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IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA,) Docket No. 05 CR 691
)
Plaintiff,))
)
vs.)
)
ANTOIN REZKO,) Chicago, Illinois
) January 16, 2007
Defendant.) 10:00 o'clock a.m.

TRANSCRIPT OF EX PARTE PROCEEDINGS
BEFORE THE HONORABLE AMY J. ST. EVE

APPEARANCES:

For the Defendant: STETLER & DUFFY, LTD.
BY: MR. JOSEPH J. DUFFY
MR. WILLIAM P. ZIEGELMUELLER
11 S. LaSalle St., Suite 1200
Chicago, Illinois 60603

Court Reporter: MR. JOSEPH RICKHOFF
Official Court Reporter
219 S. Dearborn St., Suite 1232
Chicago, Illinois 60604
(312) 435-5562

* * * * *

PROCEEDINGS RECORDED BY
MECHANICAL STENOGRAPHY
TRANSCRIPT PRODUCED BY COMPUTER

1 (Proceedings had in closed court:)

2 THE CLERK: 05 CR 691, USA vs. Antoin Rezko.

3 THE COURT: Good morning.

4 MR. DUFFY: Good morning, your Honor, Joe Duffy and
5 Bill ZiegelmueLLer and Mr. Rezko are appearing before your
6 Honor.

7 THE COURT: We are here ex parte. I am doing it in
8 the courtroom. The doors are closed and there is a marshal
9 outside so nobody will come in because it is a closed-court
10 proceeding.

11 At the end of a four-month trial, it is much neater
12 in here than in my chambers.

13 (Laughter.)

14 THE COURT: So, that is the motivation behind
15 proceeding in here.

16 We are here today to address the affidavits,
17 Mr. Duffy, that you have submitted to the Court on behalf of
18 Mr. Rezko.

19 And I have his wife's and his children's, as well.

20 But, in particular, the ones on behalf of Mr. Rezko,
21 that he did not sign, that you have indicated to the Court you
22 did not want him to sign because the government might be
23 continuing with its investigation and you thought he might
24 have some potential exposure.

25 MR. DUFFY: Well, that's correct, your Honor.

1 The government -- and I guess my assumption has been
2 confirmed into reality, in terms of the existence of
3 subpoenas; and, in fact, we have a matter pending before Judge
4 Holderman on that issue. So, the government has issued
5 additional subpoenas regarding Mr. Rezko's finances.

6 THE COURT: Okay.

7 MR. DUFFY: And I did raise with your Honor, both by
8 letter and, I think, on the record, the concern I had about
9 Mr. Rezko's Fifth Amendment right not to be compelled to sign
10 an affidavit. And your Honor has acknowledged that and I
11 appreciate that.

12 I think the government has, on prior occasions,
13 acknowledged that, as well. And as your Honor has noted
14 before, we have offered to submit Mr. Rezko to your Honor
15 under oath in this type of proceeding, to ask any questions
16 about the bond and finances and things of that nature.

17 THE COURT: And my interest is for bond purposes
18 only.

19 My questions to you today, Mr. Rezko, are so that I
20 can make a fully-informed decision about whether or not your
21 bond is sufficient to assure your appearance here in the
22 future.

23 I do not know what the government is doing, in terms
24 of further investigation, nor do I need to. That is not my
25 issue. Mine is to determine whether or not your bond is

1 sufficient.

2 The government did submit some questions to me, as I
3 had given them the opportunity to. Certainly, nothing earth
4 shattering.

5 MR. DUFFY: I hope they're not too lengthy?

6 THE COURT: No, no.

7 And I did give them the opportunity to briefly tell
8 me anything else they thought maybe I needed to know, which
9 was very brief.

10 So, with that, I am going to proceed.

11 Do you have before you, Mr. Duffy, the financial
12 information that you submitted to the Court on November 2nd
13 and on November 17th?

14 MR. DUFFY: I do, your Honor.

15 THE COURT: Okay.

16 MR. DUFFY: So, Mr. Rezko will have it in front of
17 him.

18 THE COURT: All right.

19 I am going to start.

20 EXAMINATION

21 BY THE COURT:

22 Q. Mr. Rezko, please state for me your name and tell me where
23 you live, sir.

24 Give me your full name?

25 A. Antoin Rezko, 1250 Chestnut; Wilmette, Illinois.

1 Q. Mr. Rezko, as I have just explained to you, we are here
2 for bond purposes today. And I am going to ask you a series
3 of questions about the financial information, some of which
4 has been provided to the Court and some may -- which may not
5 have been -- and some I have questions on, that I need to ask
6 to give myself assurance with respect to your bond.

7 I am going to place you under oath, sir, before I ask
8 you questions.

9 It is very important that you understand, Mr. Rezko,
10 that a false answer to any question I ask you could result in
11 additional prosecution against you for obstruction of justice,
12 false statements, perjury or something similar.

13 Do you understand that?

14 A. Yes, your Honor.

15 Q. And I cannot guarantee that this transcript will be under
16 seal forever. I do not know what will happen. I do not know
17 who will ask for it.

18 It is possible that this could become public. So,
19 that is another reason it is very important that you are
20 completely truthful with the Court.

21 Do you understand that, sir?

22 A. Yes, your Honor.

23 Q. Mr. Rezko, if at any point this morning you need to talk
24 to Mr. Duffy or Mr. Ziegelmueller, without my hearing what you
25 are saying -- if you need to discuss something with them --

1 just let me know and I am happy to stop this and you can go to
2 the table. I can leave the courtroom. You can have whatever
3 time you need. Okay?

4 A. Yes.

5 Q. Do you also understand, sir, that you have a Fifth
6 Amendment privilege that you can assert if a truthful answer
7 to a question I ask you would tend to incriminate you?

8 A. Yes, your Honor.

9 Q. In other words, you have a right to remain silent if you
10 choose to do so.

11 Do you understand that?

12 A. Yes, I do.

13 Q. I am not in any way immunizing you or giving you any pass
14 on the -- nor can I, on the -- answers you are giving to the
15 Court today.

16 Do you understand that?

17 A. I understand.

18 Q. So, if you -- and I assume you have discussed this with
19 Mr. Duffy?

20 A. Yes, I have.

21 Q. So, you are free to assert your Fifth Amendment privilege
22 if you feel like you need to; or, if you want to discuss any
23 question in connection with your Fifth Amendment privilege
24 with Mr. Duffy, you are welcome to do that. Okay?

25 A. Yes.

1 Q. Knowing all of that, Mr. Rezko, are you still willing to
2 answer the Court's questions regarding your financial
3 information, sir?

4 A. Yes, your Honor.

5 Q. Before I get to what you have submitted with the Court,
6 are you currently employed? Are you working --

7 A. Yes, your Honor.

8 Q. -- anywhere?

9 All right. Tell me, if you would, please, what you
10 are doing -- what your work is.

11 A. I'm a developer -- real estate developer.

12 I'm working on the development of 62 acres.

13 Q. On 62 acres?

14 A. Yes, ma'am.

15 Yes, your Honor.

16 MR. DUFFY: Mr. Rezko should -- I apologize, Judge.

17 There's a reference in the letter to a 62-acre
18 development. And I think Mr. Rezko has to be a little more
19 specific for your Honor.

20 THE COURT: Yes, he does. And I could do the
21 follow-up or you can add in, whichever you would like.

22 BY THE COURT:

23 Q. Is this the 62 acres with MT Property Holdings?

24 A. Yes, your Honor.

25 Q. Tell me more about that and what your role with MT

1 Property Holdings L.L.C. is.

2 A. Your Honor, I'm --

3 Q. I am sorry.

4 Let me -- before you do that, I told you I am going
5 to swear you in, Mr. Rezko, and I do want to do that now that
6 we are getting to the substance.

7 If you would raise your right hand, sir.

8 (Whereupon, the defendant was duly sworn.)

9 MR. DUFFY: And, your Honor, I do apologize, but if
10 it's clear to me that he is not understanding your question,
11 may I speak up?

12 THE COURT: Absolutely.

13 MR. DUFFY: Thank you, Judge.

14 THE COURT: I am not trying to trick or --

15 MR. DUFFY: No, no, I understand that, at all.
16 That's why I suggested that.

17 THE COURT: Yes, you are free to jump in wherever you
18 would like.

19 BY THE COURT:

20 Q. So, Mr. Rezko, you are working with MT Property Holdings
21 L.L.C. in the development of a 62-acre vacant lot on Chicago's
22 South Side, correct.

