

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA) No.
)
)
)
) Violations: Title 18, United States Code,
) Sections 1014, 1341, and 1344
LAURANCE H. FREED and)
CAROLINE WALTERS)

COUNT ONE

The SPECIAL JULY 2013 GRAND JURY charges:

1. At times material to this indictment:

a. Joseph Freed and Associates LLC was a real estate development company based in Chicago, Illinois. LAURANCE H. FREED was the President of JFA, and CAROLINE WALTERS was Vice President and Treasurer of JFA.

b. JFA formed a limited liability company called Uptown Goldblatts Venture LLC to develop a building formerly owned by Goldblatt's Department Store, located in the Uptown neighborhood of Chicago. FREED was a manager and member of Uptown Goldblatts.

c. On or about November 20, 2002, the City of Chicago entered into a Redevelopment Agreement with Uptown Goldblatts, in which the City of Chicago agreed to issue two Tax Increment Financing notes for the financing of the Uptown Goldblatts project. TIF notes were conditional grants of taxpayer funds to a specific project development that the Chicago City Council had approved. For the Uptown Goldblatts

project, one TIF note was a redevelopment area note with a principal of approximately \$4,300,000, and one TIF note was a project note with a principal of approximately \$2,400,000.

d. In the Redevelopment Agreement with the City of Chicago, Uptown Goldblatts promised that upon the disbursement of any TIF payment by the City from the two TIF notes, Uptown Goldblatts guaranteed a number of things, including that: (1) it was not in default with respect to any agreement relating to the borrowing of money; (2) it would not enter into any transaction that would harm its ability to repay any of its obligations to anyone; (3) it never made any false or misleading representations to the City; and (4) there were no legal proceedings that would impair its ability to perform its obligations. The Redevelopment Agreement provided that if an event of default occurred—including a failure by Uptown Goldblatts to keep any of these promises—the City of Chicago would no longer be obligated to make TIF payments.

e. Upon execution of a certificate of completion for each TIF note for the Uptown Goldblatts project, the City began to pay a portion of the principal and interest yearly on the particular note, after the City received an annual affidavit from JFA, certifying that JFA was in compliance with certain conditions. One of the conditions, for which JFA was required to certify that JFA was in compliance, was that “no default or condition or event which, with the giving of notice or passage of time or both, would constitute an event of default,” existed or had occurred with regard to the promises in the

Redevelopment Agreement.

f. FREED, on behalf of Uptown Goldblatts, entered into a Security Agreement and Collateral Assignment of Redevelopment Documents with Cole Taylor Bank on or about November 20, 2002. Cole Taylor agreed to loan approximately \$15,000,000 to Uptown Goldblatts in exchange for Uptown Goldblatts' assignment to Cole Taylor of its rights in and to the project note, among other things. The agreement provided that Uptown Goldblatts would receive the annual proceeds from the project note so long as Uptown Goldblatts was not in default concerning the agreement with Cole Taylor. If Uptown Goldblatts was in default, Cole Taylor was entitled to the proceeds. The Cole Taylor agreement further forbid any liens or security interests other than Cole Taylor's security interest to attach to any of the collateral or impair the value of any of the collateral or security for the agreement, which included the project note. Under the Cole Taylor agreement, such an event would constitute an event of default. The loan amount was later reduced from approximately \$15,000,000 to approximately \$9,000,000 in a First Amendment to the loan documents.

g. On or about May 1, 2006, DDL LLC and Freed Illinois Holdings LLC—entities associated with JFA—entered into a number of agreements, including a revolving loan agreement, with a bank consortium consisting of LaSalle Bank National Association, Associated Bank, Northern Trust, and Wachovia Bank for a revolving line of credit for up to approximately \$150,000,000. In exchange for this revolving line of

credit, the JFA-related entities pledged certain collateral, including properties known as Evanston Plaza in Evanston, Illinois and West Town Center in Chicago, Illinois. FREED signed the agreements on behalf of DDL LLC, and FREED personally guaranteed the loan for up to \$50,000,000.

