Ms. Reynolds-Jones’ loan documentation, however, was false. Ms. Reynolds-Jones’ loan application and Schedule C listed 2019 gross receipts or sales in an amount of \$96,000, and the application certified that her sole proprietorship was in operation on February 15, 2020. Ms. Reynolds-Jones admitted that the listed 2019 gross income was inaccurate and that she did not even have her business in 2019; she also admitted that she did not make her first sale until March 2020. Additionally, although she gave inconsistent answers when shown the PPP loan forgiveness application, Ms. Reynolds-Jones initially admitted that she applied for loan forgiveness herself. The forgiveness application reflected that all of the \$20,000 PPP loan was spent on payroll, but Ms. Reynolds-Jones confirmed that this was incorrect and that she spent at least some of the money on other matters.

Ms. Reynolds-Jones’ choice not to review the PPP loan paperwork does not absolve her responsibility to ensure the information being submitted on her behalf to obtain federal money was accurate. Ms. Reynolds-Jones admitted that she authorized the company to apply for the loan on her behalf, she signed at least one loan document, accepted the loan proceeds of \$20,000 in public funds and spent the money, and applied for forgiveness herself. Documents show that the loan was forgiven in full by the SBA.

Thus, Ms. Reynolds-Jones caused to be submitted a PPP loan application with false information and received and spent the loan proceeds. Ms. Reynolds-Jones also admitted that she did not report her business to DHS as secondary employment. Based on the evidence, there is reasonable cause to believe that Ms. Reynolds-Jones violated 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:**

- [REDACTED] – Ms. Reynolds-Jones obtained a federal PPP loan based on falsified information in violation of DHS and State of Illinois policies on employee conduct.

¹⁰ 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]** – Ms. Reynolds-Jones 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 Ms. Reynolds-Jones.

Finally, DHS policy requires employees to complete a new Report of Secondary Employment form annually, even if no secondary employment exists. DHS, however, did not produce secondary employment forms for Ms. Reynolds-Jones for 2018, 2019, and 2021. The OEIG recommends that DHS work with its appropriate staff to ensure that managers are requiring employees to annually complete Reports of Secondary Employment forms pursuant to DHS policy. The OEIG also recommends that DHS work on ensuring that those forms are properly maintained.

Date: July 20, 2023

Office of Executive Inspector General
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By: Melissa Rollins
Assistant Inspector General

David Harmon
Investigator



JB Pritzker, Governor

Illinois Department of Human Services

Grace B. Hou, Secretary

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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

April 16, 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 23-00644

Dear Executive Inspector General Haling:

This letter updates a previous response for the Final Report for Complaint Number 23-00644. That Final Report details two [REDACTED] allegations, regarding the federal Paycheck Protection Program (PPP) and failure to report secondary employment. It makes three recommendations. The recommendations are being followed.

The Department of Human Services (DHS) began the disciplinary process, but the employee resigned during that process. In addition, regarding the other two recommendations, DHS recently improved the process for secondary employment form completion, review and maintenance.

With the employee's separation complete and DHS having improved the process, 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