23 A. Correct.

24 Q. What is your role at MT Property Holdings L.L.C.?

25 A. Uh --

1 MR. DUFFY: Would it be -- does it make sense to give
2 an overview of the project of the entities before we --

3 THE DEFENDANT: No, I would like to because I do not
4 know my legal -- what my participation in MT -- I don't know
5 whether I'm an officer or manager. That's why I'm hesitant.

6 THE COURT: Okay.

7 BY THE COURT:

8 Q. Do you own an interest?

9 A. Yes. Yes, your Honor. I own approximately 80 percent of
10 MT.

11 Q. So, you are an approximate 80 percent holder.

12 And does any other -- are you -- do you own
13 approximately 80 percent in your individual capacity or
14 through some other entity -- or do you know?

15 A. I believe it's -- I believe it's -- owned by me
16 individually.

17 Q. Okay.

18 MR. DUFFY: Judge -- and, again, I apologize --
19 Mr. Ziegelmuller has spent a lot of time on this. I think in
20 30 seconds, it's a very sophisticated, complicated project. I
21 think Mr. Ziegelmuller, in 30 seconds, could give the Court
22 an overview; and, then, we could focus Mr. Rezko on the
23 specific parts that pertain to him and what he is doing, if
24 that would be helpful.

25 THE COURT: That is fine.

1 BY THE COURT:

2 Q. Mr. Rezko, I am going to ask that you listen to
3 Mr. Ziegelmueller --

4 A. Yes, your Honor.

5 Q. -- because I am going to ask you to confirm everything he
6 says when he is done.

7 MR. ZIEGELMUELLER: I don't know about 30 seconds
8 with you, Judge, but I will do my best.

9 THE COURT: I will give you 60.

10 (Laughter.)

11 MR. ZIEGELMUELLER: And, your Honor, I've consulted
12 with many of the real estate lawyers and people who are
13 involved in this. So, it's not direct knowledge, either, but
14 our understanding is, is that there's a 62-acre parcel at
15 Clark and Roosevelt, which is owned by an entity called
16 Riverside District Development. And there's some amount of
17 direct mortgage on the property at that level.

18 But Riverside District Development is owned by
19 Heritage District Partners, for the most part; and, then,
20 Heritage District Partners has its own ownership structure,
21 part of which is with MT Property Holdings, which is the
22 entity that Mr. Rezko owns.

23 There's sort of a waterfall that spreads out.

24 So, MT Property Holdings is an entity that's working
25 with the other partner, which is General Mediterranean

1 Holdings, which is a Luxembourg company controlled by a
2 wealthy individual in London, who is more or less the
3 investment partner in the project.

4 MT Holdings is in charge of the -- sort of the --
5 more day-to-day development work on-site; and, Mr. Rezko's
6 working through MT to line up the various infrastructure and
7 pieces and so forth, to develop this property with the funding
8 of GMH. And there's a very complicated allocation of any
9 future profits in the development, in terms of who gets paid
10 off and when and under what circumstances, which we can get
11 into, if you want.

12 But that's the general overview of the project.

13 BY THE COURT:

14 Q. Is that accurate, Mr. Rezko?

15 A. Yes, your Honor.

16 Q. So, you own -- just so I understand -- 90 -- approximately
17 80 percent of MTP Holdings?

18 A. Yes, your Honor.

19 Q. Or MT Property?

20 A. Yes.

21 Q. Which I'm referring to as "MTP Holdings."

22 And MTP owns Heritage Development Partners?

23 A. Owns the majority of Heritage. Owns approximately 98
24 percent of Heritage.

25 Q. And Heritage, in turn, owns approximately 50 percent of

1 Riverside District Development?

2 A. Yes, your Honor.

3 Q. And the other 50 percent of that is owned by the --

4 A. By GMH.

5 Q. -- British entity GMH?

6 A. Yes, your Honor.

7 Q. Okay.

8 So, you have an interest in Riverside District
9 Development through MTP Holdings?

10 A. Yes, your Honor.

11 Q. Your interest is through MTP through -- there's one other
12 one in there?

13 A. Heritage.

14 Q. Heritage?

15 A. Yes, your Honor.

16 Q. Okay.

17 Who owns the, roughly, other 20 percent of MT
18 Property?

19 A. It's Mike Rumman. It's an individual who was running the
20 day-to-day affairs of --

21 THE COURT: Roman? Mike Roman?

22 A. R-u-m-m-a-n.

23 Q. Are you getting paid any money out of this development
24 now?

25 A. No, your Honor.

1 Q. Since the time you were indicted in this case, through
2 today, have you been paid any money out of this project?

3 A. No, your Honor.

4 Q. Do you anticipate receiving any money at any point in the
5 near future?

6 A. No, your Honor. In the distant future.

7 Q. What exactly is being developed on these 62 acres?

8 A. Your Honor, it's zoned for 4,600 residential units and
9 6,060 -- 660,000 -- square feet of retail.

10 Q. What is the status of the project today?

11 A. Right now we're working on vacation -- vacation -- of some
12 of the roads, and public ways on the parcel. And we're
13 working on some of the redesign of the retail area.

14 Q. Has land been broken? Are you building yet or --

15 A. No, your Honor, we have not.

16 Q. So, you are a ways away?

17 A. Correct.

18 Q. Other than working on this developing these 62 acres, what
19 other employment do you have or what other work are you
20 involved in?

21 A. I am also working with GMH on some parcel they own in
22 Syria.

23 The same thing: Developing a concept for the
24 parcels.

25 Q. Are you doing that through MT Property Holdings, through

1 Heritage Developments ownership in Riverside District or are
2 you doing that directly or through some other means with GMH?

3 A. No, it's actually not defined and not structured yet.
4 When the indictment came about, we were just putting it
5 together.

6 I do have people from Heritage/MT that are helping me
7 with that development.

8 Q. Okay.

9 Is that in an early phase, as well?

10 A. Very early phase.

11 Q. Have you received, since the time you were indicted, any
12 money assets -- anything of value -- in connection with this
13 project?

14 A. No, your Honor.

15 Q. Do you anticipate receiving anything in the near future?

16 A. No.

17 Q. Other than these two projects, what other employment do
18 you have or what other work are you involved in?

19 A. I have a project on Peterson. And I don't know the exact
20 address. It's a development project, 4300 West Peterson. And
21 one on Irving Park called Irving Park Development L.L.C.

22 Q. Tell me about those.

23 A. 4300 West Peterson is a vacant land zoned for, I believe,
24 35 single homes; and, we have financing -- construction
25 financing -- in place that we are working with the bank, on

1 selling the property or giving them back the property.

2 Q. You own approximately 75 percent of 4300 West Peterson; is
3 that correct?

4 A. I believe so, your Honor, yes.

5 Q. Who owns the other 25 percent?

6 A. I do not know. Maybe Bob Williams. Maybe. I do not
7 know.

8 Q. Okay.

9 The financing you've received, is this to you
10 individually or to the L.L.C.?

11 A. Your Honor, that was not for the L.L.C. -- way before my
12 indictment -- and, actually, sometimes in summer we listed the
13 property, because of the market conditions, and we were unable
14 to get any offers that would match the bank loans. So, we
15 were unable to sell it.

16 Right now we're in negotiation with the bank. Maybe
17 the bank will take over.

18 Q. What is the status of the project at 4300 West Peterson?

19 A. Again, negotiation with the bank to turn over ownership.

20 Q. Okay.

21 The bank is going to foreclose?

22 A. We're trying to do friendly foreclosures.

23 Q. I've never heard that term before, but --

24 MR. DUFFY: I think that may be a term unique to
25 developers, Judge.

1 (Laughter.)

2 BY THE COURT:

3 Q. What about the -- anything else with 4300 West Peterson?

4 Anything else in the works with that?

5 A. No, your Honor.

6 Q. Irving Park Development, what is --

7 A. Irving Park Development, I believe, is about 56
8 townhouses, of which 12 remain unsold under construction. The
9 rest are sold and closed on.

