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OAK PARK MAN PLEADS GUILTY TO \$48.8 MILLION BANK FRAUD INVOLVING TWO CHICAGO LOOP CONDOMINIUM PROJECTS

CHICAGO — An Oak Park man pleaded guilty today to defrauding a bank of approximately \$48.8 million involving two failed condominium conversion projects in downtown Chicago that he and a partner were involved with between 1999 and 2003. The projects involved converting office buildings at 6 North Michigan Ave., and 59 East Van Buren St., to residential condominiums.

The defendant, **Bassam Hajyousif**, 44, of Oak Park, pleaded guilty to one count of bank fraud. A co-defendant, **Romel Esmail**, is a fugitive believed to be living outside the United States.

Hajyousif remains free on bond while awaiting sentencing, which U.S. District Judge Harry Leinenweber scheduled for Feb. 20, 2013. Bank fraud carries a maximum penalty of 30 years in prison and a \$1 million fine, or an alternate fine totaling twice the loss or twice the gain, whichever is greater, and restitution is mandatory. Hajyousif's plea agreement contemplates the government requesting a sentence of approximately 81 months in prison based on his continuing cooperation.

The plea was announced Gary S. Shapiro, Acting United States Attorney for the Northern District of Illinois. The case was investigated by the Federal Deposit Insurance Corp. Office of Inspector General.

According to Hajyousif's guilty plea, together with Esmail, they caused CIB Bank, formerly in Hillside, to lend them funds to purchase and develop the two properties by falsely representing the sales prices, their equity in the projects, and the use of the loan proceeds.

Regarding 6 North Michigan, Hajyousif admitted that he and Esmail misrepresented the purchase price and induced the bank to loan them 100 percent of the inflated purchase price after the bank had told them it would loan them only 70 percent of the purchase price or the value of the property. They purchased the property for \$13 million but obtained a bank loan of \$13.64 million after submitting a fictitious purchase agreement, contract, and fraudulent closing statement showing an inflated purchase price of more than \$17 million. After acquiring the property, the defendants applied for a \$30 million construction loan, but instead, between July and December 2000, the bank extended a total of \$8.5 million in so-called "mezzanine loans" to pay for project-related expenses until the bank funded the construction loan. Hajyousif admitted that he and Esmail used these loans to fund overhead costs and expenses unrelated to the project, including to purchase 59 East Van Buren and other several other properties, to fund Esmail's purchase of a car and jewelry, to make deposits into a brokerage account in Esmail's name, and to purchase stock of CIB Marine Bancshares by an entity they both controlled.

In June 2001, they obtained a construction loan from the bank that eventually totaled \$48.3 million to complete construction project and repay existing loans. Between June 2001 and September 2003, they allegedly obtained 14 separate "draws" from the bank by submitting false owner statements, contractor statements, and lien waivers. Although a portion of these proceeds were used to pay for cost over-runs and unbudgeted expenses, they concealed their intended use of the funds when they sought and obtained these draws.

In court today, Hajyousif admitted that between June and August 2000, he and Esmail applied to CIB for an \$8 million loan to purchase 59 East Van Buren, falsely representing that the purchase price was \$13.25 million. Eventually, the defendant's conduct caused the bank lose approximately \$500,000 on the 59 East Van Buren loan, and the entire \$48.3 million loan for 6 North Michigan.

The government is being represented by Assistant U.S. Attorney Patrick King.

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