

Operation Greylord Revisited: Lessons Learned from an Insider's Perspective

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Operation Greylord Revisited: Lessons Learned from an Insider's Perspective

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2.0 hours MCLE credit, including 2.0 hours *approved* Professional Responsibility MCLE credit in the following category: *Professionalism, Civility, or Legal Ethics credit*

Don't miss this opportunity to hear from Terrence Hake as he recounts how he worked undercover for the FBI during the 1980s by posing as a corrupt prosecutor accepting bribes from attorneys and, later, as an attorney in private practice making payoffs to Cook County judges and court personnel for the dismissal of cases. The investigation, known as "Operation Greylord," resulted in bribery and tax charges being filed against 103 judges, lawyers, and other court personnel, and is one of the FBI's most successful undercover investigations. Mr. Hake has lectured extensively to business professionals, attorneys, and law students across the country concerning the ethical lessons learned from Greylord. Join us for this interesting and historical program that examines:

- The ethical lessons learned from Operation Greylord;
- How one ethical dilemma was resolved; and
- How attendees can use this information in the future when making ethical decisions.

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Raquel G. Martinez, Attorney at Law, Indiana

Program Moderator:

Hon. Donald D. Bernardi (ret.), Normal

Program Speaker:

Terrence Hake, Attorney at Law, Winnetka

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TAB 1

***Operation
Greylord Revisited:
Lessons Learned from an
Insider's Perspective***

Terrence Hake

U.S. Dept. of Justice OIG (retired)

Cook County State's
Attorney's Office (retired)



1

Terrence Hake is a 1977 graduate of Loyola University of Chicago School of Law. He served for five years as prosecutor in the Cook County State's Attorney's Office and later as an FBI Agent. In April of 1980, he agreed to assist the FBI and the United States Attorney's Office in the Operation Greylord investigation of the Cook County Court system. For three- and one-half years, he worked undercover posing as a corrupt prosecutor by accepting bribes from attorneys and later as an attorney in private practice making payoffs to judges and court personnel for the dismissal of cases. When the last Greylord trial concluded in 1994, Mr. Hake had testified at the trials of 23 defendants.

Greylord resulted in bribery and tax charges being filed against 103 judges, lawyers and other court personnel and is one of the FBI's most successful undercover investigations.

2

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2

Teddy Roosevelt

"Unless a man is honest, we have no right to keep him in public life, it matters not how brilliant his capacity, it hardly matters how great his power of doing good service on certain lines may be... No man who is corrupt, no man who condones corruption in others, can possibly do his duty by the community."

3

3

Greylord 1977 to 1997 (2010)

Greylord's History is still an important ethical lesson for Attorneys in 2023.

4

4

Greylord

The FBI named the investigation "Operation Greylord" after a racehorse and not the wigs worn by British Jurists as is commonly reported.

5

5

Greylord eventually was a Joint Investigation including the IRS, CPD, ISP and Postal Inspectors



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Federal Public Corruption Task Force Convictions

Greylord and Gambat

Charged	124
Convicted	117
Acquitted	4
Other	3

7

Federal Public Corruption Task Force Convictions

Greylord and Gambat	Charged	Convicted
Judges and Former Judges	20	18
Lawyers	59	55 (1 fugitive)
Police Officers	10	10
Deputy Sheriffs	11	10 (1 deceased)
Organized Crime	17	16 (1 deceased)
Politicians (State Senator and Alderman)	2	2
Other	6	6

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Greylord: Public Corruption Undercover Case

- Over 100 UCAs used / 4 UC Attorneys.
- The 3 1/2-year undercover operation took place in the 1980s. The first listening device ever placed in a judge's chambers occurred in the undercover phase, when the narcotics court chambers of Judge Wayne Olson was bugged.

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Operation Greylord

Statutes Utilized

- Racketeering
- Extortion
- Mail Fraud
- Bribery
- Perjury / False Statements to Law Enforcement
- IRS / Criminal Tax Charges – Tax Evasion, Filing False Tax Returns, Failure to File Tax Returns

10

Edmund Burke

**All that is necessary for the triumph of
evil is for good men to do nothing.**

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An Attorney's Ethical Dilemma

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Ethical Dilemma

- **Could happen to you as an Attorney**
- **No Win Situation**
- **Damned if you Do Act**
- **Damned if you don't Act**

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Decision Making Process

I employed in determining what was the ethical or right action in reporting and investigating my best friend from the SAO.