10 And here, again, due to market condition, there's
11 about a million-two gap of financing that I'm liable for.

12 And we're also working with the equity provider for
13 taking a note to be paid at some point in the future.

14 Q. When did you close on the 44 townhouses?

15 A. Your Honor, over the course of the last three years.

16 Q. Since your indictment, have you closed on any of them?

17 A. No -- to my knowledge, we have not. If we have closed on
18 any, I would not be beneficiary to receiving any money. It
19 all goes to the bank.

20 Q. It goes directly to the bank?

21 A. Yes. Yes, your Honor.

22 Q. Do you have any access to it at all?

23 A. Actually, we have a trustee. We have -- Bob William is
24 the trustee for this project.

25 Q. Explain to me how that works.

1 There are 12 town homes left. Say you sell one and
2 close on it. Explain to me how that works.

3 A. When there is a sale, all the proceeds goes to the bank to
4 pay for the construction loans.

5 If all 12 townhouses sold today at today listing
6 prices, I would get no benefit -- no money -- from it at all.

7 There is a gap, your Honor, of all. If all 12 units
8 sold today, there's a gap of approximately a million dollars
9 in deficit.

10 Q. Do you have a way to get access to those proceeds?

11 A. No, your Honor.

12 Q. What else are you working on or what other type of
13 employment do you have?

14 A. I do not have any other, your Honor. This is what I can
15 remember now.

16 Q. What about Chicago Construction Services L.L.C.?

17 A. It -- it -- has been a construction arm for Rezmar L.L.C.
18 -- or Rezmar, Inc. -- and it's in the wind-down mode. There
19 is no benefit for me. No financial, only liabilities.

20 Q. Does it have any assets?

21 A. Your Honor, no, it does not. None I'm aware of.

22 Q. What about 4300 West Peterson or the Irving Park
23 Development -- those two L.L.C.'s that you mentioned? Other
24 than the land on -- at 4300 West Peterson that you're in
25 friendly foreclosure on, or the townhouses in the Irving Park

1 Development, do either of those L.L.C.'s have any assets?

2 A. No, your Honor.

3 Q. Let me go back -- one other thing before I do.

4 Do you have any employment, working relationship with
5 any entities that are located in a foreign country?

6 A. No, your Honor, none.

7 Q. You have described the Syria project. Other than that,
8 are you working with any entities or individuals -- any kind
9 of work?

10 A. No, your Honor.

11 Q. With anybody or anything located in a foreign country?

12 A. No, your Honor.

13 Yeah, sorry, other than GMH?

14 Q. Yes, the Syria project.

15 A. Right.

16 THE COURT: I have before me the affidavit,
17 Mr. Duffy, that you submitted to the Court on November 2nd.

18 MR. DUFFY: Yes, your Honor.

19 And, your Honor, if I may, there has been, I think,
20 as far as we can tell -- and we learned this, I believe,
21 yesterday -- one change to that financial statement --

22 THE COURT: Okay.

23 MR. DUFFY: -- that may be material.

24 There may be some other changes, in terms of amount
25 of cash in the bank or cash on hand, that may not be material,

1 but one material item I wanted to bring to your attention.
2 And I'm sure you'll inquire about it, but it relates to the
3 cash surrender value of the Equitable life insurance policy.

4 THE COURT: Where is -- okay. That is the 85,000
5 now?

6 MR. DUFFY: Correct.

7 THE COURT: I will ask about that.

8 BY THE COURT:

9 Q. Do you have the affidavit before you, Mr. Rezko?

10 A. Yes, your Honor.

11 Q. Did you review this before Mr. Duffy submitted it to the
12 Court on November 2nd?

13 A. Yes, your Honor.

14 Q. And to the best of your knowledge, is November 2nd, when
15 this was submitted to the Court, is everything in here true
16 and accurate?

17 A. Yes, your Honor.

18 Q. Other than the Equitable change -- which I will ask you
19 about in a little bit -- is everything in this affidavit still
20 true and accurate?

21 A. Your Honor, cash on hand and Citibank account have changed
22 since --

23 Q. Cash on hand and the savings account?

24 A. Right, we have --

25 Q. All right.

1 Tell me about those two changes.

2 The cash on hand, let us start with that?

3 A. I believe we have about 2,000 left of it.

4 Q. Okay.

5 The savings account?

6 A. I believe it's all gone, your Honor. It's all spent.

7 Q. Okay.

8 Other than those two changes and the Equitable life
9 insurance, are there any other changes today to the financial
10 information in the affidavit that was submitted to the Court
11 on November 2nd?

12 A. On the income side --

13 MR. DUFFY: That's the asset side.

14 BY THE DEFENDANT:

15 A. The asset side, no, your Honor.

16 BY THE COURT:

17 Q. The income side or any other -- and I am talking about the
18 attachments, as well. This is a one-page affidavit with three
19 pages of attachments.

20 So, take a look at it closely.

21 A. Which one, your Honor?

22 MR. DUFFY: Look at the affidavit and, then, the
23 attachments, as well.

24 MR. ZIEGELMUELLER: And, your Honor, I guess the
25 other references to the Lake Geneva condo are about to change,

1 as we discussed this morning. But I guess for right now
2 they're frozen in time.

3 THE COURT: Okay.

4 (Defendant confers with attorneys off the record.)

5 BY THE DEFENDANT:

6 A. Your Honor, MT, since this was filed, I have converted
7 approximately two percent of my ownership for previous
8 existing debt to an individual who was an investor with me.

9 BY THE COURT:

10 Q. So, MT Property Holdings, you have converted approximately
11 two percent --

12 A. Yes, your Honor.

13 Q. -- of your ownership --

14 A. Two, instead of --

15 Q. -- in the debt?

16 I do not understand.

17 A. Right. My ownership was approximately eighty percent, has
18 been reduced by two percent.

19 Q. Did you get cash or some --

20 A. No, your Honor. This was a debt that was over five years
21 old.

22 Q. So, you had another outstanding debt that you satisfied by
23 giving two percent of your ownership in MT Properties?

24 A. Yes, your Honor.

25 Q. What was, roughly, the value of that debt?

1 A. Your Honor -- and, again, now I may not be exact with my
2 number -- I believe it was about a million-five, if I'm not
3 accurate on the number, please.

4 Q. Is that a secured lender or unsecured?

5 A. Unsecured.

6 MR. DUFFY: Your Honor, as the financial information
7 we submitted to you lists debts in excess of \$50 million of
8 Mr. Rezko; and, I think I indicate in the letter he has
9 engaged both bankruptcy counsel and he has yet another law
10 firm that's assisting him in addressing a substantial amount
11 of civil litigation that's ongoing against him, as well as
12 trying to deal with the debt situation, and see if there's
13 something that can be done short of bankruptcy.

14 The only asset -- real asset -- that Mr. Rezko has is
15 this MT Holdings, and your Honor can question him, but there's
16 no real value on it. There will be value down the road, so to
17 speak.

18 In my clumsy way my understanding is -- and we're not
19 involved in this is -- that counsel is meeting with
20 individuals, or counsel for individuals, to who Mr. Rezko owes
21 substantial sums of money, asking them if they would be
22 interested in taking -- having Mr. Rezko assign part of MT
23 Properties to them. And they're calculating a formula to use
24 for this assignment. So, there's no exchange of money in
25 exchange for release of his debt that's now pending.

1 And all of the debtors understand there's substantial
2 risk in that they will only get repaid if, in fact, this
3 property is developed three or five years from now and there
4 is substantial value in the property.

5 But short of that process, Mr. Rezko, I think, has to
6 seriously consider bankruptcy options with his counsel.

7 And, so, Mr. Malek was his name -- was one of the
8 debtors -- who agreed to this process. And I can get your
9 Honor whatever details you want on that.

10 But that is -- those discussions are ongoing with
11 several other individuals, as well.

12 BY THE DEFENDANT:

13 A. Your Honor, if the property is sold today for \$200
14 million, I will receive not one dollar from that proceeds.

15 The value for me in this property is in the future
16 development. It's 4,600 residential units and 660,000 square
17 feet of retail. I will only create value by proceeding with
18 the development over eight years.

19 And the debt I'm trying to settle -- and I have
20 already settled one -- is in the hope of creating value in the
21 future versus now, which if I file bankruptcy, individuals
22 will get -- there's nothing in return.

23 BY THE COURT:

24 Q. How are you living, Mr. Rezko?

25 A. Your Honor, I have been fortunate to have the family I

1 have, as was demonstrated before the Court when I came in.