h. On or about November 30, 2007, Uptown Goldblatts entered into a Security Agreement with LaSalle, which, by that time, Bank of America had acquired. LaSalle signed the Security Agreement on behalf of the bank consortium. FREED signed the Security Agreement as manager of Uptown Goldblatts. In the Security Agreement, Uptown Goldblatts became a borrower under the set of agreements described in the previous paragraph. In the Security Agreement, Uptown Goldblatts pledged the project note and the redevelopment area note as collateral for the line of credit, including the proceeds from those two TIF notes. Uptown Goldblatts also represented and warranted in the Security Agreement that the collateral was owned free and clear of all liens, claims, encumbrances, and security interests other than the security interests held by Uptown Goldblatts. At that time, however, the project note had been previously pledged to Cole Taylor.

i. In the Security Agreement with the bank consortium that FREED signed, Uptown Goldblatts made a number of promises to the bank consortium, including that: (1) the Security Agreement did not conflict with or constitute a breach or default of any other agreement to which Uptown Goldblatts was a party; (2) Uptown Goldblatts

owned the TIF notes—including the project note previously pledged to Cole Taylor—free and clear of all liens, claims, encumbrances, and security interests of every sort whatsoever; and (3) Uptown Goldblatts would not permit any liens or security interests other than the bank consortium’s to attach to the TIF notes.

j. In the Security Agreement with the bank consortium that FREED signed, Uptown Goldblatts agreed that all payments from the TIF notes would be made to a lockbox controlled by Bank of America, and that it would obtain the City of Chicago’s acceptance that TIF payments would be directed to the Bank of America lockbox. On or about November 20, 2007, FREED signed a Payment Direction addressed to the City of Chicago authorizing and directing the City to make all payments under the TIF notes to the lockbox controlled by Bank of America.

k. Cole Taylor Bank, Associated Bank, Northern Trust, Wachovia Bank, Bank of America, and LaSalle Bank, which Bank of America acquired in approximately October 2007, were financial institutions, the deposits of which were each insured by the Federal Deposit Insurance Corporation.

l. JFA was in the midst of a severe liquidity crisis that jeopardized its ability to pay operating expenses. FREED and WALTERS were aware of JFA’s need for cash and the possibility that JFA’s inability to make required payments threatened the company’s future.

2. Beginning in or around at least March 2008, and continuing until in or

around at least February 2011, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAURANCE H. FREED and
CAROLINE WALTERS,

defendants herein, knowingly participated in a scheme to defraud, and to obtain money, funds, and other property owned by and under the custody and control of Cole Taylor Bank, Associated Bank, Northern Trust, Wachovia Bank, and Bank of America, all of which were financial institutions, by means of materially false and fraudulent pretenses, representations, and promises, and by concealment of material facts, as further described below.

3. It was part of the scheme that, in the midst of JFA's liquidity crisis, FREED and WALTERS made and caused to be made false statements in order to obtain funds from a consortium of Bank of America, Associated Bank, Northern Trust, and Wachovia Bank, and from Cole Taylor Bank, including: (1) false statements that FREED and WALTERS knowingly made to the bank consortium in order to prevent default on a \$105 million line of credit extended to JFA by the bank consortium, and to obtain a loan modification that would have provided JFA with at least \$10 million in additional funds; (2) false statements made by FREED and WALTERS to Cole Taylor regarding their intent to persuade the bank consortium to release its claim on the collateral; and (3) false statements knowingly made by FREED and WALTERS to the City of Chicago in order to obtain approximately \$1,749,132 in payments from the Uptown Goldblatts TIF notes,

at a time when FREED and WALTERS knew that the consortium and Cole Taylor Bank were entitled to the TIF payments.

False Statements to the Bank Consortium About Collateral

4. It was further part of the scheme that FREED and WALTERS knowingly concealed Uptown Goldblatts' prior pledge of the project note to Cole Taylor Bank from the bank consortium of Bank of America, Associated Bank, Northern Trust, and Wachovia Bank, and misrepresented the status of JFA's interest in the project note, while attempting to obtain a loan modification of at least \$10 million from the bank consortium, and to prevent default on a \$105 million line of credit extended to JFA by the bank consortium.