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Initial Meeting

My friends could be involved

Your friends could be involved

15

Lunch

Recent Bribe

Would it Not be Better if...?

Reported to FBI

16

Friends taking in a Sporting Event

His Relationship with Attorney Dean Wolfson

Bribe Offer

Offer to Cops

Introduce him to Judge Olson

Frankie at the Restaurant

Ride Home

Report to FBI

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PCP Case in Court

Introduction to Judge Olson

Called into Hallway

Recorder Turned On

18

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Why did I:

- **Report him Immediately to FBI?**
- **Introduce him to Judge Olson in bugged Chambers?**
- **Turn Tape Recorder on, when he called me into hallway?**

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Reasons for Reporting

- **Friend or not, he was violating the Law and Rules of Professional Conduct for Attorneys**
- **Law and Rules are there for a reason. They Act as a Safe Guides for our Professional Conduct**

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As ASAs and as Attorneys

- **You cannot be Selective about following the law**
- **You must follow it to the Letter**
- **You do not have an option to report misconduct; it is an Obligation**

21

21

Second Reason

Self-Preservation

Think of Consequences of not reporting to your careers as Attorneys

22

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Other Ethical Thoughts

- **Unethical Behavior begins with the small stuff**
- **Establish self-imposed lines you will not cross**
- **Remember Ethics comes from inside the individual; therefore, the root of Ethical Behavior is me**

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Did I Betray a Friend?

- **Did not report Death Threat**
- **Tried to Bribe me and make me a Criminal**

24

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Case Law on Reporting Misconduct

In re Himmel

125 Ill.2d 531, 533 N.E.2d 790 (Ill. 1988)

A lawyer has the duty to report misconduct of other lawyers.

ARDC

Rule 8.4 (a) (b)

25

25

In Re: Himmel

Himmel represented a client whose former attorney, John Casey, had settled the client's PI case and converted the 23,000 due the client.

Himmel negotiated an agreement with Casey where Casey promised to pay the client 75,000 and the client agreed not to initiate any criminal, civil or ARDC action vs. Casey.

26

26

Himmel

- Himmel was to receive 1/3 of any amount over the \$23,000. The client only recovered 10,000 from Casey and Himmel then sued Casey. The lawsuit was reported to the ARDC.
 - Decision made during Greylord Trials
 - Ruling: Failure to Report Misconduct
- Suspension of 1 year

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Greylord The ARDC and The Rules of Professional Conduct

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Rule 8.4 (a) (b) (c)

Judge Thomas Maloney

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Rule 8.4 Misconduct

It is professional misconduct for a lawyer to:

- (a) violate or attempt to violate the Rules of Professional Conduct, knowingly assist or induce another to do so, or do so through the acts of another.
- (b) commit a criminal act that reflects adversely on the lawyer's honesty, trustworthiness, or fitness as a lawyer in other respects.
- (c) engage in conduct involving dishonesty, fraud, deceit, or misrepresentation.
- (d) engage in conduct that is prejudicial to the administration of justice.
- (e) state or imply an ability to influence improperly a government agency or official or to achieve results by means that violate the Rules of Professional Conduct or other law.
- (f) knowingly assist a judge or judicial officer in conduct that is a violation of applicable rules of judicial conduct or other law. Nor shall a lawyer give or lend anything of value to a judge, official, or employee of a tribunal, except those gifts or loans that a judge or a member of the judge's family may receive under Rule 65(C)(4) of the Illinois Code of Judicial Conduct. Permissible campaign contributions to a judge or candidate for judicial office may be made only by check, draft, or other instrument payable to or to the order of an entity that the lawyer reasonably believes to be a political committee supporting such judge or candidate. Provision of volunteer services by a lawyer to a political committee shall not be deemed to violate this paragraph.