2 The family have been tremendous help -- my family --

3 Q. How are you putting --

4 A. -- my family and my wife family.

5 Q. Your wife, according to her affidavit, makes, roughly,

6 37,000 a year living in Wilmette?

7 A. Right.

8 Q. That is not a lot.

9 A. Correct.

10 Q. How do you put groceries on the table? You have got two
11 kids. How?

12 A. Your Honor, we spend about \$7,500 a month, of which all
13 have been coming from the family since my return.

14 Q. So, you have family members giving you, roughly --

15 A. Yes, your Honor.

16 Q. -- \$7500 a month?

17 A. Well, they are not giving it on a monthly basis, but
18 they're giving us installments; yes, your Honor.

19 Q. Okay.

20 The -- let me go back to the financial affidavit. Is
21 this affidavit complete?

22 A. To my knowledge, it is, your Honor.

23 Q. Tell me about the change --

24 MR. DUFFY: Your Honor, if I may, the only thing I
25 can tell your Honor is that when we put this affidavit

1 together and we reviewed it extensively with Mr. Rezko, as
2 well as other professionals with Mr. Rezko, we focused on
3 items that we thought would be of interest to your Honor for
4 bond.

5 The one -- for example, what comes to mind is we did
6 not inventory household assets.

7 THE COURT: I am going to get to that.

8 MR. DUFFY: Okay.

9 Items like that, we didn't think would be --

10 THE COURT: Sure.

11 BY THE COURT:

12 Q. Let's talk about the life insurance policy.

13 What is the change?

14 Here you have listed an Equitable life insurance
15 policy for \$85,000?

16 A. Right.

17 Your Honor, the cash surrender value for me ends up
18 being \$18,000, which I -- 18,000 --

19 Q. Okay.

20 A. -- of which Equitable will send me a check directly for.

21 Q. Okay.

22 A. Apparently 50-plus-thousand was pledged to one of the
23 debtors and I had no access to that money.

24 The check that was sent to me from Equitable was
25 \$18,000.

1 Q. So, do you have, roughly, 60,000 left in it still?

2 A. I have no value left. It's surrendered. It's cancelled,
3 your Honor.

4 MR. ZIEGELMUELLER: In other words, your Honor, when
5 he was trying to surrender the policy, he discovered that he
6 previously pledged it --

7 THE COURT: He pledged it.

8 MR. ZIEGELMUELLER: -- to somebody else.

9 THE DEFENDANT: Right.

10 MR. ZIEGELMUELLER: And there was a negotiation with
11 the recipient of the pledge who took 50,000 to settle his
12 claim. And the rest was left for --

13 BY THE DEFENDANT:

14 A. Your Honor, this number was not accurate -- or maybe it
15 was when we called them working this out, but the cancellation
16 ended up being 68,000.

17 Q. So, you have nothing left in that now?

18 A. Correct, your Honor.

19 Q. The personal property. I do not see -- which caught my
20 attention -- on either yours or your wife's any jewelry,
21 artwork, antiques, furs, other assets that I would expect to
22 see here.

23 MR. ZIEGELMUELLER: Your Honor, when we were
24 preparing these, we took a rough inventory and we didn't see
25 anything of the sort that, as Mr. Duffy said, would be

1 post-able for bond.

2 Mr. Rezko can go through, you know, clothes and
3 jewelry and collections and so forth.

4 There are some particularized items that are listed
5 on a insurance rider on their life insurance policy, like a
6 wedding ring and a few other personal pieces of jewelry and --

7 BY THE DEFENDANT:

8 A. And has fur coats, your Honor. Sorry. It does have fur
9 coats, too.

10 MR. DUFFY: If you like, your Honor, we're willing to
11 prepare a list of those. We just, at the time, did not do
12 that.

13 THE COURT: Okay. Prepare a list for me anything on
14 there that has a value over \$10,000.

15 BY THE COURT:

16 Q. Do you know, as you stand here today, are there any items
17 that have a value of over --

18 A. There are, your Honor. A couple of items.

19 Q. I would like to know that -- any personal property items
20 that have a value of over \$10,000.

21 Do you have any safe deposit boxes?

22 A. I do not, your Honor.

23 Q. Does your wife?

24 A. I don't believe she does.

25 Q. Do you have any coins or any other cash stuffed away

1 somewhere?

2 A. No, your Honor.

3 Q. For lack of a better way.

4 You see what I am looking for.

5 I mean, you have your accounts here.

6 A. I do not, your Honor.

7 Q. Any cash, any other money on hand at home --

8 A. No, your Honor.

9 Q. -- some other place you have access to?

10 Mr. Rezko, is anybody holding any money or assets for
11 you?

12 A. No, your Honor.

13 Q. Since -- when did you first become aware that you were
14 under federal investigation?

15 A. Your Honor, officially we were never told; but, over a
16 year ago, maybe two years ago.

17 Q. Okay.

18 You were not told -- well, they may have told you
19 that you were a target, but you have had Mr. Duffy for a
20 while.

21 When did you first hire Mr. Duffy?

22 A. Two years now.

23 MR. DUFFY: I believe it was '04, your Honor.
24 Sometime in '04.

25 THE COURT: In '04? Okay.

1 BY THE COURT:

2 Q. And my guess is you hired Mr. Duffy to deal with the Feds?

3 A. Yes, your Honor.

4 Q. Since you hired Mr. Duffy -- and I'm going to use that
5 date as a date that you were aware that you --

6 A. Right.

7 Q. -- that the Feds were looking into you -- have you
8 transferred any assets to any person since that time?

9 Let me start with the broad --

10 MR. DUFFY: Your Honor, I apologize because he is a
11 developer and owns a lot of land. So, just transferred any
12 parcels at all?

13 Are you talking about transfers for somebody else
14 holding for him?

15 THE COURT: I am going to get to the second point.

16 MR. DUFFY: Okay, Judge.

17 THE COURT: And maybe it is too numerous to list for
18 the Court.

19 BY THE COURT:

20 Q. I know you are a real estate developer. I have heard
21 about a couple of pieces now. But since that time -- since
22 '04 when you hired Mr. Duffy --

23 A. Yeah.

24 Q. -- have you transferred?

25 It sounds like "Yes"?

1 A. If I may, your Honor?

2 Q. Yes.

3 A. I never thought in my wildest dream I would be indicted
4 because I know what I have done. I know what I have not done.
5 So, I never planned my life around it.

6 I have transferred assets, but for the purpose of
7 trying to liquidate to pay debtors. I have transferred. I
8 have sold Concessions -- sold interest in Panda Express --
9 sometime in the spring of '05, I believe. The spring of '05.

10 Sorry, '06. Sorry. '06. Last year.

11 Q. What did you transfer in the spring of '06?

12 A. My int- -- Concession --

13 MR. ZIEGELMUELLER: Rezko Concession?

14 BY THE DEFENDANT:

15 A. Rezko Concession sold its interest to the partner in Los
16 Angeles.

17 BY THE COURT:

18 Q. How much was that?

19 A. At the time, it was valued 24 million or thereabouts.

20 Please don't quote me exactly on the number. I may
21 be off by one or two millions.

22 MR. ZIEGELMUELLER: Ed and you had a 50 percent
23 interest?

24 THE DEFENDANT: Correct. I had a 50 percent
25 interest.

1 BY THE COURT:

2 Q. So, you received, roughly, 12 million?

3 A. Correct.

4 Q. What did you do with that money?

5 A. As a matter of fact, I did not receive. The sale
6 generated, roughly, 12 million, of which I believe about 6
7 million was owed to the partner and the rest went to pay debt,
8 your Honor.

9 Q. 6 million went --

10 A. Roughly, please. Roughly.

11 Q. Roughly?

12 A. Yeah.

13 Q. 6 million went to which partner?

14 A. The buyer, Panda Express Management.

15 Q. So, you sold this in the spring of '06?

16 A. Late spring, yes, your Honor.

17 Q. It was valued at, roughly, 24 million?

18 A. Yes, your Honor.

19 Q. Was that the sale price?

20 A. Yes.

21 Q. You owned half of it, so you got, roughly, 12 million?

22 A. Credit for 12 million; yes, your Honor.

23 Q. Credit for 12 million.

24 Six of that which went back to the buyer?

25 A. Correct.

1 Q. Why did that go back?

2 A. Because they were owed money, your Honor.

3 Q. Okay.

4 And, then, six you used to pay --

5 A. They paid themselves -- they paid their debt.

6 Then there was shares that had value for management,
7 that they had to take out from the sales.

8 Q. Okay.

9 A. The balance that was left, your Honor, went to pay MB Bank
10 and went to pay another debtor.

11 MR. ZIEGELMUELLER: If it helps, your Honor,
12 Mr. Rezko had a 50 percent interest through a corporation. It
13 was such a joint venture with Panda Express' corporate
14 ownership.