5. It was further part of the scheme that on or about November 11, 2008, WALTERS sent a cash flow projection to the bank consortium containing statements that WALTERS knew were false, including that JFA owned 100% of the TIF notes, the cost to sell the TIF notes would be \$0, and the sale proceeds of the TIF notes would be \$6,645,000. At the time, WALTERS knew that JFA had already pledged the project note to Cole Taylor, which had a superior interest in the project note. WALTERS knew that any proceeds from selling the note were pledged to Cole Taylor and that the note and its proceeds could not be used as collateral a second time with the bank consortium without Cole Taylor's approval.

6. It was further part of the scheme that on or about December 15, 2008,

January 20, 2009, April 30, 2009, and July 16, 2009, FREED and WALTERS made presentations to the bank consortium in order to obtain a \$10 million loan modification and to prevent default on a \$105 million line of credit extended to JFA by the consortium. FREED and WALTERS knew that the presentations contained false statements, including that JFA owned 100% of the TIF notes, and—as to the first three presentations—that the cost to sell the TIF notes would be \$0, and the proceeds of the sale of the TIF notes would be \$7,698,000. At the time of the presentations, FREED and WALTERS knew that they had already pledged the project note to Cole Taylor, which had a superior interest in the project note. FREED and WALTERS knew that any proceeds from selling the note were pledged to Cole Taylor and that the note and its proceeds could not be used as collateral a second time with the bank consortium without Cole Taylor's approval.

7. It was further part of the scheme that during the presentations that FREED and WALTERS made to the bank consortium on or about December 15, 2008, January 20, 2009, and April 30, 2009, FREED and WALTERS also made statements that they knew were false regarding Evanston Plaza, a shopping center in Evanston, Illinois that was pledged as collateral to the bank consortium. The false statements knowingly made by FREED and WALTERS included that the projected debt for Evanston Plaza was \$0, the cost of selling Evanston Plaza would be only \$179,850, and the proceeds of the sale of Evanston Plaza would be the full value of Evanston Plaza minus the \$179,850 cost of

sale. At the time of the presentations, FREED and WALTERS knew that beginning in March 2008, they had failed to pay property taxes for Evanston Plaza, and that JFA owed unpaid property taxes of at least \$883,592 on December 15, 2008, and at least \$1,325,388 on April 30, 2009. As a result, FREED and WALTERS knew that the projected debt and costs of sale for Evanston Plaza were higher than what they told the bank consortium, and that the proceeds of a sale would be much lower than they told the bank consortium.

8. It was further part of the scheme that during the presentation that FREED and WALTERS made to the bank consortium on or about April 30, 2009, FREED and WALTERS made statements that they knew were false regarding West Town Center, a shopping center in Chicago that was pledged as collateral to the bank consortium. The false statements knowingly made by FREED and WALTERS included that the projected debt for West Town Center was \$0, the cost of selling West Town Center would be only \$659,765, and the proceeds of the sale of West Town Center would be the full value of West Town Center minus the \$659,765 cost of sale. At the time of the presentations, FREED and WALTERS knew that beginning in March 2009 they had failed to pay property taxes for West Town Center, and that JFA owed unpaid property taxes of at least \$590,897 on April 30, 2009. As a result, FREED and WALTERS knew that the projected debt and costs of sale for West Town Center were higher than what they told the bank consortium, and that the proceeds of a sale would be much lower than they told the bank consortium.

False Statements to the City About Default and Misappropriation of TIF Money

9. It was further part of the scheme that on or about December 19, 2008, December 16, 2009, and December 20, 2010, FREED signed affidavits that he knew were false in order to obtain TIF payments from the City of Chicago. The amount of the TIF payments were as follows:

Date	Amount
December 19, 2008	\$868,921
December 16, 2009	\$880,211
December 20, 2010	\$731,748

FREED knew that the bank consortium and Cole Taylor were entitled to the TIF payments. FREED's affidavits falsely swore that "no default or condition or event which, with the giving of notice or passage of time or both, would constitute an event of default," existed or had occurred with regard to the Uptown Goldblatts project, even though FREED knew at the time that he signed each affidavit that the loan for the Uptown Goldblatts project was in default because, among other reasons, Uptown Goldblatts previously pledged the project note to both Cole Taylor Bank and the bank consortium.

