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**FELON CELLINI'S FAMILY STILL PROFITS OFF STATE; He's banned from state deals - but not his family's companies**

By Dave McKinney and Tim Novak

Staff reporters

As a convicted felon, William F. Cellini - the longtime Republican power broker recently convicted of corruption tied to former Gov. Rod Blagojevich's "pay-to-play" schemes - can no longer do business with the state of Illinois, as he has done for more than four decades.

But the Illinois law under which Cellini faces a five-year ban on getting any state contracts doesn't apply to his vast network of business ventures, some of which have been turned over to his daughter and son, according to state officials.

Cellini companies - New Frontier Management and an affiliate, Pacific Management Corp., which is owned in part by his daughter and son-in-law - have agreements with private landlords to manage 18 buildings now occupied by state agencies that include the Illinois Environmental Protection Agency, the Department of Human Services and the Department of Transportation, state officials say.

Cellini companies built or rehabbed many of those buildings, which the state began leasing during the administration of former Gov. James R. Thompson, one of the several Republican governors Cellini helped get elected over the past four decades.

This past year alone, Illinois taxpayers paid more than $14.4 million in rent for 18 buildings that have been managed by companies linked for decades to Cellini or his family, records show.

Those companies also manage four other office buildings - including IDOT's Schaumburg offices and the Illinois Student Assistance Commission building in Deerfield - that state taxpayers are buying under installment deals that cost Illinois taxpayers $9.4 million this year.

And Pacific Management - the company whose owners include Cellini's daughter and her husband - operates 13 affordable housing projects for the Illinois Development Housing Authority, a state agency that's given Cellini more than $90 million in low-interest loans over the past three decades to build apartments in Chicago, the suburbs and Downstate.

The Cellini businesses get a percentage of the rent that the state pays the owners of the buildings. Just how much is something that's between the landlords and the Cellini companies, according to state officials, who say that, as a result, they don't know how much New Frontier or Pacific Management ended up getting paid on deals that indirectly involve state government.

"We do not have copies of the management agreement between the [landlords] and New Frontier, and the management fee paid to New Frontier would be included in the rent paid to each lessor and is not broken down separately," says Sunny Clark of the Illinois Department of Central Management Services, the agency that oversees state leases.

To get an idea of the potential value, consider just one of those buildings - the Illinois Student Assistance Commission's Deerfield headquarters that was built by the Alter Group. The state owns that office complex, located just off the Tri-State Tollway, and is in year No. 19 of a 21-year contract with Pacific to handle utilities, janitorial services, security and the like for the building. On that one building alone, the state paid Pacific Management a total of $814,265 this year, according to records from the office of Illinois Comptroller Judy Baar Topinka.

Cellini, 77, of Springfield, is the president of New Frontier Management, which state officials say managed 18 buildings leased by the state.

But Cellini's New Frontier Management no longer manages those properties, which are now overseen instead by Pacific Management, according to Kathleen M. Vyborny, an attorney for both companies.

Cellini has no ownership stake in Pacific Management. His daughter, Claudia Cellini, is listed in state records as Pacific Management's senior vice president. Pacific Management's corporate secretary, Vincent Forgione, and its treasurer, Susan Weber, report to Cellini at some of his companies, including New Frontier Management Corp.

Pacific and New Frontier share offices in downtown Chicago on the top floor of 20 S. Clark St., the nerve center of Cellini's business empire, as well as in Springfield, where both companies operate from a senior housing complex that Cellini built with low-interest state loans.

"New Frontier Management Corporation is not engaged in the property-management business," Vyborny says. "It ceased providing property-management services several years ago. Any statement, suggestion or implication to the contrary is false."

Vyborny says that Cellini "has no direct or indirect ownership interest" in Pacific Management, nor is he an officer or director of the business.

Patrick Somers - who is president and chief executive officer of Pacific Management and a longtime Cellini business associate - describes New Frontier and Pacific Management as "legally separate companies, and there is no overlap of ownership."

Somers disputes state records that show New Frontier continues to manage the buildings leased by the state, saying that "is incorrect" and that those records "must be considerably outdated."

Asked to explain whether the buildings are managed by Cellini's New Frontier Management or his daughter's Pacific Management, Clark, the spokeswoman for the Illinois Department of Central Management Services, says, "It is our understanding that New Frontier and Pacific Management are related entities."

The Chicago Sun-Times contacted several landlords of buildings housing state agencies, but none would discuss their management deals with New Frontier or Pacific Management. Those landlords include:

Marilyn and Nick Cagnoni, who own three Springfield buildings that are leased by the state and managed by Cellini-linked companies. Her late father, Frank Mason, was a Springfield businessman who leased property to the state. Her husband is the son of the late Michael Cagnoni, a trucking executive who was killed in a mob hit when his Mercedes-Benz exploded on the Tri-State Tollway's Ogden Avenue ramp on June 24, 1981, according to testimony during the "Operation Family Secrets" trial four years ago that ended with the convictions of top Chicago mobsters including Frank Calabrese Sr.

Government Property Fund II, which owns the Prescott Bloom Building at 201 S. Grand Avenue East in Springfield, a building Cellini built for the state in the late 1980s. It's now leased by the Illinois Department of Healthcare and Family Services. According to state records, Government Property Fund II is co-owned by Rumsey GPF I LLC. That business, in turn, is listed as being owned by Rumsey Indian Rancheria of the Wintun Indians, a tribe which operates a northern California casino.