15 In fact, his market was I believe the only one that
16 isn't owned through Panda's general --

17 THE DEFENDANT: Right.

18 MR. ZIEGELMUELLER: -- general corporate owner.

19 So, in the course of operating these Panda Express
20 restaurants in the Chicago market, there's obviously profits
21 and losses that get allocated.

22 The \$6 million loan was incurred in the operation of
23 this entity. When Mr. Rezko transferred his 50 percent
24 ownership back to Panda corporate -- in other words, to get
25 out of the joint venture -- they offset the prior existing

1 debt, paid off some other debtors, and the rest is as
2 Mr. Rezko explained.

3 THE DEFENDANT: If I may, your Honor, there's some
4 correction I'd like to make.

5 The money that was owed by the partner was money lent
6 to one of our Papa John's entity when I got involved in Papa
7 John.

8 THE COURT: Okay.

9 THE DEFENDANT: So, it was really not incurred for
10 operation of Panda itself.

11 THE COURT: Okay.

12 THE DEFENDANT: If I may -- yeah.

13 MR. DUFFY: And, Judge, one point I need to make,
14 too, is Mr. Rezko always refers to as "He does this" and "He
15 does that," as if he's doing it individually. These are all
16 done through corporate entities or through partnerships, and
17 so forth.

18 THE COURT: And he mentioned that.

19 MR. DUFFY: Okay, Judge.

20 MR. ZIEGELMUELLER: Rezko Concessions is sort of at
21 the top of a long and other very elaborate list of restaurant
22 entities, most of which either have to do with pizza or Panda.

23 THE COURT: I do not see Rezko Concessions on this
24 list.

25 MR. DUFFY: I believe it's listed on --

1 THE COURT: But I could be missing it.

2 MR. DUFFY: It's listed on the -- I guess it would be
3 -- the Page 2 of 3 of the attachment, Judge: "Privately held
4 corporations." I believe it's No. 4.

5 THE COURT: Okay.

6 Here it says you own, roughly, 60 percent, not 50.

7 THE DEFENDANT: No, your Honor. Rezko Concession
8 owned 50 percent of the stores in the area we're in.

9 THE COURT: Okay.

10 THE DEFENDANT: The owner of the store, it was
11 partnership called Rezko Citadel. So, Rezko Citadel was owned
12 50 percent by Panda Management and 50 percent subsequently by
13 Rezko Concession, through layers of L.L.C.'s.

14 THE COURT: Rezko Citadel?

15 THE DEFENDANT: Yes, your Honor.

16 Rezko Citadel was the owner of the stores.

17 MR. ZIEGELMUELLER: That -- we didn't break out all
18 of these L.L.C.'s, your Honor, because -- none of them have
19 any operations. But the note under Rezko Concessions under 4
20 says, "Through multiple layers of L.L.C.'s, Rezko Concessions
21 is responsible for liabilities."

22 What happened is all of these -- the restaurant
23 business on the pizza side is defunct; and, once this
24 transaction happened with Rezko Citadel, there are no other
25 assets on the Panda Express side. So, it's basically a bunch

1 of shell entities. They're all controlled by Rezko
2 Concessions. And Rezko Concessions is now responsible for all
3 of their liabilities to entities, like, G.E., and so forth.

4 THE DEFENDANT: My ownership in Panda since Day One
5 has been through Rezko Concession.

6 BY THE COURT:

7 Q. Does Rezko Concessions have any assets?

8 A. No, your Honor.

9 Q. Other than this --

10 A. Oh, your Honor, --

11 THE DEFENDANT: Thank you.

12 BY THE DEFENDANT:

13 A. -- when we sold -- when Rezko Concessions sold its
14 interest in Rezko Citadel to Panda Management, at the same
15 sales document, Rezko Concession -- or I -- have an option to
16 buy back what we sold at the value. We sold plus 12
17 percent -- plus -- don't quote me on the 12 percent, I think
18 it was maybe 9 percent -- annual interest. And that option, I
19 believe, expires sometimes in '07.

20 BY THE COURT:

21 Q. So, you have an option to buy back Rezko Concessions' --

22 A. Interest in Panda.

23 Q. -- interest in Panda that you sold to the partner in L.A.?

24 A. Yes, your Honor.

25 Q. And it expires sometime in '07?

1 A. Yes, your Honor.

2 Q. Is that an option that -- is that transferrable?

3 A. I do not know, your Honor. Probably is, but I cannot
4 speak in definite way.

5 Q. Have you had discussions with anybody about transferring
6 or selling this option?

7 A. No.

8 Q. Other than that asset sold by Rezko Concessions to the
9 partner in L.A., since you hired Mr. Duffy in '04, have you
10 transferred any other assets?

11 A. Your Honor, we -- and, again, I use the term "we" -- the
12 62 acres was sold to General Mediterranean Holding in
13 September of '05. And there were a number of investors and --

14 Q. Was that the 50 percent of it sold?

15 A. No, your Honor. The whole thing was sold.

16 Q. Okay.

17 A. Right -- but I'll explain that.

18 When we sold the land to GMH, GMH being a foreign
19 company in England and brought -- Luxembourg had no
20 development arm in the U.S. They hired Heritage as a
21 developer for 50 percent of the profit and for monthly fees --
22 monthly expenses.

23 Subsequently, maybe within 90 days, we end up -- upon
24 the lawyers' recommendation for tax reasons, we end up --
25 trading that development contract for actual ownership of 50

1 percent in the land.

2 The end result is the same because GMH have, at the
3 time, come up with 130 million in cash to pay all the debtors
4 and investors. And they charge premium of 12 percent per year
5 for their money. And there's a first mortgage on the
6 property.

7 So, if that property sold today for 185 million
8 today -- if it sold for \$185 million -- we receive nothing,
9 I'm in debt.

10 If it sold for 200 million, I receive nothing.

11 Q. How much is the first mortgage on that property?

12 A. 20 -- roughly -- 28 million. It shows here 27, but I
13 thought it was 28.

14 So, those transactions happened after I -- since
15 Mr. Duffy's been representing me.

16 Q. Any others?

17 A. No.

18 I cannot recall any other -- anything of substance.
19 We're developers. We sell units. We buy units.

20 Sorry, we don't buy. We sell units.

21 I'm not aware of anything.

22 Q. How about to your wife or other family members, have you
23 transferred any assets?

24 A. No, your Honor, I have not.

25 Q. Let me finish, just so I am sure you understand the

1 question.

2 Since you hired Mr. Duffy in '04, have you
3 transferred any assets to wife or family members?

4 A. No, your Honor.

5 Q. Have you transferred any assets within the last five years
6 to any person or entity where you still have some control over
7 them?

8 A. No, your Honor. I can't think of --

9 Q. Do you have -- because, obviously, you don't list many
10 assets on your financial information, do you have -- access to
11 any assets that you could liquidate?

12 A. Other than the 62 acres, your Honor, I do not have any
13 other assets.

14 Your Honor, my wife sold the land, too, in Hyde Park
15 the last few weeks.

16 Q. Okay.

17 What did she get for that? Was she the only owner in
18 that?

19 A. Correct.

20 Q. Did she personally own it or did an L.L.C. own it?

21 A. She owned it in a trust, I believe.

22 Q. How much did she get for the land in Hyde Park?

23 A. A hundred-twenty-thousand was in excess of the mortgage on
24 the land, and that hundred-twenty-thousand went all in full to
25 the buyer for a previous debt.

1 Q. So, she didn't walk away with any cash?

2 A. Not one dollar.

3 Q. How --

4 THE COURT: And you can object to this if you want,
5 but I do not think it is going into any attorney-client
6 privilege.

7 BY THE COURT:

8 Q. How are you paying Mr. Duffy?

9 A. Your Honor --

10 Q. Because I am sure --

11 MR. DUFFY: I've been waiting for that one.

12 (Laughter.)