10. It was further part of the scheme that on or about December 19, 2008, December 16, 2009, and December 20, 2010, WALTERS and FREED caused requisition forms and FREED's false affidavits, which WALTERS also knew to be false, to be sent to the City of Chicago for the purpose of obtaining TIF payments. FREED and WALTERS knew at the time that they sent the forms and false affidavits to the City of

Chicago that the bank consortium and Cole Taylor were entitled to the TIF payments.

11. It was further part of the scheme that to obtain the 2008, 2009, and 2010 payments from the City of Chicago, FREED and WALTERS—knowing that JFA had previously agreed for the payments to go directly to a Bank of America lockbox, so that Bank of America could determine whether JFA had defaulted on the loan and whether JFA was entitled to receive the payments—took steps to ensure that the TIF payments would be delivered directly to JFA, bypassing the lockbox and preventing Bank of America from keeping the payments.

False Statements to Cole Taylor About Collateral

12. It was further part of the scheme that on or about June 26, 2009, Uptown Goldblatts, with FREED as the signatory, entered into a Second Amendment of Loan Documents with Cole Taylor that contained a false statement for the purposes of concealing the double pledge from Bank of America and forestalling any action by Cole Taylor that would reveal the existence of the double pledge to Bank of America or the City of Chicago. In the Second Amendment, FREED promised to obtain a release from Bank of America of the assignment of the project note by August 20, 2009, in exchange for giving Cole Taylor the right to receive the TIF payments from the project note. But FREED never told Bank of America about Cole Taylor's superior interest in the project note.

13. It was further part of the scheme that on or about September 17, 2009,

Uptown Goldblatts, with FREED as the signatory, entered into a Third Amendment of Loan Documents with Cole Taylor that contained a false statement for the purposes of concealing the double pledge from Bank of America and forestalling any action by Cole Taylor that would reveal the existence of the double pledge. In the Third Amendment, FREED promised to obtain a release from Bank of America of the assignment of the project note by October 31, 2009, in exchange for giving Cole Taylor the right to receive the TIF payments from the project note. At the time, FREED did not intend to negotiate a release with Bank of America and never told Bank of America about Cole Taylor's interest in the project note.

14. It was further part of the scheme that on or about November 3, 2009, WALTERS falsely told Cole Taylor that JFA would resolve the issue with the project note as part of JFA's negotiations with the bank consortium regarding a loan modification and extension. But as WALTERS knew at the time, the bank consortium had already declared that JFA was in default and was no longer negotiating with JFA.

15. It was further part of the scheme that on or about September 28, 2010, Uptown Goldblatts, with FREED as the signatory, entered into a Fourth Amendment of Loan Documents with Cole Taylor that contained a false statement for the purposes of concealing the double pledge from Bank of America and forestalling any action by Cole Taylor that would reveal the existence of the double pledge. In the Fourth Amendment, FREED promised to obtain a release from Bank of America of the assignment of the

project note. At the time, FREED did not intend to negotiate a release with Bank of America and never told Bank of America about Cole Taylor's interest in the project note.

16. It was further part of the scheme that FREED and WALTERS did misrepresent, conceal, and hide, and cause to be misrepresented, concealed and hidden, the true acts and the purposes of the acts done in furtherance of the scheme.

17. On or about December 15, 2008, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAURANCE H. FREED and
CAROLINE WALTERS,

defendants herein, knowingly executed and attempted to execute the scheme to defraud by falsely stating at a presentation to the bank consortium that JFA owned 100% of the TIF notes, the cost to sell the TIF notes would be \$0, and the proceeds of the sale of the TIF notes would be \$7,698,000, in order to obtain a loan modification;

In violation of Title 18, United States Code, Section 1344.

COUNT TWO

The SPECIAL JULY 2013 GRAND JURY further charges:

1. Paragraphs 1 through 16 of Count One of this indictment are incorporated here.

2. On or about January 20, 2009, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAURANCE H. FREED and
CAROLINE WALTERS,

defendants herein, knowingly executed and attempted to execute the scheme to defraud by falsely stating at a presentation to the bank consortium that JFA owned 100% of the TIF notes, the cost to sell the TIF notes would be \$0, and the proceeds of the sale of the TIF notes would be \$7,698,000, in order to obtain a loan modification;

In violation of Title 18, United States Code, Section 1344.