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Thomas Maloney

Convicted of taking bribes on 4 cases

- 1. \$100,000 from Ghost Shadows**
- 2. \$10,000 from El Rukns**
- 3. \$4,000 for a charge less than Murder**
- 4. \$2,300 on a deceptive practices case to guarantee defendant would not serve time**

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Finding

ARDC moved to revoke Maloney's law license

Ruling: He violated Rule 8.4

- (a) Commit a criminal act that reflects adversely on the lawyer's honesty...**
- (b) engage in conduct involving dishonesty, fraud...**
- (c) engage in conduct that is prejudicial to the administration of justice.**

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Maloney

In March 2008, after being released from Lompoc, but while still on home confinement, Maloney blamed his conviction on "overreaching" prosecutors, pathetic defense attorneys and "scumbag" witnesses.

7 months later-Died at age 83

33

Rule 3.5 (a) (b)

**Attorney
Bruce Roth**

34

Sentenced to 10 years

Convicted of

- **\$15,000 to Judge Lane for NG on PCS and U UW case**
- **\$10,000 to Lane for New Trial on Davis rape conviction. Told Davis pay this amount or 10 years**
- **\$50,000 solicited for Judge Stillo in a 3-defendant delivery case**
- **Bribing Judge Olson**

35

Roth

- **Only admitted to bribing these 3 judges**
- **In later federal GJ testimony, Roth said he bribed Judge McDonnell between 10 and 20 times**
- **Also said he took money as an ASA**
- **Denied these acts of Bribery at ARDC**

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Roth

The first day the bug was in place, it picked up a conversation between Judge Olson and Roth. Roth asked Olson whether Elsie, the secretary to the Chief Judge of the Criminal Courts, would accept money to assign a felony case to a judge Roth preferred (doubtless because the judge was corrupt). Olson did not know; Roth suggested that Dean Wolfson, another corrupt lawyer, might. The conversation ended with one of the most famous Greylord quotes:

OLSON: I love people that take dough, cause you know exactly where you stand.

ROTH: Sure, that's the way to do business.

OLSON: (Laughs)

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Delivery of Heroin Case

Roth tells Judge Olson that CPD see Salgado's hand come over a fence and a packet of heroin is given to a woman. CPD goes to the other side of the fence and arrest Salgado. No heroin on his person, but heroin on the ground next to him. Olson tells Roth how to present the case. Roth tells Olson that he has \$500 for him.

38

7th Circuit

The easy familiarity by Judge Olson in such ex parte conversations could not have been spontaneous.

39

ARDC Ruling

- Bribing Judges completely undermines the legal system**
- Petition for Reinstatement to the practice of law - Denied**

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Rule 3.5

IMPARTIALITY AND DECORUM OF THE TRIBUNAL

A lawyer shall not:

- (a) seek to influence a judge, juror, prospective juror or other official by means prohibited by law;
- (b) communicate ex parte with such a person during the proceeding unless authorized to do so by law or court order;
- (c) communicate with a juror or prospective juror after discharge of the jury if:
 - (1) the communication is prohibited by law or court order;
 - (2) the juror has made known to the lawyer a desire not to communicate; or
 - (3) the communication involves misrepresentation, coercion, duress or harassment; or
- (d) engage in conduct intended to disrupt a tribunal.

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Harold Conn

COURT CLERK

- ◆ According to Harold, federal prison was no worse than being in the Army. The worst part was losing his government pension after working as a Clerk for 30 years.

Sentence: 6 years

42

John Devine

COOK COUNTY JUDGE

- Accepted more than \$6,000 in bribes to fix court cases and to steer cases to corrupt attorneys. Known as “Dollars Devine” to Chicago Police Auto Theft Investigators.
- The first judge convicted in connection with the Greylord investigation to begin serving a prison term.
- Died of cancer before completing his prison sentence.

Sentence: 15 years

43

James Costello

ATTORNEY

- Kicked back bond money and fixed other felony drug cases with Judge Olson.
- A former Chicago Police Officer and onetime Cook County Assistant State's Attorney. Accepted bribes in both official positions.
- Of the 364 undercover recordings Hake made, 200 were of Costello.
- Chicago Police referred to him as “Big Bird” because of his height and hair style.
- Had a chance to cooperate and refused.

Sentence: 8 years, then 6

44

Judge Wayne Olson

Olson bragged about how he became a judge at age 26. In chambers, he was not shy about discussing his case fixing. Worked as a bagman for other judges and was overheard on the chambers bug trying to fix a murder case in Maywood for an attorney.