Cellini - who was convicted in November of two of four corruption charges he faced - is awaiting sentencing for his role in an extortion conspiracy involving an attempted shakedown of Thomas Rosenberg, a Hollywood movie producer and investment-firm mogul, for $1.5 million in Blagojevich campaign contributions.



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SIDEBAR: State has paid $96 mil.-plus to lease building tied to Cellini

By Tim Novak and Dave McKinney

Staff reporters

Since 1984, Illinois taxpayers have spent more than $96 million leasing a former Sears department store in Springfield that was converted into office space by William F. Cellini, state records show

Cellini - the Republican businessman and political power broker who now stands convicted of corruption tied to the administration of former Gov. Rod Blagojevich, a Democrat - no longer owns what's now known as the Harris Building.

But New Frontier Management Inc. - a company owned by Cellini - continued to manage the property for its current owners, according to the Illinois Department of Central Management Services.

That's no longer true, according to Cellini attorney Kathleen Vyborny. She says the property is now managed by Pacific Management Inc. - whose corporate officers include Cellini's daughter and her husband.

The state's two leases on the property - both of which are due to expire in 2016 - cost taxpayers a total of more than $4.3 million last year, according to records from Illinois Comptroller Judy Baar Topinka.

The Harris Building lease was one of many deals that Cellini struck with the state of Illinois during the administration of Gov. James R. Thompson, a longtime Cellini ally who is now senior chairman of Winston & Strawn, the law firm that defended Cellini against the corruption charges.

Twenty years ago, the administration of former Gov. Jim Edgar, another Cellini ally, nixed a deal for the state to buy the Harris Building for $21 million. That proposal was part of an unsuccessful plan under which the state would have paid $142 million for 11 buildings it had been leasing - five of them managed by Cellini companies. The Edgar administration killed the deal because the buildings were linked to his campaign contributors. The state still leases at least six of the buildings.

Here's a breakdown of how much Illinois taxpayers have spent leasing other buildings once owned by Cellini's companies that are still managed by his company or the company owned by his daughter and son-in-law.

$73 million since 1987 for the Prescott Bloom Building, which Cellini's New Frontier Construction Company built for the state's Department of Public Aid. The state could have bought the building for $19.5 million under the failed 1992 deal.

$70 million since 1981 for Springfield's former Concordia Seminary, which Cellini bought and remodeled to serve as headquarters of the Illinois Department of Corrections. The state could have bought the property for $11.1 million in 1992.

$22 million since 1987 for the Illinois State Lottery building, which Cellini built. Twenty years ago, the state could have bought the building for $6.65 million.

SIDEBAR: Cellini companies still making money off Illinois taxpayers

By Tim Novak and Dave McKinney

Staff reporters

Companies linked to William F. Cellini - who's awaiting sentencing on a federal corruption conviction stemming from business deals with the state of Illinois - are still making money off the state's taxpayers.

Cellini is president of New Frontier Management, which - along with an affiliated company called Pacific Management Inc. - has managed 22 buildings that state agencies have been leasing for years, in some cases even for decades, state records show.

The state spent more than $23.8 million leasing those buildings last year, including the payments on four buildings that the state is buying under installment contracts. State officials say they don't know how much of that money is spent on the two management companies connected to Cellini and his family.

State agency Address Monthly rent

Health Care & Family Services 201 E. South Grand Ave., Springfield $256,777

Corrections 1301 Concordia, Springfield $218,692

Human Services 100 N. First, Springfield $176,286

Human Services 5000-20 Industrial Dr., Springfield $108,239

Human Services 400 W. Lawrence, Springfield $101,006

Human Services 100 E. South Grand Ave., Springfield $100,429

Human Services 100 E. South Grand, Springfield $53,325

Central Management 201 E. Madison, Springfield $52,071

Children & Family Services 726 S. College, Springfield $19,794

Transportation 2713 Stevenson, Springfield $18,672

Revenue 201 E. Madison, Springfield $18,440

Human Services 319 E. Jefferson, Springfield $14,773

Children & Family Services 208 W. Cook, Springfield $13,445

Health Care & Family Services 1001 N. Walnut, Springfield $12,891

Human Services 1124 N. Walnut, Springfield $9,443

Employment Security 11006 Airport Trail, Litchfield $7,850

Central Management 2713 Stevenson, Springfield $7,240

Health Care & Family Services 3130 Chatham Rd., Springfield $4,439

Environmental Protection Agency 104-110 E. Washington, Springfield $3,723

Human Services 809 Commercial, Springfield $3,565

Public Health 801 Commercial, Springfield $998

State agency Address 2011 installment payment

Human Services 401 S. Clinton, Chicago $1.6 million (a)

Transportation 1021 E. North Grand Ave., Springfield $2.8 million (b)

Transportation 201 W. Center Court, Schaumburg $2.9 million (c)

Student Assistance Commission 1755 Lake-Cook Road, Deerfield $2.1 million (d)

a.) 20-year purchase deal began in July 1997 b.) 18-year purchase deal began in December 1998

c.) 19-year purchase deal began in January 2000 d.) 21-year purchase deal began in October 1991