

Freedom of Information-Privacy Acts (FOIPA) Request

5/2/1994

Date

~~4/11/1994~~

Your Complete Name:

RICHARD L. WALSH

Your Telephone No

[Redacted]

Your Address

[Redacted]

Name of Subject of Your Request (if yourself, indicate "same")

FBI INVESTIGATION IN RE 91 CR 404 AS MENTIONED IN ATTACHED CLIP, CASE IS CLOSED

Date and Place of Birth of Subject of Your Request

Additional information which would assist in identifying and locating the records you seek

Previous Residence(s) of Subject

Place of Employment of Subject

Social Security Account Number

furnishing your Social Security Account Number is voluntary

If you are requesting information about yourself, complete the following

I certify that I am the person named above and I understand that any falsification of this statement is punishable under the provisions of 18 U S C Section 1001 by a fine of not more than \$10,000 or by imprisonment of not more than five years or both and that requesting or obtaining any record(s) under false pretenses is punishable under the provisions of 5 U S C 552a(i)(3) by a fine of not more than \$5,000

Signature

Richard L. Walsh

Subscribed and sworn to before me this

1st day of May, 1994

Signature of Notary

Joyce Martina Farley

My Commission Expires

5/12/97



If mailed, have your signature notarized and send to Director, FBI, 9th St and Pennsylvania Ave, NW, Washington D C 20535 Attention FOIPA. If mailed to any FBI field office, send to Special Agent in Charge, FBI, (Address City, State and Zip Code from phone book or Federal Register) Attention FOIPA

(Do Not Write in the Spaces Below - For Bureau Use Only)

Identification Required

One Photo ID

or

two Nonphoto IDs with

Name and Address

Initials

Date

190-C7-7557-1
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J.S. charges 10 with bank scam

Former First Chicago execs among the accused

By Deborah Nelson

Staff Writer

Former First Chicago Corp. executive charged Wednesday with pocketing more than \$1 million in kickbacks and profits from fraudulent business deals that went undetected for 10 years. Attorney Fred Foreman charged the former bank executive and seven others with bank fraud and bribery after a yearlong FBI investigation uncovered eight separate deals—most involving alleged kickbacks

8 alleged schemes outlined; a look at the defendants; Page 12.

for real estate and service contracts with the bank.

All of the defendants were expected to plead guilty to the charges in the next couple of weeks, officials said.

The alleged illegal dealings spanned 1979 through 1989, when a routine bank audit uncovered suspicious invoices and officials notified federal investigators. The widespread

fraud remained hidden so long because it involved high-level officials in positions of trust, said Assistant U.S. Attorney Jeffrey E. Stone, who is prosecuting the case.

The highest-level bank executive charged is Jeffrey P. Tassani, who was senior vice president in charge of negotiating leases and contracts with vendors. He was fired in December, 1989, after the fraud allegations came to light. He is charged with receiving some \$700,000 in kickbacks from vendors.

Also charged was Robert L. Olson, a vice president. **Turn to Page 12**

Bank

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president who worked under Tassani until his firing in 1989. Stone said Olson received as much as \$200,000 in kickbacks.

The third former bank executive is Gordon Murphy who was a vice president under Tassani until 1984, when he resigned and became a paid consultant to the bank. He is charged with paying Tassani and Olson kickbacks for the consulting contracts as well as with receiving kickbacks for helping other vendors with bank contracts. Stone said Murphy made \$100,000 to \$200,000 in profits and kickbacks through his actions.

Feyerman called the defendants "greedy and deloyal people."



Jeffrey P. Tassani

D a v i d Stetler attorney for Tassani, said his client has cooperated with the investigation and made restitution to the bank. Attorneys for Olson and Murphy could not be reached for comment.

The other defendants are attorney Raphael Rios, a former aide to Mayor Eugene Sawyer for his business dealings with Tassani after he left the city administration; Park Ridge contractor Louis Elliott and his son, Mark; Chicago attorney Bennett Alban, property manager Ronald Gray of Naperville, Chicago advertising executive Harvey Haddon and former Pepper Construction Co. employe Demetri Demetropoulos of Chicago.

Attorneys for the Elliotts and Haddon said the men were cooperating in the investigation and in making reparations. Gray's attorney declined to comment. Other defendants attorneys did not return phone calls.

First National Bank Chairman Barry Sullivan said, "Today's announcement by the U.S. attorney's office is a sad affair for our corporation. Jeffrey Tassani worked for First Chicago for almost 20 years. He was our colleague and our friend, and unfortunately for everyone concerned, he violated the trust we placed in him."

alleged schemes spelled out

Eight schemes—most involving alleged kickbacks for real estate and service contracts with First Chicago Corp.—were uncovered in a yearlong FBI investigation, authorities charged Wednesday.