Joked about how, after a night of heavy drinking, sometimes he could not remember if he was to fix the case by finding the defendant guilty or not guilty.

During a fist fight outside of a bar in 1964 (after a night of “cabaretting”), he hit his opponent, who fell, hit his head and died. Grand Jury voted a No Bill.

Sentence: 12 years

45

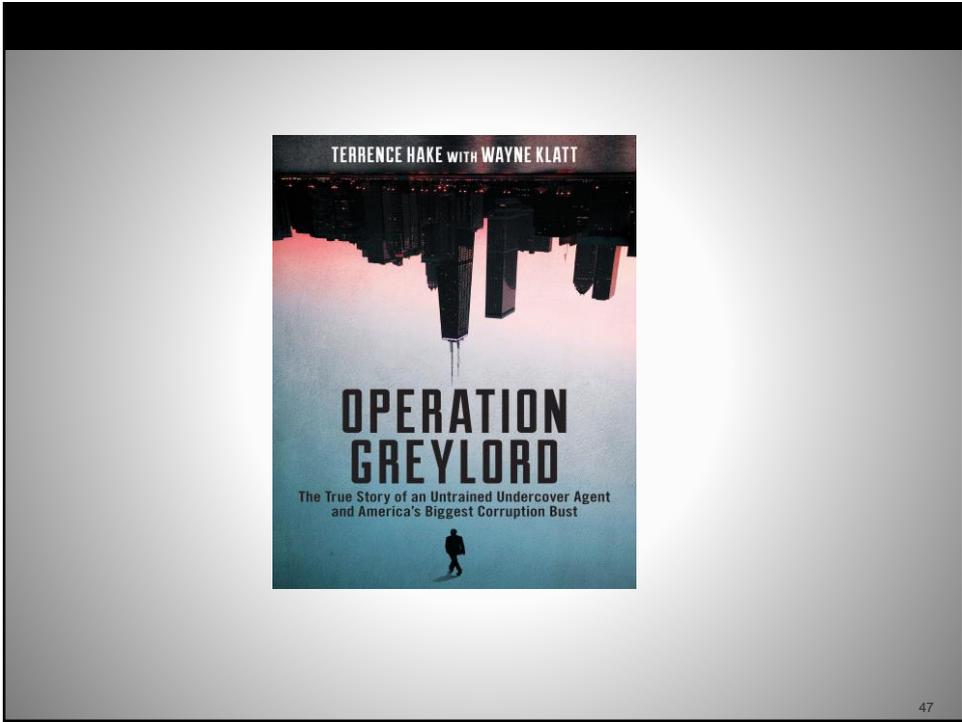
Terrence Hake Special Agent FBI

- In another Greylord first, Hake was sworn-in as an FBI agent in a garage and remained in his undercover role for another 4 months before attending training at Quantico.
- He left the FBI in 1988 and continued in law enforcement, retiring in 2008 from the U.S. Department of Justice Office of Inspector General.
- He has written a book about his experiences in Operation Greylord and it was published by the ABA in 2015. The film rights to the book have been optioned by Red Crown Productions.