COUNT THREE

The SPECIAL JULY 2013 GRAND JURY further charges:

1. Paragraphs 1 through 16 of Count One of this indictment are incorporated here.

2. On or about April 30, 2009, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAURANCE H. FREED and
CAROLINE WALTERS,

defendants herein, knowingly executed and attempted to execute the scheme to defraud by falsely stating at a presentation to the bank consortium that JFA owned 100% of the TIF notes, the cost to sell the TIF notes would be \$0, the proceeds of the sale of the TIF notes would be \$7,608,701, the projected debt for West Town Center was \$0, the cost of selling West Town Center would be only \$659,765, and the proceeds of the sale of West Town Center would be the full value of West Town Center minus the \$659,765 cost of sale, in order to obtain a loan modification;

In violation of Title 18, United States Code, Section 1344.

COUNT FOUR

The SPECIAL JULY 2013 GRAND JURY further charges:

1. Paragraphs 1 through 16 of Count One of this indictment are incorporated here.

2. On or about July 16, 2009, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAURANCE H. FREED and
CAROLINE WALTERS,

defendants herein, knowingly executed and attempted to execute the scheme to defraud by falsely stating at a presentation to the bank consortium that JFA owned 100% of the TIF notes, the TIF notes had an in-place cash flow of \$647,636, and the \$647,636 cash flow entirely belonged to JFA, in order to obtain a loan modification;

In violation of Title 18, United States Code, Section 1344.

COUNT FIVE

The SPECIAL JULY 2013 GRAND JURY further charges:

1. Paragraphs 1 through 16 of Count One of this indictment are incorporated here.

2. On or about December 19, 2008, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAURANCE H. FREED and
CAROLINE WALTERS,

defendants herein, knowingly executed and attempted to execute the scheme to defraud the bank consortium and Cole Taylor by submitting to the City of Chicago a requisition form and affidavit falsely swearing that the Uptown Goldblatts project was not in default, in order to obtain \$868,921 in funds that the bank consortium and Cole Taylor were entitled to;

In violation of Title 18, United States Code, Section 1344.

COUNT SIX

The SPECIAL JULY 2013 GRAND JURY further charges:

1. Paragraphs 1 through 16 of Count One of this indictment are incorporated here.
2. On or about December 16, 2009, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAURANCE H. FREED and
CAROLINE WALTERS,

defendants herein, knowingly executed and attempted to execute the scheme to defraud the bank consortium and Cole Taylor by submitting to the City of Chicago a requisition form and affidavit falsely swearing that the Uptown Goldblatts project was not in default, in order to obtain \$868,921 in funds that the bank consortium and Cole Taylor were entitled to;

In violation of Title 18, United States Code, Section 1344.

COUNT SEVEN

The SPECIAL JULY 2013 GRAND JURY further charges:

1. Paragraphs 1 through 16 of Count One of this indictment are incorporated here.

2. On or about December 20, 2010, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAURANCE H. FREED and
CAROLINE WALTERS,

defendants herein, knowingly executed and attempted to execute the scheme to defraud the bank consortium and Cole Taylor by submitting to the City of Chicago a requisition form and affidavit falsely swearing that the Uptown Goldblatts project was not in default, in order to obtain \$731,748 in funds that the bank consortium and Cole Taylor were entitled to;

In violation of Title 18, United States Code, Section 1344.

COUNT EIGHT

The SPECIAL JULY 2013 GRAND JURY further charges:

1. Paragraph 1 of Count One of this indictment is incorporated here.
2. Beginning in or around at least March 2008, and continuing until in or around at least February 2011, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAURANCE H. FREED and
CAROLINE WALTERS,

defendants herein, knowingly devised, intended to devise, and participated in a scheme to defraud the City of Chicago, Cole Taylor Bank, Associated Bank, Northern Trust, Wachovia Bank, and Bank of America and to obtain money and property from City of Chicago, Cole Taylor Bank, Associated Bank, Northern Trust, Wachovia Bank, and Bank of America by means of materially false and fraudulent pretenses, representations, and promises, which scheme affected financial institutions and is further described below.

