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Final Edition

**Patti's $47k Rezko deal: Developer's pals got state posts after '02 transaction**

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Staff reporters

Gov. Blagojevich's wife got nearly $50,000 from a real estate deal in late 2002 involving Antoin "Tony" Rezko, a developer and former top Blagojevich political fund-raiser now under federal indictment.

In the following two months, the governor began giving friends of Rezko seats on influential state boards and began hiring former Rezko employees to upper-level state jobs.

The chain of events in December 2002 and January 2003 is detailed in records obtained by the Sun-Times. It's the first record of Patti Blagojevich making money off a Rezko deal around the time Rezko began seeking favors from the governor.

The governor's office vehemently denied that the first lady's business dealings with Rezko had anything to do with his influence in her husband's administration.

"Her real estate work has nothing to do with state government," said Abby Ottenhoff, a spokeswoman for the governor. "[S]he has every right to pursue her own professional success. The ongoing effort to suggest that her success is the result of her husband's position is flat wrong . . . and it's based on outdated and biased assumptions about women's abilities in business."

Patti Blagojevich's real estate firm, River Realty Inc., was paid $47,557 from the Dec. 16, 2002, sale of industrial land near Irving Park Road and the Chicago River, property records show. Rezko's development firm bought the land and converted it into 56 town houses.

At the time of the deal, Rezko was a respected businessman, Patti Blagojevich was a well-known Realtor and her husband had just won his first term as governor on a pledge to end "business as usual" in government.

Now, as Blagojevich embarks on his second term, federal authorities are probing government hiring and contracting decisions under his watch and are prosecuting Rezko for trying to defraud Illinois taxpayers through alleged kickback schemes.

**Unclear what firm did**

The feds also are examining relationships between the Rezko and Blagojevich families, sources close to the investigation have told the Sun-Times.

Neither the governor nor anyone in his family has been accused of wrongdoing. Investigators have not sought records nor talked to Patti Blagojevich about her real estate business, Ottenhoff said.

It is unclear exactly what work River Realty did to earn the commission and how much Patti Blagojevich might have interacted with Rezko. Ottenhoff said the first lady represented the seller of the Irving Park Road site and the property could have been bought by anyone.

The governor's office refused to answer several specific questions about the property, including how River Realty became involved in the sale, how long the property was on the market and whether the governor knew his wife was involved in a deal with Rezko's Rezmar Corp.

"Like any good business person, she doesn't discuss the details of her clients' investment decisions with the media," Ottenhoff said.

**List faxed to gov’s home**

The Sun-Times called International Flavors & Fragrances Inc., the publicly traded company that sold the land at 2711 W. Irving Park to Rezmar. An International Flavors spokeswoman declined to comment.

The newspaper also called two other real estate brokers involved in the deal. One, The Garibaldi Group in Chatham N.J., declined to respond.

A principal with the other broker, Podolsky Northstar in north suburban Riverwoods, said his firm represented the seller and didn't know what River Realty did on the deal.

"I have no further recollection on anything else," Randy D. Podolsky said. "I did not handle the transaction personally."

Regardless of what Patti Blagojevich did to earn her commission, it's clear Rezko approached her husband about key jobs and appointments. On Jan. 20, 2003 -- a little more than a month after the transaction -- Blagojevich's chief of staff faxed to Blagojevich's house a list of people Rezko wanted appointed to state boards and commissions.

"Rod, Here is a list of candidates that Tony Rezko wants to be put on nonpaying boards. What are your thoughts?" Blagojevich's former top aide, Lon Monk, wrote in a note faxed to the governor along with the list.

Of the 19 people on the document, 10 wound up being appointed by the governor to a state board or commission -- or got a spouse named. Others wound up with contracts underwritten by taxpayers, or their children got state jobs amid a Blagojevich hiring freeze.

Besides helping people on Rezko's wish list, Blagojevich hired two former Rezko employees to high-ranking state agency directorships starting in late January 2003.

**Real estate, Rezko, pals**

Until now, the Blagojevich family had only disclosed that Patti Blagojevich made $39,000 from deals with Rezko in 2004. The family didn't divulge details about those transactions.

Rezko and Patti Blagojevich have had a business relationship dating back to 1997, the governor's office also has said.

The fees Patti Blagojevich derived from the 2002 Rezko land deal follow recent disclosures about other Rezko-related transactions that gave Sen. Barack Obama (D-Ill.) a larger yard and enabled Rep. Luis Gutierrez (D-Ill.) to buy a town house from Rezko for far less than his neighbors paid.

Even though the feds have not shown an apparent interest in River Realty, investigators have looked at the first family's personal finances.

The Chicago Tribune has reported that the FBI interviewed a woman about how her husband wrote a $1,500 check for a college fund for one of Blagojevich's daughters shortly after his wife landed a state job.

**‘Nothing to do with state government’**

Statement from Abby Ottenhoff, a spokeswoman for Gov. Blagojevich:

Mrs. Blagojevich is a licensed real estate broker and appraiser, and has successfully run her own business since long before her husband became governor.

In 2002, she was on a team of brokers brought on to sell the Bush, Boake, Allen property [owned by International Flavors & Fragrances Inc.].

She was hired because of her residential real estate expertise. . . . Like any good business person, she doesn't discuss the details of her clients' investment decisions with the media.

Her real estate work has nothing to do with state government. She carefully follows the same rules and standards that guide all real estate brokers. And whether she's first lady or not, she has every right to pursue her own professional success.

The ongoing effort to suggest that her success is the result of her husband's position is flat wrong -- she's been in business for much longer than four years -- and it's based on outdated and biased assumptions about women's abilities in business.