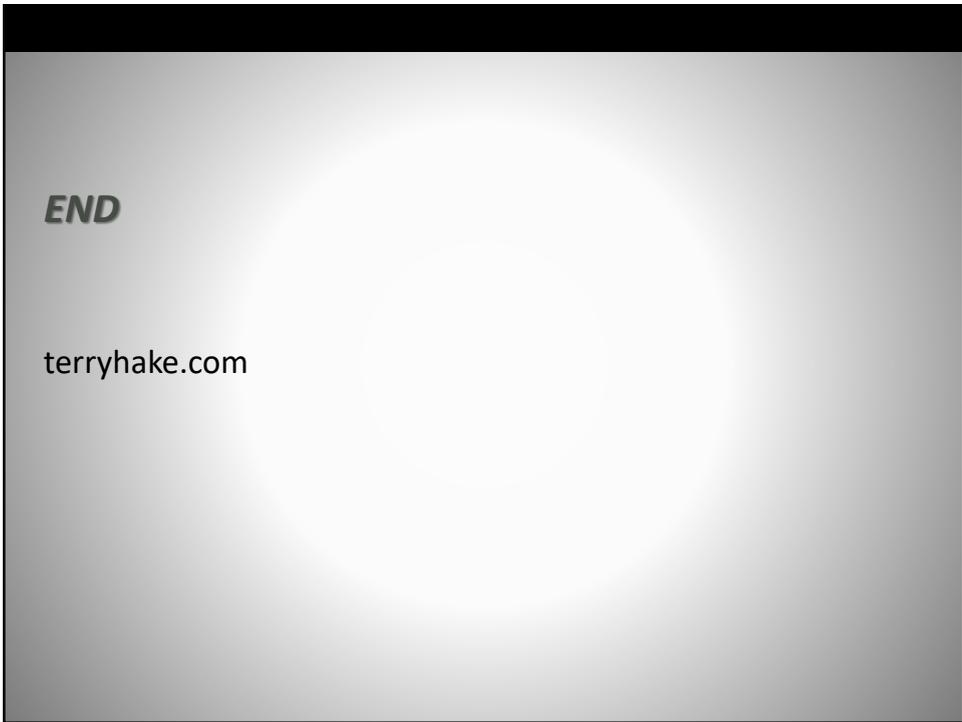


Terrence Hake (right) being sworn in by Special Agent in Charge of the Chicago FBI Office, Ed Hegarty (left).

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TAB 2

Judge Donald Bernardi is a graduate of Knox College, Galesburg, Illinois (B.A. in Philosophy 1973) and Western New England University School of Law (J.D. 1978) Springfield, Massachusetts. He was admitted to practice in Illinois 1978 in the U.S. District Court, Central District of Illinois in 1980 and the United States Supreme Court in 1985. He served as Assistant State's Attorney of Livingston County from 1978 to 1982 and as State's Attorney from 1982 to 1991 when he became an Associate Judge for the Eleventh Judicial Circuit. Judge Bernardi was elected as a Circuit Judge in November 1996, and retained in 2006. He retired from the Bench in December 2008.

Judge Bernardi is retired as a lecturer for 21 years from the Department of Politics and Government at Illinois State University teaching Investigative techniques for paralegals. Judge Bernardi has authored a Bench book entitled "Illinois Judicial Bench book on Capital Cases" for the Illinois Supreme Court. He is a current member of the Illinois State Bar Association, and the Illinois Judges Association.

Judge Bernardi was appointed by the Illinois Supreme Court to be on the faculty of numerous Judicial Seminars. These include: the New Judge Seminar '06-'12, Education Conference '06, '08, '10, '12, and Capital Cases Seminar '05-'08. The lecture topics included: *Selected Issues in Sentencing, DUI Offenders in State Court, The Anatomy of a Criminal Trial, Hearsay and Crawford v. Washington, and Guilty Pleas and Sentencing.*

Judge Bernardi lives in Normal and is married to Joan, they have three children, Leah, Caroline, and Daniel.

Terrence Hake is a 1977 graduate of Loyola University of Chicago School of Law. He served for five years as prosecutor in the Cook County State's Attorney's Office in Chicago, Illinois. In April of 1980, he agreed to assist the FBI and the United States Attorney's Office in an investigation of the Cook County Court system. For three- and one-half years he worked undercover posing as a corrupt prosecutor by accepting bribes from attorneys and later as an attorney in private practice making payoffs to judges and court personnel for the dismissal of cases. The investigation, known as "Greylord", resulted in bribery and tax charges being filed against 103 judges, lawyers and other court personnel and is one of the FBI's most successful undercover investigations. When the last Greylord trial concluded in 1994, Mr. Hake had testified at the trials of 23 defendants. After serving in federal law enforcement for 23 years, he retired from the United States Department of Justice Office of Inspector General and eventually returned to the practice of law as an Assistant State's Attorney in Cook County, retiring in 2016. Mr. Hake has lectured extensively to business professionals, attorneys and law students concerning the ethical lessons learned from Greylord.

He has spoken at such law schools as the University of Chicago, Harvard, Northwestern, Georgetown, John Marshall, the University of Arizona and Loyola of Chicago. Relating the facts of the corruption in the Circuit Court of Cook County is still a relevant lesson in ethics for law students and attorneys in 2023.

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