3. Paragraphs 3 through 16 of Count One of this indictment are incorporated here.

4. On or about December 18, 2009, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAURANCE H. FREED and
CAROLINE WALTERS,

defendants herein, knowingly deposited and caused to be deposited, to be sent and delivered by Federal Express, an interstate commercial carrier, according to the directions thereon, an envelope containing a requisition form and affidavit falsely swearing that the Uptown Goldblatts project was not in default, in order to obtain \$868,921 in funds in the custody and control of the City of Chicago and that the bank consortium and Cole Taylor were entitled to, addressed to the City of Chicago;

In violation of Title 18, United States Code, Section 1341.

COUNT NINE

The SPECIAL JULY 2013 GRAND JURY further charges:

1. Paragraph 1 of Count One of this indictment is incorporated here.
2. On or about December 15, 2008, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAURANCE H. FREED and
CAROLINE WALTERS,

defendants herein, knowingly made a false statement, and willfully overvalued a property and security, to Bank of America, Associated Bank, Northern Trust, and Wachovia Bank, the deposits of which were then insured by the Federal Deposit Insurance Corporation, for the purpose of influencing the banks to offer JFA a loan modification, in that FREED and WALTERS told the banks that JFA owned 100% of the TIF notes, the cost to sell the TIF notes would be \$0, and the proceeds of the sale of the TIF notes would be \$7,698,000;

In violation of Title 18, United States Code, Section 1014.

COUNT TEN

The SPECIAL JULY 2013 GRAND JURY further charges:

1. Paragraph 1 of Count One of this indictment is incorporated here.
2. On or about January 20, 2009, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAURANCE H. FREED and
CAROLINE WALTERS,

defendants herein, knowingly made a false statement, and willfully overvalued a property and security, to Bank of America, Associated Bank, Northern Trust, and Wachovia Bank, the deposits of which were then insured by the Federal Deposit Insurance Corporation, for the purpose of influencing the banks to offer JFA a loan modification, in that FREED and WALTERS told the banks that JFA owned 100% of the TIF notes, the cost to sell the TIF notes would be \$0, and the proceeds of the sale of the TIF notes would be \$7,698,000;

In violation of Title 18, United States Code, Section 1014.

COUNT ELEVEN

The SPECIAL JULY 2013 GRAND JURY further charges:

1. Paragraph 1 of Count One of this indictment is incorporated here.
2. On or about April 30, 2009, at Chicago, in the Northern District of Illinois,

Eastern Division, and elsewhere,

LAURANCE H. FREED and
CAROLINE WALTERS,

defendants herein, knowingly made a false statement, and willfully overvalued a property and security, to Bank of America, Associated Bank, Northern Trust, and Wachovia Bank, the deposits of which were then insured by the Federal Deposit Insurance Corporation, for the purpose of influencing the banks to offer JFA a loan modification, in that FREED and WALTERS told the banks that JFA owned 100% of the TIF notes, the cost to sell the TIF notes would be \$0, the proceeds of the sale of the TIF notes would be \$7,608,701, the projected debt for West Town Center was \$0, the cost of selling West Town Center would be only \$659,765, and the proceeds of the sale of West Town Center would be the full value of West Town Center minus the \$659,765 cost of sale;

In violation of Title 18, United States Code, Section 1014.

COUNT TWELVE

The SPECIAL JULY 2013 GRAND JURY further charges:

1. Paragraph 1 of Count One of this indictment is incorporated here.
2. On or about July 16, 2009, at Chicago, in the Northern District of Illinois,

Eastern Division, and elsewhere,

LAURANCE H. FREED and
CAROLINE WALTERS,

defendants herein, knowingly made a false statement, and willfully overvalued a property and security, to Bank of America, Associated Bank, Northern Trust, and Wachovia Bank, the deposits of which were then insured by the Federal Deposit Insurance Corporation, for the purpose of influencing the banks to offer JFA a loan modification, in that FREED and WALTERS told the banks that JFA owned 100% of the TIF notes, the TIF notes had an in-place cash flow of \$647,636, and the \$647,636 cash flow entirely belonged to JFA;

In violation of Title 18, United States Code, Section 1014.

