

January 17, 2008 Thursday

Final Edition

**Patti profited on Maxwell St. makeover; A part-owner in the development is under federal scrutiny**

By Chris Fusco, Dave McKinney, Tim Novak, Steve Patterson and Steve armbir

Staff reporters

Gov. Blagojevich's wife, Patti, made more than $50,000 in real estate commissions through a client who bought, then resold, a home from a development firm that donated money to the governor's campaign and includes political power broker William F. Cellini.

That's the same Cellini federal prosecutors describe as "Co-schemer A" in court papers that detail allegations of corruption involving the governor's administration, sources say.

This disclosure about the first lady's business link with Cellini comes as sources say investigators are looking into her real estate dealings as part of their wide-ranging corruption probe. Neither the governor, his wife nor Cellini has been charged with any crime.

The governor's office says Patti Blagojevich didn't know Cellini had any role in University Village -- the sprawling development Cellini and his partners began building after winning a state contract with the University of Illinois at Chicago in 1997. The project would displace the old Maxwell Street Market.

Patti Blagojevich's client on the University Village property was Eugene Chua, a sushi restaurant owner who signed a "pre-construction agreement" in June 2005 to buy a 4,200-square-foot house there. She represented him on both his purchase of the home -- which closed more than a year later -- and its resale a short time after.

Cellini, a state government insider since the 1960s, surfaced in the federal probe during the time Patti Blagojevich was working for Chua.

That raises a red flag for Jay Stewart, executive director of the Better Government Association. "If you're the wife of the governor, who has his own problems, why would you have dealings with anyone, in any shape or form, who reportedly is subject of a federal investigation?" Stewart says.

Chua, who didn't return calls, had worked with the first lady on other real estate matters, says Abby Ottenhoff, spokeswoman for the governor. She says there was no reason for Patti Blagojevich to know Cellini's company was among the developers selling the home to Chua, and Cellini's name was nowhere in the paperwork.

"Her client is an individual who's purchasing a home," says Ottenhoff. "To suggest she somehow has an obligation to figure out who the clients are that her people are buying from, that's just not fair."

Cellini's name had appeared in news stories in 1997 about the Maxwell Street redevelopment winning approval and in subsequent news reports in 1999 and 2000. One that ran on the front page of the Sun-Times on June 12, 1997, began: "The University of Illinois at Chicago on Wednesday selected developer Richard Stein and William Cellini, a Republican insider with longtime access to state government contracts, to lead a team that will rebuild Maxwell Street."

And a name that did appear in Chua's paperwork was South Campus Development Team, which built and is now finishing University Village. A Cellini company is one of three owners of South Campus, and South Campus gave $14,500 to Gov. Blagojevich's campaign in 2002 and 2003.

Cellini, a Republican, worked for Gov. Richard Ogilvie and went on to build a business empire that's made millions on state deals. He grew closer with Gov. Blagojevich through Tony Rezko, the since-indicted political fund-raiser. Rezko, Cellini, Blagojevich and their wives dined together at a birthday party at Rezko's Wilmette mansion soon after Blagojevich was elected.

Cellini business interests have given more than $60,000 to Blagojevich's campaign. A Cellini family business -- Commonwealth Realty Advisors -- has gotten hundreds of millions of dollars in state pension cash under deals that began before Blagojevich took office.

According to court records and sources, Cellini was part of a scheme in which an investment firm was told to donate to the governor's campaign fund to get business from the state teacher-pension fund.

Patti Blagojevich began listing Chua's house on South Emerald for sale on Sept. 20, 2006. Chua had a contract to buy the home but had yet to close. Chua's only apparent link to the Blagojevich political world: his sushi restaurant, Tsuki, which the Blagojevich campaign paid $488 in March 2005 for meals.

Besides Chua, Patti Blagojevich got a $47,557 commission on a December 2002 sale involving Rezko and made more than $113,000 on deals involving Anita Mahajan, now charged with bilking taxpayers on a state drug-testing contract.