The alleged schemes found by Special FBI Agent Joseph H. Fink, Assistant U.S. Attorney Jeffrey E. Stone and Assistant U.S. Attorney John N. Gallo, detailed in 50 pages of charges, include:

- In 1980, Jeffrey P. Tassani, senior vice president, negotiated a 10-year sublease for 411 W. Ontario from Chicago advertising executive Harvey Haddon and property manager Ronald Gray of Naperville. The building has been the bank's warehouse since then. Haddon and Gray received \$410,000 to \$690,000 a year from the bank in rent. In return they allegedly paid Tassani \$400,000 in 1984 and 1985.

- In 1983 Tassani and Robert L. Olson, a vice president, awarded a real estate management contract to Gray Management Co. that paid the firm \$1.2 million over the next seven years. Gray in turn allegedly gave Tassani \$65,000 for the contract, plus \$1,200 to \$2,915 a month in kickbacks. Olson is accused of receiving \$10,000 from Gray.

- Tassani leased space at One First National Plaza to Park Ridge contractor Louis Elliott and his son, Mark, for a restaurant, Wally's Great Foods, from 1983 through 1990. The Elliotts are accused of skimming profits at Wally's and using that money to pay secret kickbacks of \$1,200 to \$3,000 a month to Tassani and Gordon Murphy, a bank vice president. Murphy also assisted them in getting and maintaining the lease.

- Tassani leased another space at One First National Plaza to the Elliotts and Haddon for the StreetSide restaurant. Chicago attorney Bennett Alban drafted a secret agreement in 1987 allegedly giving Tassani a share of the profits.

- Beginning in February 1988, First Chicago paid \$806,110 to Peppor Construction and consulting firms allegedly set up by Alban and Olson.

- In spring 1989 Tassani, Elliott and Olson allegedly plotted to move the First Chicago warehouse to 3701 W. Cortland, then share in the profits. Attorney Raphael Rios allegedly acted as the owner of the property. At the time First Chicago was trying aggressively to increase its contracts with minority companies. The deal fell through when the federal investigation came to light.

- Demetri Demetropoulos is charged with submitting \$23,598 in false invoices to Peppor Construction, which was performing renovation work at First Chicago.

- After Murphy resigned as First Chicago vice president in 1984, he allegedly paid kickbacks to Tassani and Olson for expanding contracts with the bank for consulting and entertainment services. The charges say Murphy gave Olson \$54,000 for a \$500,000 contract to analyze phone service and paid Tassani \$5,000 to \$7,000 a year for food and entertainment contracts. He also allegedly received kickbacks for helping other vendors with bank contracts.

—Deborah Nelson

Who's who in the case

The 10 defendants charged with defrauding First Chicago Corp. are:

- Jeffrey P. Tassani, 42, of Park Ridge. A 20-year employee of First Chicago, he rose to senior vice president and head of First Chicago Building Corp., giving him broad power over awarding contracts and managing the bank's properties. He was fired in December 1989.
- Gordon Murphy, 44, of Glen Ellyn. He was a vice president under Tassani until resigning in 1984. He had consulting contracts with the bank since then. He also was president of Opportunities International, a not-for-profit agency that finances job development projects in Third World countries. He resigned in April because of the anticipated federal charges.

- Robert L. Olson, 45, of Lisle. He was a vice president under Tassani who helped negotiate contracts with vendors. He was fired in December 1989.

- Raphael R. Rios, 40, of Chicago. Rios has been a campaign fund raiser for former Mayor Harold Washington, a member of the city Zoning Board, and an aide to former Mayor Eugene Sawyer. He now is in private practice as an attorney. The Raphael R. Rios now serving in the Daley administration as deputy planning commissioner is no relation.

- Louis Elliott, 68, and his son, Mark Elliott, 30, both live in Park Ridge. They are real estate developers active in the suburbs—most notably building luxury homes on the former estate of missing candy heiress Helen J. Brach in Glenview. They operated two restaurants at One First National Plaza until the bank closed them after fraud allegations surfaced.

- Bennett Alban, 46, of Chicago. He is an attorney with a private practice. He served as an outside counsel for First Chicago.

- Harvey Haddon, 53, of Chicago. He owns a Chicago advertising company Haddon Advertising, which did work for First Chicago and StreetSide. Haddon also had a personal financial interest in the StreetSide restaurant. He and Gray also sublet a warehouse to First Chicago.

- Ronald Gray, 52, of Naperville. His company Gray Management Corp. was a real estate management firm that had contracts with First Chicago going back to 1979. Gray and Haddon subleased a warehouse to First Chicago.

- Demetri Demetropoulos, 39, of Chicago. He was an employe of Peppor Construction Co. before leaving there last year in the wake of the federal investigation.