



U.S. Department of Justice

*United States Attorney
Northern District of Illinois*

*Patrick J. Fitzgerald
United States Attorney*

*Federal Building
219 South Dearborn Street, 5th Floor
Chicago, Illinois 60604
(312) 353-5300*

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www.usdoj.gov/usao/iln

PRESS CONTACTS:
AUSA Joseph Alesia (312) 353-6630
AUSA/PIO Randall Samborn (312) 353-5318

CHICAGO ALD. ARENDA TROUTMAN ARRESTED ON FEDERAL BRIBERY CHARGES

CHICAGO – Chicago Ald. **Arenda Troutman** (20th Ward) was arrested today on federal bribery charges for allegedly accepting a \$5,000 cash bribe and agreeing to accept an additional \$10,000 and other benefits in exchange for taking official action to support zoning changes and alley access on behalf of a purported private developer as part of an undercover investigation. A criminal complaint charging Troutman with one count of bribery was filed on Friday and unsealed today following her arrest, announced Gary S. Shapiro, First Assistant United States Attorney for the Northern District of Illinois.

Troutman, 49, of Chicago, was appointed to the Chicago City Council in 1991 and subsequently was elected three times to the 20th Ward aldermanic seat, which includes the Englewood and Woodlawn neighborhoods on the city's south side. She appeared this afternoon before U.S. Magistrate Judge Michael Mason in U.S. District Court.

Mr. Shapiro announced the charges together with Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation, and Byram Tichenor, Special Agent-in-

Charge of the Internal Revenue Service Criminal Investigation Division. The Chicago Office of U.S. Immigration and Customs and Enforcement also participated in the investigation.

Federal agents executed search warrants today at Troutman's home and ward office at 5859 South State St., the officials said, adding the investigation is continuing.

According to an FBI-affidavit, beginning in May 2006, Troutman engaged in a series of recorded conversations and meetings with a cooperating witness involving a proposal by a fictitious private developer to convert buildings and vacant land at approximately 5730 South Halsted into a mixed-use commercial and residential development. Troutman allegedly used her aldermanic office to support the project in exchange for \$5,000, a promise of \$10,000 additional cash, and another \$5,000 in the form of a political contribution, as well as the promise of receiving for free title to a ground floor commercial space and a second-floor residential unit above it in the proposed mixed-use development.

In support of the project, Troutman allegedly provided a letter to the city's Transportation Department supporting alley ingress / egress at the proposed site and asking for permits for alley access to be issued pending passage of a City Council ordinance, and introduced an alley ordinance in the City Council on Dec. 13, 2006.

According to the affidavit, the cooperating witness, identified as CW2, is a target of a separate mortgage fraud investigation who began cooperating with law enforcement in April 2006. In 2003, CW2 assisted Troutman in the refinancing of her home after falsely representing that CW2 was an attorney. Troutman gave CW2 power of attorney to refinance her then \$185,766 conventional mortgage by applying for a \$300,000 home equity line of credit. After CW2 submitted the loan application, bank employees noticed that Troutman's debt to income ratio was not acceptable and

asked if Troutman could show any additional sources of income other than her aldermanic salary. CW2 then sent a letter dated May 21, 2003, signed by CW2 of “CW2 & Associates, LLC” – a purported law firm – stating that Troutman was hired by the law firm as a consultant earlier that year at an annual salary of \$30,000. CW2 told Troutman about the bogus employment letter, Troutman was never paid by and never claimed any income from CW2 & Associates, the affidavit states, adding that the loan application was ultimately approved based on the false information regarding additional income.

A few months after the July 2003 closing on the \$300,000 home equity credit line, CW2 asked Troutman for a cash loan to pay a plumbing contractor. CW2 met Troutman in the basement of her home, where Troutman retrieved a box containing stacks of cash and gave \$10,000 to CW2, according to the affidavit. After CW2 began cooperating in April 2006, CW2 met with Troutman on May 15, June 16 and August 30 at her ward office or at her home. Federal agents gave CW2 \$2,000, \$3,000 and \$1,000 on these dates, respectively, for CW2 to use to re-pay Troutman for part of the \$10,000 that she loaned to CW2 in 2003.

On May 15, 2006, in their first of multiple recorded conversations and meetings, Troutman told CW2 that she was paying \$2,200 a month in mortgage payments and asked CW2 to help her again refinance her mortgage to lower her monthly payment. In a recorded meeting the next month, on June 16, 2006, CW2 told Troutman that CW2 had researched investment properties in the 20th Ward and asked Troutman for a map of her ward to help further scout investment opportunities. At their meeting on June 30, 2006, in Troutman’s ward office, CW2 mentioned trying to find Troutman a new low mortgage interest rate and said that CW2 would use the same 2003 employment letter to

boost Troutman's debt to equity ratio. Troutman replied "Okay," adding that she wanted the lowest rate possible because she needed more money.

On August 30, 2006, CW2 and Troutman met at the alderman's home where CW2 gave Troutman a \$1,000 payment toward re-paying the \$10,000 2003 loan. CW2 mentioned to Troutman that a wealthy investor had given CW a large amount of money to purchase buildings and rehabilitate them into apartments. Later in the conversation, CW2 asked Troutman if CW 2 could convince the investor to invest in real estate in the 20th Ward, would Troutman help CW2 expedite the construction process. Troutman agreed, the complaint alleges.

On September 26, 2006, Troutman and CW2 drove to the vicinity of 57th / 58th and Halsted streets where CW2 directed Troutman's attention to some buildings and surrounding vacant parcels of land. CW2 told Troutman that CW2's investor was planning to purchase these properties and developing a mixed-use commercial and residential development. CW2 told Troutman that, according to the city, the parcels were zoned for commercial use only and that CW2 was reluctant to spend the investor's \$1 million without ensuring that the area would receive the proper zoning for the project. Troutman allegedly expressed willingness to support the required zoning change, adding "What do I get out of it?"