13 THE COURT: I am sure you are not doing this for
14 free.

15 BY THE COURT:

16 Q. I know -- I do not know what his rates are, but I know he
17 is making more money than I am.

18 (Laughter.)

19 A. Again, your Honor -- again, your Honor.

20 MR. DUFFY: That's very kind of you.

21 BY THE COURT:

22 Q. He is worth it.

23 How are you paying him?

24 A. Your Honor, again, I have been very fortunate to have the
25 family I have and to have some friends that I have. I've been

1 very fortunate.

2 Q. So, family members and friends of paying your legal bill?

3 A. Yes, your Honor.

4 MR. DUFFY: I can confirm that, your Honor.

5 And, also, members of his church have been extremely
6 supportive and have come forward and I met with them -- a
7 number of them -- and Mr. Rezko has not provided us any money
8 since his indictment.

9 BY THE COURT:

10 Q. Do you have any foreign assets?

11 A. No, your Honor.

12 Q. Any -- other than the Syria project, which we've talked
13 about, do you own or have access to any assets outside of the
14 United States?

15 A. No, your Honor.

16 Q. Have you -- there's a wire transfer that the government
17 has mentioned several times. I think it was a \$400,000 one.

18 MR. DUFFY: I believe that was the amount they
19 referenced, and I think the year was '04, if I'm not mistaken.

20 BY THE DEFENDANT:

21 A. Yes, your Honor.

22 BY THE COURT:

23 Q. What is that about?

24 And I do not know if this is part of the --

25 MR. DUFFY: Yeah -- may I have just a moment, Judge?

1 THE COURT: You may.

2 I am not sure if it is part of the indictment.

3 BY THE DEFENDANT:

4 A. Your Honor, it was not done for me. It was not done to
5 hide assets. It was not done to funnel assets or cash or --
6 it had --

7 Q. Well, talk to Mr. Duffy. I cannot remember if that is in
8 the indictment or if that is just something they --

9 MR. DUFFY: I don't believe so, Judge.

10 THE COURT: -- mentioned.

11 (Defendant confers with attorney off the record.)

12 MR. DUFFY: Your Honor, I don't know if it's -- I
13 mean, I want your Honor to have this explanation so you
14 understand what this is. So, I'm going to ask Mr. Rezko to
15 explain this.

16 THE COURT: I cannot guarantee that (indicating) is
17 fresh, Mr. Ziegelmueller. Did you bring it in?

18 (Laughter.)

19 THE DEFENDANT: Your Honor, I just need some --

20 THE COURT: Okay.

21 MR. DUFFY: Maybe I'll try to summarize it and, then,
22 you can ask Mr. Rezko some detail.

23 GMH came in as an investor in this 62 acres in 2004.
24 And, then, in 2005, it was restructured when they came in as
25 the full partner. And Mr. Rezko has spoken to some of this.

1 In 2004, when they came in as an investor, they had
2 an individual who they -- that is, GMH wanted to pay a
3 finder's fee to somebody.

4 THE DEFENDANT: No, no, we -- your Honor --

5 MR. DUFFY: I'm sorry you can explain.

6 THE DEFENDANT: -- if I may?

7 There was an individual in Lebanon that made the
8 investment by GMH possible to me -- introduced the project and
9 worked on my behalf with me with GMH in '04.

10 As a matter of fact, initially it was started the
11 discussion in fall of '03. But GMH invested \$10 million
12 sometime in April of '04 or March of '04.

13 And I had to promise the person -- it was foreign
14 national, I had promised him -- \$400,000 commission.

15 BY THE COURT:

16 Q. What was that individual's name, if you can give it?

17 A. Yeah -- it's okay.

18 MR. DUFFY: Sure.

19 THE DEFENDANT: I mean --

20 MR. DUFFY: Do you remember his name? Was it paid to
21 him or --

22 THE DEFENDANT: No, it went to his brother-in-law.
23 He gave me wire instructions. It went to his brother-in-law.

24 I can get you the documents, your Honor, but --

25 MR. DUFFY: Do you want the name of the individual

1 who got the finder's fee, Judge?

2 THE COURT: Yes.

3 BY THE COURT:

4 Q. Who did the commission go to?

5 A. Uh --

6 Q. Do you not remember or are you reluctant to tell me?

7 Reluctant to tell me?

8 A. It went to his brother-in-law's wife. I don't want to
9 make his name public.

10 Q. Well --

11 A. Nater Auchi, your Honor.

12 Q. Pardon me?

13 A. Nater Auchi.

14 Q. Nater?

15 A. Yeah, Auchi.

16 Q. Can you spell that?

17 A. A-u-c-h-i.

18 Q. Now, why was the money -- I mean, it went to his
19 brother-in-law's wife.

20 A. Because they don't want his brother to know he got
21 commission, your Honor.

22 MR. DUFFY: Judge, as I understand the transaction,
23 when Mr. Rezko was looking for investors and he had a
24 conversation with this gentleman, he said, "If you find an
25 investor, there would be a finder's fee for you."

1 He found this investor. Mr. Auchi came in. They're
2 relatives.

3 Because of the sensitivity of the relative making the
4 investment, he, Mr. Rezko, owed him a finder's fee, but he
5 directed Mr. Rezko to send it to yet another relative of his.

6 THE DEFENDANT: Yes.

7 THE COURT: Because Mr. Auchi and GMH are related?

8 MR. DUFFY: Mr. Auchi is the principal of GMH.

9 THE DEFENDANT: Brother.

10 THE COURT: Okay.

11 THE DEFENDANT: The two Auchis. One is a brother.
12 One is the Chairman of GMH.

13 THE COURT: Okay.

14 MR. DUFFY: So, one brother didn't want the other
15 brother to know the extent of the transaction.

16 BY THE COURT:

17 Q. Do you have -- the 400,000, I do not want to get involved
18 in that --

19 A. No, I have no interest in it. I never --

20 Q. Do you have any control over that --

21 A. No, your Honor.

22 Q. -- or access to that?

23 A. No.

24 Q. Do you have any foreign bank accounts?

25 A. No, your Honor.

1 Q. Any --

2 A. I had one. We talked about it in the affidavit.

3 MR. ZIEGELMUELLER: Just the small cash, he opened in
4 the hotel when he was traveling.

5 BY THE DEFENDANT:

6 A. I had maybe for two weeks, your Honor.

7 BY THE COURT:

8 Q. Any other foreign bank accounts?

9 A. No, your Honor.

10 Q. Other than this -- any assets outside of the United
11 States?

12 A. No, your Honor.

13 Q. Do you own any land?

14 A. No, your Honor.

15 Q. Any real estate anywhere outside of the United States?

16 A. No, your Honor.

17 Q. Any artwork outside of the United States?

18 A. No.

19 Q. Any jewelry outside of the United States?

20 A. No.

21 Q. Any funds outside of the United States?

22 A. No.

23 Q. Does any entity that you have control over have any assets
24 outside the United States?

25 A. No.

1 Q. Or any cash outside of the United States?

2 A. No.

3 Q. Any real estate, other than the Syrian project, any real
4 estate outside the United States?

5 A. No, your Honor.

6 Q. Is anyone outside of the United States holding any assets
7 or cash for you, Mr. Rezko?

8 A. No, your Honor.

9 Q. Anyone in the United States holding any assets --

10 A. No, your Honor.

11 Q. -- or cash?

12 Other than this \$400,000 transfer, have you -- since
13 you hired Mr. Duffy in '04, have you -- wire transferred any
14 money outside of the United States?

15 A. If I have, I don't remember.

16 If I have, it was in the course of regular business,
17 your Honor. Not for me, not to somebody to hold money for me.

18 Q. Other than the Syrian deal, do you have any contracts,
19 agreements with any person or entity outside of the United
20 States that could result in payment to you?

21 MR. ZIEGELMUELLER: GMH, the same entity as the
22 partner in the 62 acres, as well. So there's money that goes
23 back and forth there.

24 BY THE COURT:

25 Q. In addition to that --

1 THE DEFENDANT: I want to talk to you.

2 Your Honor, may I?

3 THE COURT: Certainly. Just tell me when you are
4 ready.

5 (Defendant confers with his attorney off the record.)

