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**Treasurer's deal stirs debate;**

**Timing of contract, party suspicious**

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Before helping steer control of the state's college savings program to a New York investment firm, state Treasurer Judy Baar Topinka's top aide received a $ 1,400 surprise party from a company lobbyist.

The 38th birthday celebration for Topinka chief of staff Nancy Kimme was held at a riverfront restaurant in Chicago in December, and the tab was covered by her friend Courtney Shea, a lobbyist for Salomon Smith Barney.

Topinka's campaign fund moved to reimburse Shea, but not before Shea's firm -- SSB (Salomon Smith Barney) Citi (Citibank) Asset Management -- was chosen over two other bidders in March to administer the treasurer's Bright Start college savings program. Funds that SSB Citi manages have had only "average to below average" returns, according to the Morningstar mutual fund rating company.

"If nothing else, a transaction like this gives an appearance of impropriety that every state agency should avoid," said state Sen. Barack Obama (D-Chicago). He helped write the state law barring elected officials and key state employees from accepting most gifts from lobbyists.

Bright Start allows families of college-bound children to set aside savings for tuition, books, fees and housing. The three-month-old fund could reach $ 100 million by next year, potentially generating annual fees of nearly $ 1 million for SSB Citi.

Soon after the Dec. 16 party at Sorriso, Kimme directed Topinka's campaign fund to reimburse Shea for her expenses in covering the tab for about 30 of Kimme's colleagues, who had gathered for what Kimme thought was an office Christmas party.

But the campaign did not cut a check to Shea's credit card company until April 18, three weeks after the contract was awarded, according to documents provided by Topinka's office.

After being asked last week about the party and who paid for it, Topinka's office learned from Shea that the campaign check had not been received by her credit card company. As a result, Topinka's office obtained a stop-payment order and cut a new check to Shea's credit card company Friday.

Kimme said neither the party nor her relationship with Shea, which dates back to the early 1990s, had any bearing on the decision to award the contract to SSB Citi.

"I can tell you there was no connection or correlation. I do understand what Sen. Obama is thinking. But in this case, this is a friend of mine who predates when I started with the treasurer's office and when she started at Salomon Smith Barney," Kimme said."I still feel that we didn't do anything wrong."

Shea, who could not be reached by the Chicago Sun-Times to discuss the payment, is a Topinka campaign donor and daughter of prominent Springfield lobbyist and ex-lawmaker Gerald Shea, an investor in the Renaissance Springfield Hotel. At one point, Topinka was poised to forgive much of the debt the hotel owed the state for economic development loans used to build the facility in the 1980s.

Topinka spokesman Roger Germann said Shea does not lobby the treasurer's office, instead focusing on the firm's government bonding business with various state agencies.

"She hasn't made one dime off the treasurer's office," Germann said.

Jim Howard, executive director of the watchdog group Illinois Common Cause, praised Topinka for using campaign funds to reimburse Shea but, like Obama, agreed the series of events raises questions.

"The timing of it -- as the party pertains to when this (firm) gets its contract -- can reasonably raise eyebrows. But then, you have to look at the performance of this (firm)," said Howard.

But some of those who have analyzed SSB Citi's investment track record are not impressed, and they wonder why another bidder, TIAA CREF, was not chosen instead. That investment firm has successfully administered college savings programs in other large states, including New York and California. SSB Citi runs a similar program in Colorado.

"Their (SSB Citi) performance alone doesn't stand out. You can't be picking them purely for performance reasons because their performance isn't good enough," said John Reckenthaler, research director for Morningstar.

Kimme and other Topinka aides said SSB Citi was chosen, in part, because it was the only bidder willing to cover any brokerage fees for investors who opened Bright Start accounts at their banks rather than through the firm. Nuveen, the other bidder, proposed charging fees higher than either SSB Citi or TIAA CREF.

Nonetheless, Obama said the events leading up to the Bright Start contract reinforce the notion that pinstripe patronage is alive and well in Illinois government.

"A $ 1,400 payment for a party, in and of itself, probably doesn't sway the state decision-makers. But I do think it's indicative of the cozy relationships that develop between large financial institutions and vendors and the state agencies," Obama said.

"If the entire treasurer's office is benefitting from a party, and the person who makes these purchases gets a major state contract a few months later, it certainly doesn't inspire confidence."