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FOR IMMEDIATE RELEASE

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CHICAGO REAL ESTATE DEVELOPER CONVICTED ON FEDERAL FRAUD CHARGES FOR SWINDLING BANKS AND THE CITY OUT OF MILLIONS OF DOLLARS IN LOANS

CHICAGO — A federal jury today convicted the president of a Chicago real estate firm on fraud charges relating to a \$105 million line of credit for city and suburban properties, including a former Goldblatt's Department Store on the North Side and the Streets of Woodfield Mall in Schaumburg.

The fraud perpetrated by LAURANCE H. FREED, the president of Joseph Freed & Associates LLC, also involved the theft of millions of dollars from his business partner, Kimco Realty Corp. Freed also fraudulently obtained millions of dollars in publicly funded loans from the city of Chicago.

After a two-week trial, Freed, 53, of Chicago, was convicted on three counts of bank fraud, one count of mail fraud, and four counts of making a false statement to a financial institution. The conviction carries a combined maximum sentence of 230 years in prison.

U.S. District Judge Robert M. Dow did not immediately schedule a sentencing hearing. Judge Dow set a status hearing for March 24, 2016, at 9:30 a.m.

The conviction was announced by Zachary T. Fardon, United States Attorney for the Northern District of Illinois; Michael J. Anderson, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation; and Joseph M. Ferguson, Inspector General for the City of Chicago.

The investigation previously resulted in the conviction of JFA's vice president, CAROLINE WALTERS. Walters, of Palatine, pleaded guilty earlier this month to one count of making a false

statement to a financial institution. Her conviction carries a maximum sentence of 30 years in prison. Walters is scheduled to be sentenced by Judge Dow on June 10, 2016, at 9:00 a.m.

According to evidence at Freed's trial, the city of Chicago in 2002 issued two Tax Increment Financing notes to Uptown Goldblatts Venture LLC, a company formed by JFA to redevelop the former Goldblatt's store in the city's Uptown neighborhood. The TIF notes had a combined principal of \$6.7 million, and Freed pledged one of the notes to Cole Taylor Bank as collateral.

Four years later, JFA-affiliated entities entered into agreements with a bank consortium for a revolving line of credit worth up to \$105 million. Uptown Goldblatts became a borrower under the revolving loan agreement through a subsequent deal with LaSalle Bank, which was one of the banks in the consortium and which had recently been acquired by Bank of America. In the LaSalle deal, Uptown Goldblatts pledged the two TIF notes as collateral and also represented that the notes were owned free of other secured interests. The deal did not mention that one of the notes had already been pledged to Cole Taylor.

In 2009, Uptown Goldblatts fraudulently advised Cole Taylor that it would obtain a release and termination of the double pledge. The termination wasn't possible, since the consortium had already declared JFA in default and had stopped negotiating with Freed.

Evidence at trial also revealed that in 2009 and 2010 Freed signed false affidavits to obtain millions of dollars in TIF payments from the city, knowing that the bank consortium and Cole Taylor were entitled to the payments.

As Freed's business experienced financial difficulties, he withdrew more than \$7 million from the Streets of Woodfield partnership without the knowledge and consent of his business partner Kimco, which owned 45% of the venture. Freed fraudulently recorded the money as "loans."

The government is represented by Assistant U.S. Attorneys Renato Mariotti, Matthew F. Madden and Jessica Romero.

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