COUNT THIRTEEN

The SPECIAL JULY 2013 GRAND JURY further charges:

1. Paragraph 1 of Count One of this indictment is incorporated here.
2. On or about September 17, 2009, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

LAURANCE H. FREED,

defendant herein, knowingly made a false statement to Cole Taylor, the deposits of which were then insured by the Federal Deposit Insurance Corporation, for the purpose of influencing Cole Taylor to delay enforcement and protection of its rights to the TIF project note for the Uptown Goldblatts project issued by the City of Chicago, in that FREED told Cole Taylor that Uptown Goldblatts would obtain a release and termination of Bank of America's interest in the project note and provide it to Cole Taylor by October 31, 2009;

In violation of Title 18, United States Code, Section 1014.

COUNT FOURTEEN

The SPECIAL JULY 2013 GRAND JURY further charges:

1. Paragraph 1 of Count One of this indictment is incorporated here.
2. On or about November 3, 2009, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

CAROLINE WALTERS,

defendant herein, knowingly made a false statement to Cole Taylor, the deposits of which were then insured by the Federal Deposit Insurance Corporation, for the purpose of influencing Cole Taylor to delay enforcement and protection of its rights to the TIF project note for the Uptown Goldblatts project issued by the City of Chicago, in that WALTERS told Cole Taylor that they were working with Bank of America to resolve the double pledge issue with the Uptown Goldblatts TIF note as part of continued negotiations with Bank of America regarding a loan modification;

In violation of Title 18, United States Code, Section 1014.

FORFEITURE ALLEGATION ONE

The SPECIAL JULY 2013 GRAND JURY further charges:

1. The allegations of this indictment are incorporated here for the purpose of alleging forfeiture under Title 18, United States Code, Section 982(a)(2).

2. As a result of the violations of Title 18, United States Code, Sections 1014 and 1344, as alleged in the indictment,

LAURANCE H. FREED and
CAROLINE WALTERS,

defendants herein, have subjected to forfeiture to the United States, pursuant to Title 18, United States Code, Section 982(a)(2), all property constituting, and derived from, proceeds obtained, directly or indirectly, as a result of the defendants' violations of Title 18, United States Code, Sections 1014 and 1344, including, but not limited to, approximately \$2,995,295.

3. If any of the forfeitable property described above, as a result of any act or omission by the defendants:

- a. Cannot be located upon the exercise of due diligence;
- b. Has been transferred or sold to, or deposited with, a third party;
- c. Has been placed beyond the jurisdiction of the Court;
- d. Has been substantially diminished in value; or
- e. Has been commingled with other property which cannot be divided without difficulty;

It is the intent of the United States, pursuant to provisions of Title 21, United States Code 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1), to seek forfeiture of substitute property belonging to the defendants;

All pursuant to Title 18, United States Code, Section 982(a)(2) and Title 28, United States Code, Section 2461(c).

FORFEITURE ALLEGATION TWO

The SPECIAL JULY 2013 GRAND JURY further charges:

1. The allegations of this indictment are incorporated here for the purpose of alleging forfeiture under Title 18, United States Code, Section 981(a)(1)(c) and Title 28, United States Code, Section 2461(c).

2. As a result of the violation of Title 18, United States Code, Section 1341, as alleged in the indictment,

LAURANCE H. FREED and
CAROLINE WALTERS,

defendants herein, have subjected to forfeiture to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(c) and Title 28, United States Code, Section 2461(c), all property constituting, and derived from, proceeds obtained, directly or indirectly, as a result of the defendants' violation of Title 18, United States Code, Section 1341, including, but not limited to, approximately \$2,995,295.

3. If any of the forfeitable property described above, as a result of any act or omission by the defendants:

- a. Cannot be located upon the exercise of due diligence;
- b. Has been transferred or sold to, or deposited with, a third party;
- c. Has been placed beyond the jurisdiction of the Court;
- d. Has been substantially diminished in value; or
- e. Has been commingled with other property which cannot be divided

without difficulty;

It is the intent of the United States, pursuant to provisions of Title 21, United States Code 853(p), as incorporated by Title 28, United States Code, Section 2461(c), to seek forfeiture of substitute property belonging to the defendants;

All pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

A TRUE BILL:

FOREPERSON

UNITED STATES ATTORNEY