6 MR. DUFFY: You can tell the Court.

7 It's just the contract for the Iraqi matter.

8 THE COURT: Okay.

9 MR. DUFFY: But I believe we disclosed that to your
10 Honor.

11 THE COURT: That was disclosed -- you are correct --
12 in the affidavit in the second letter, I think, to me.

13 THE DEFENDANT: I believe it was cancelled November
14 7th, your Honor.

15 THE COURT: That is correct.

16 MR. DUFFY: And the one other thing, your Honor, is
17 that --

18 THE COURT: Rezmar.

19 MR. DUFFY: Mr. Rezko's businesses or him
20 individually had business transactions, which -- as he's
21 referred to earlier -- overseas. And there also were business
22 transactions where there would be transfers to Canada.

23 And, again, the same thing -- business
24 transactions -- but he wanted to mention Canada.

25 THE DEFENDANT: Nothing of substantial amounts.

1 BY THE COURT:

2 Q. Do any of these amounts that you've transferred to Canada
3 or any country outside the United States, do you have any
4 control over them?

5 A. No, your Honor.

6 Q. We will talk about Rezmar International in a minute.

7 Any other agreements or contracts outside of the
8 United States that could result in payment to you?

9 A. No, your Honor.

10 Q. Do you have any monthly income?

11 Do you have any salary or --

12 A. Only what the family's been providing us with, your Honor.

13 Q. Any family members from outside of the United States
14 providing you with financial help?

15 A. No, your Honor.

16 My brother -- my wife's family is from Canada, your
17 Honor.

18 Q. Okay.

19 Are they assisting you?

20 A. Yes. She has a brother who is a doctor in Florida, but
21 he's been big help to us. And she has a brother who is
22 Canadian, who works here as a lawyer in Chicago, has been of
23 help to us.

24 Q. Anybody else outside of the United States giving you
25 money?

1 A. No, your Honor.

2 Q. Do you have any assets that you can get any kind of cash
3 advances from?

4 A. No, your Honor.

5 Q. And other than the money given from family members, you do
6 not have any salary coming in or money coming in from any of
7 the work you are doing?

8 A. Correct, your Honor.

9 Q. Are you a citizen of the United States only?

10 A. Yes, I am, only.

11 No, I never officially dropped my Syrian citizenship,
12 but I do not carry a passport. I have not carried a passport.

13 Q. You do not have -- I think I asked you this at the bond
14 hearing.

15 A. Right.

16 Q. You do not have a Syrian passport?

17 A. I do not.

18 Q. Do you have a passport from any country --

19 A. I do not.

20 Q. -- other than the United States?

21 A. I do not. I haven't had a Syrian passport for over 25
22 years or 20 years.

23 Q. Let me turn to Mr. Duffy's November 17th letter to me.

24 I assume you reviewed that before it was submitted to
25 the Court?

1 A. Yes, your Honor.

2 Q. Is it complete and accurate, to the best of your
3 knowledge?

4 A. Yes, your Honor.

5 Q. Tell me about Rezmar International L.L.C., which is
6 referenced in this letter, as well as the November 2nd letter,
7 but in more detail here, and what the status is.

8 A. Your Honor, Rezmar International entered into contract
9 with the Ministry of Electricity in -- of -- Iraq, to build a
10 power plant and sell power to the government.

11 And we were negotiating for over, now, I guess,
12 almost two years.

13 Since we signed that contract, we get a Letter of
14 Credit issued, so we can start ordering the equipment from GE
15 and build the plant.

16 The Letter of Credit was never issued.

17 And, subsequently, we received a letter -- the last
18 correspondence received was November 6th -- November 7th of
19 '06, explaining to -- what the status of that contract is.

20 Q. That is the last communication you have had?

21 A. Yes, your Honor.

22 Q. So, nothing has taken off?

23 A. Right.

24 We had, for whatever it's worth, sometime in June we
25 received a letter saying the contract was cancelled. We

1 protested the cancellation. And, then, we received this
2 letter.

3 Q. Okay.

4 MR. DUFFY: If your Honor wants to go into the
5 details, there was a request for purchase issued by the Iraqi
6 government.

7 Mr. Rezko and an engineering firm here in the State
8 of Illinois put together a bid, along with other entities;
9 and, then, they won this bid for the contract.

10 The company has no assets. They were just going
11 to -- if the contract was given, as I understand the financing
12 was going to be a Letter of Credit from the Iraqi government
13 and other financing; and, then, they were going to put
14 together someone to build or supply the electricity.

15 THE DEFENDANT: Yeah.

16 Your Honor, there were three bidders. There were
17 three successful bidders. The status of the other two is
18 exactly the same as ours.

19 THE COURT: Okay.

20 BY THE COURT:

21 Q. Does Rezmar International L.L.C. have any assets?

22 A. No, your Honor.

23 Q. I may have asked you this already, but you listed a lot of
24 L.L.C.'s in the financial information that was provided to the
25 Court on November 2nd.

1 Do any of those entities, other than the ones we've
2 already talked about, have any assets?

3 A. I wish there were, your Honor. No. Sorry.

4 MR. DUFFY: Your Honor, I'm directing Mr. Rezko to
5 Page 1 of 3, and there's a caption, "L.L.C. Membership
6 Interest in Non-Operating Entities."

7 THE COURT: Yes. I am referring to those, as well.

8 MR. DUFFY: Okay.

9 And there's 1 through 16 and the note underneath --
10 Mr. Rezko, please, because your Honor -- her Honor is asking
11 you about any assets, as opposed to assets minus liabilities.

12 BY THE DEFENDANT:

13 A. Yes.

14 BY THE COURT:

15 Q. I am not asking are you in the black on any of them.

16 A. Yes, 29.

17 Oh, sorry.

18 Q. Which one?

19 A. No, no, sorry. I thought that was Irving Park.

20 No. 15.

21 Q. Rezko Property Holdings L.L.C.?

22 A. That's not MT. That's different than MT.

23 MR. DUFFY: No, MT is different.

24 BY THE DEFENDANT:

25 A. Yeah, your Honor, I need to make a correction.

1 BY THE COURT:

2 Q. Okay.

3 A. When we told you early on that I personally owned,
4 roughly, 98 -- 80 -- percent of MT.?

5 Q. Yes.

6 A. That ownership was transferred at one point to, I believe,
7 Rezko Property Holdings L.L.C.

8 Q. So, you are --

9 A. I believe it was.

10 Q. -- what I think is now 78 percent ownership?

11 A. Yes, one of the same. I believe this is what Rezko
12 Property Holding is.

13 Q. So, you no longer have that 80 percent, it is now with
14 Rezko Properties?

15 A. I believe, your Honor. I'm not sure. I believe.
16 Otherwise, I don't know what this is. There's a recent --

17 MR. ZIEGELMUELLER: That's not consistent with what
18 the real estate lawyers have told us, your Honor.

19 THE COURT: We need to find that out.

20 THE DEFENDANT: Then it's not --

21 MR. DUFFY: We can --

22 THE DEFENDANT: Then it's nothing, your Honor.

23 MR. ZIEGELMUELLER: And I think what Mr. Rezko is --
24 he's interpreting your question to mean any hard assets or
25 buildings or anything like that. I think from an accounting

1 --

2 THE COURT: Cash.

3 MR. ZIEGELMUELLER: -- perspective, they have assets.

4 All of the former receivables from other entities -- other

5 Rezko entities -- which, I guess, is an accounting asset.

6 But there's no undeveloped condos, unsold condos,
7 vacant land, anything like that in any of these non-operating
8 entities we've listed.

9 THE COURT: What about cash?

10 THE DEFENDANT: No.

11 MR. ZIEGELMUELLER: No cash.

12 THE COURT: Are there receivables of any value or
13 anything you could liquidate?

14 MR. ZIEGELMUELLER: They're all from -- they're all
15 intercompany receivables, your Honor. So, it all would flow
16 up somehow to Mr. Rezko, or some entity that owes this entity
17 money, that, you know, is borrowed from another bank. That
18 type of thing. The short answer: No.

19 BY THE COURT:

20 Q. Is that accurate, Mr. Rezko?

21 A. Yes, your Honor.

22 Q. Are there any receivables for these or any of your other
23 entities that you could cash in on or liquidate in some form,
24 or is it you just owe yourself money?

25 A. No, your Honor. I am not aware of any.

1 Q. Does Riverside District Developers or Development or
2 Heritage Development or MT Property Holdings have any balance
3 sheet?