After further discussion, CW2 asked Troutman if CW2 could pay Troutman \$25,000 to get the property re-zoned. Troutman responded, "Tell him [the investor] this is what I want out of it. Now you don't say that," Troutman warned, adding "Don't ever put me in any of it." Troutman then continued, telling CW2 that CW2 should say on her behalf, "You want a commercial space and an apartment right above it." CW2 agreed, adding that the residential units would cost about \$150,000 to construct. Troutman said, "So, so you see what I'm sayin'. I'm fittin' to have a unit and a

commercial space just that I own of that instead of leasing it. That'll be a good investment....” CW2 responded, “So we give you, instead of dealing with money, we give you a building.” In further conversation, Troutman said she wanted the unit completed but a corner lot was not necessary, according to the complaint affidavit.

On October 30, 2006, CW2 called Troutman on her cell phone while she was at a health spa in San Diego, California. CW2 told Troutman that the investor would rather make a cash payment to Troutman than provide her with part of the real estate in the project in exchange for her support of the zoning. Troutman responded, “Okay that sounds great. As soon as I get back, I’ll deal with that,” the affidavit alleges.

On November 15, 2006, CW 2 told Troutman that the project was going forward and, despite their October 30 conversation, CW2 told Troutman that she would receive a commercial and residential unit in the development and the investor would allow CW2 to give her \$5,000 extra for her support of the re-zoning. Troutman allegedly confirmed that she would get finished commercial and residential units and later asked if she could get a second unit. CW2 said the investor would rather give her cash than more parts of the development and Troutman agreed to supply CW2 with a letter of support regarding the zoning change.

On November 29, 2006, CW2 recorded a meeting with Troutman in her ward office on South State Street. CW2 gave Troutman \$5,000 in government funds in the form of 50 \$100 bills, saying, “here is 5, I got 15 total for you.” Troutman instructed CW2 to say no more and asked for the phone. She then called the city zoning administrator with CW2 present and explained the proposed project. The zoning administrator explained that the project could proceed under the current C1-2 zoning and that a change was not necessary. Troutman then directed a ward employee that she needed a letter

of support prepared addressed to the city's planning commissioner for CW2's project. Troutman told CW2 that she make would sure the letter was routed properly and she then called an employee of the city planning commissioner, who informed her that a letter of support was not necessary because the properties to be purchased were not owned by the city. During the call, CW2 said that CW2 needed "alley help," or authority to use a city alley for access to the parking area for the development. Troutman relayed the information to the city planning employee, who told Troutman that the investor definitely needed a letter of support from Troutman to the planning commissioner and Transportation Department commissioners to obtain alley access. Troutman said she would do so and after the call told CW2 that she had taken care of CW2, the charges allege.

After discussing driveway and forestry issues and providing a letter of support to CW2 for alley access, Troutman told CW2 that CW2 needed to have the investor commit to buying 10 tickets for her upcoming "Black Satin" campaign fundraiser on December 16, 2006; that each ticket cost \$1,500; then handed CW2 the tickets, telling CW2, "You go to your guy, and this ain't in the 15." If the investor was going to write a check, it should be made payable to the "Twentieth Ward Women's Auxiliary, a campaign fund, according to the complaint.

On December 14, 2006, CW2 gave Troutman a check for \$5,000 in government funds made payable to the Twentieth Ward Women's Auxiliary that was purportedly from CW2's investor. Troutman asked CW2 if the money was for fundraiser tickets and CW2 replied that the check was a contribution or whatever Troutman wanted to make it. Troutman then told CW2 to tell the investor that the \$5,000 check was in exchange for Troutman introducing her letter of support for the alley access to the city council the day before.

The affidavit also alleges earlier acts of bribery involving a cooperating individual identified as CW1, who began cooperating with law enforcement in October 2004 after being charged with federal money laundering and firearms offenses. CW1 was rehabilitating a two-flat building that CW1 owned near Troutman's ward office in 2002 or 2003 without obtaining proper building permits from the city. Unnamed Coconspirator A, who told CW1 that he worked in Troutman's office as the alderman's assistant, approached CW1 and said he could not continue the work with a permit unless CW1 "took care of the office." About a week later, after CW1 declined to make any contributions to Coconspirator A or Troutman's office, police officers visited the building and Coconspirator A, who was also present, told the officers to arrest CW1, which they declined to do. The next day, CW1 went to Troutman's office and agreed to pay Coconspirator A \$8,000 in exchange for being allowed to continue the building work without obtaining the proper permits. CW1 retrieved \$8,000 – mostly in \$20 bills representing proceeds that CW1 had obtained through the sale of cocaine – and gave the money to Coconspirator A in the alley near Troutman's office. Following the payment, CW1 completed the building work without any further problems.

In 2003, CW1 applied for a business license to open a beauty salon on the first floor and to rent apartments on the second floor, but the building was not zoned for commercial use and CW1 was told that he/she needed a letter supporting a zoning change from the alderman. CW1 then met with Troutman and Coconspirator A in Troutman's ward office. Troutman allegedly was present during the entire discussion in which CW1 and Coconspirator A agreed that support for the zoning change could be obtained for \$12,000. CW1 made the payment in two \$6,000 installments and obtained a letter that Troutman signed supporting the zoning change.

The government is represented by Assistant U.S. Attorney Joseph Alesia.

If convicted, Troutman faces a maximum penalty of 10 years in prison and a \$250,000 fine. The Court, however, would determine the appropriate sentence to be imposed.

The public is reminded that a complaint contains only charges and is not evidence of guilt. The defendant is presumed innocent and is entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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