



Joseph M. Ferguson  
Inspector General

## OFFICE OF INSPECTOR GENERAL *City of Chicago*

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February 04, 2016

Rahm Emanuel  
Mayor  
City of Chicago  
121 N. LaSalle, Suite 500  
Chicago, IL 60602

### **Re: Significant Activity Report**

Mayor Emanuel:

Today, Caroline Walters pled guilty to a single count of making a false statement to a financial institution, (18 U.S.C. § 1014) in connection with a City of Chicago Tax Increment Financing (TIF) note issued for the redevelopment of a former Goldblatt's Department Store located at 4718 N. Broadway. *United States v. Caroline Walters* 13-CR-951 (U.S.D.C. ND IL).

Walters, the vice president and treasurer of Joseph Freed & Associates LLC (JFA), specifically admitted to having lied to Cole Taylor Bank in 2009 about the double-pledging of a public financing note issued by the City of Chicago. The note was one of two publicly-financed TIF notes issued by the City in 2002, with a combined principle of \$6.7 million, to Uptown Goldblatts Venture LLC, a company formed by JFA to redevelop the former Goldblatt's Department Store in Uptown. Uptown Goldblatts later pledged both of the TIF notes as free and clear collateral in agreements with a bank consortium for a revolving line of credit worth up to \$105 million.

Walters told Cole Taylor that JFA would resolve the double pledge as part of its negotiation with the bank consortium to modify and extend its loan when in fact, and as Walters now admits, she knew that the consortium had declared JFA in default and had terminated the negotiations.

The conviction carries a maximum sentence of 30 years in prison and a maximum fine of \$1,000,000 or twice the gross gain or gross loss resulting from the offense, whichever is greater. Sentencing before United States District Court Judge Robert M. Dow is scheduled for 9:00 am on June 10, 2016, in the Dirksen Building, Rm. 1919.

The jury trial of Walters' co-defendant, developer Laurance H. Freed, JFA's president, is scheduled to begin before Judge Dow on Monday, February 8, 2016.

Questions or requests for additional information may be directed Rachel Leven, OIG Public Communications Coordinator, at (773) 478-0534.

Respectfully,

A handwritten signature in blue ink, appearing to read 'J. Ferguson', is positioned above the printed name.

Joseph M. Ferguson  
Inspector General  
City of Chicago