4 A. Any, what, your Honor?

5 Q. Any balance sheet or any accounting sheets to show
6 their --

7 A. Yeah, Heritage probably does.

8 Q. That would probably be helpful to have.

9 MR. DUFFY: If you'd like us to obtain it.

10 Judge, it's my understanding -- I may get the entity
11 wrong, but this development of the 62 acres does have an
12 office in the Sears Tower and does have staff that are working
13 on the development of this.

14 All of that is funded by this GMH out of Luxembourg,
15 Mr. Auchi's company. He -- budgets are submitted to him and
16 he pays the money monthly, that pay for the salaries and the
17 expenses related to the development of the project.

18 And of the monies that come in, Mr. Rezko does not
19 take any pay out of that money.

20 THE COURT: Can he, though? Does he have access to
21 it, that he --

22 THE DEFENDANT: I do not make that decision. It's a
23 partner's decision.

24 BY THE COURT:

25 Q. What are the partners?

1 A. GMH.

2 Q. The GMH partners?

3 A. Yeah.

4 MR. DUFFY: The budgets --

5 BY THE COURT:

6 Q. Within the last year, have they given you --

7 A. No, your Honor.

8 THE COURT: Because, obviously, my concern is does he
9 have access to it.

10 THE DEFENDANT: Right.

11 THE COURT: If he called on GMH and said, "Can you
12 give me a hundred thousand dollars," how easy would that be to
13 get?

14 THE DEFENDANT: I have not asked, your Honor. I do
15 not know. I'm a partner in the land.

16 BY THE COURT:

17 Q. GMH is an entity out of London or the United Kingdom?

18 A. Yes. Headquartered in Luxemburg, but the Chairman's
19 office is in London, and that's who I have been working with.

20 Q. And this person, Mr. Auchi, is the owner of it, not the
21 one you sent the 400,000 to?

22 A. Right, he is at Chairman.

23 Q. His brother?

24 A. He is the Chairman and, I believe, the majority
25 shareholder.

1 Q. Are you related to him in any way?

2 A. No, your Honor.

3 Q. Is he a close friend?

4 A. He has become one.

5 Q. Okay.

6 Anything else you want to tell me about your
7 finances?

8 A. Nothing I can think of, your Honor.

9 Q. Have you ever drawn a salary from GMH?

10 A. No, your Honor.

11 Q. Do you anticipate receiving one in the future?

12 A. We may, if we have development budget. I may, under my
13 circumstances, ask for a salary. But I don't know how it
14 would be received by them.

15 Q. Have you discussed a salary --

16 A. No, your Honor.

17 Q. -- with Mr. Auchi or anyone else --

18 A. No, your Honor.

19 Q. -- at GMH?

20 If you do obtain such a salary during the pendency of
21 this case, you must let me know. Okay?

22 A. I will let you know, your Honor.

23 Q. Let Mr. Duffy know and he can let me know.

24 A. Sure.

25 Q. Anything else about your finances?

1 A. Nothing I could think of, your Honor.

2 THE COURT: I am going to take just a quick break and
3 I will be right back.

4 We are very close to being done.

5 (Brief recess.)

6 THE COURT: I do not have any follow-up.

7 MR. DUFFY: Judge, one thing I wanted to make clear
8 to your Honor, and I think you understood it, but this GMH is
9 General Mediterranean Holdings, which is a very large
10 organization. They're based in Luxembourg and they own over
11 120 companies in 25 countries. And, so, they run it like a
12 big company; and, as a result of Mr. Rezko's indictment, I'm
13 not sure how happy they are about their investment in the U.S.
14 with Mr. Rezko.

15 But, on a monthly basis, they scrutinize a budget and
16 they fund the budget. So, I didn't want you to -- although he
17 has a personal relationship with the Chairman -- or he
18 believes he does -- I want you to understand I don't think
19 Mr. Rezko could call up on the phone and ask for favors or
20 money from them.

21 At least if he could, he hasn't as of this date, and
22 they run it like a business -- like they do all their other
23 120 companies -- and they scrutinize their transactions and
24 their financial position.

25 THE COURT: Is that accurate?

1 THE DEFENDANT: Yes.

2 THE COURT: Okay.

3 I will review the bond and see if there is anything I
4 want to make any changes to.

5 You are coming in Thursday, right?

6 MR. DUFFY: We are, Judge.

7 THE COURT: Okay.

8 I know the government is not here; but, while you are
9 here, let me ask you this. Have you -- and I will ask it,
10 again, on Thursday.

11 MR. DUFFY: Yes, Judge.

12 THE COURT: Are you thinking of trial dates?

13 MR. DUFFY: I am not, Judge.

14 And I can tell you a little bit now or I'll tell you
15 a lot more on Thursday, whatever you prefer.

16 THE COURT: Because I may set one.

17 I do not know what you are thinking. It is going to
18 be very difficult for me to get you in before the Fall. I can
19 tell you that.

20 I do not know if you are thinking sometime before
21 then; and, again, we can talk about this further with the
22 government.

23 MR. DUFFY: Sure.

24 THE COURT: But I am about to start another
25 four-month criminal trial.

1 MR. DUFFY: I understand you are, your Honor.

2 THE COURT: So, it is going to be very difficult for
3 me to get you in.

4 MR. DUFFY: I understand.

5 I think that's unrealistic for a couple of reasons.
6 The principal -- or maybe the sole reason -- is the complexity
7 of the case.

8 THE COURT: You want to go -- wait, what is
9 unrealistic?

10 MR. DUFFY: A trial date this year.

11 THE COURT: Okay. I thought you were saying you
12 wanted to get in within the next four months.

13 (Laughter.)

14 MR. DUFFY: No, no, no, Judge.

15 And, as you know, there's a companion case with Judge
16 Grady involving Mr. -- is a pronounced Levin?

17 THE COURT: Levine.

18 MR. DUFFY: Levine, okay.

19 THE COURT: And Judge Zagel has the companion case.

20 MR. DUFFY: Of Mr. Rezko's.

21 THE COURT: Another case on Mr. Rezko?

22 MR. DUFFY: But the one reason is the government, in
23 the indictment before your Honor, they have made reference and
24 kind of pulled the Judge Grady case into your case -- in one
25 of the paragraphs -- suggesting Mr. Rezko was -- but the point

1 I want to make is, in talking with the lawyers in the Judge
2 Grady case, which has been pending since May, '05, they still
3 don't have a trial date; haven't asked for a trial date; and,
4 the government tells Judge Grady they're still exchanging
5 documents in that case.

6 THE COURT: Okay.

7 MR. DUFFY: The Judge Grady case is a subset of our
8 case. So, I will put this all on the record and we'll talk
9 about the volume of records. So, I'm going to submit to your
10 Honor that I think -- hopefully, sometime in '08 -- we can get
11 our arms around everything and get a solid trial date.

12 THE COURT: Okay.

13 I will hear from you on Thursday. I may or may not
14 give you a trial date on Thursday. I will hear what the
15 government has to say.

16 MR. DUFFY: Fine.

17 THE COURT: But my starting point was I am not going
18 to be able to get you in before the Fall, and I was hoping
19 that was -- you did not want to come in earlier.

20 MR. DUFFY: I did not.

21 No offense, Judge. And I think your Honor would like
22 to have some time off of the trial calendar.

23 THE COURT: I do not know if I will be able to get
24 off of it, but --

25 (Laughter.)

1 MR. DUFFY: I'm sure the civil litigants are waiting
2 for you.

3 THE COURT: I would not mind a one-week simple bank
4 robbery.

5 (Laughter.)

6 MR. DUFFY: You will probably have a patent case or
7 something waiting for you.

8 THE COURT: I used to have that before I started with
9 the trial my jury is out on.

10 Okay.

11 Well, we can talk about that further with the
12 government.

13 MR. DUFFY: Sure.

14 THE COURT: I am happy you do not want to try to get
15 in this summer.

16 I think time is already excluded. So, I will see you
17 Thursday, right?

18 MR. DUFFY: That will be fine.

19 THE COURT: Okay.

20 Thank you.

21 THE DEFENDANT: Thank you, your Honor.

22 MR. DUFFY: Thank you, your Honor.

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1 I certify that the foregoing is a correct transcript from the
2 record of proceedings in the above-entitled matter.

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4 _____, 2008
5 Official Court Reporter

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