

Chicago Daily Law Bulletin®

Volume 161, No. 126

Investor gets \$22.9M in South Loop dispute

Jury sides with plaintiff in suit involving former Obama and Blagojevich supporter

BY JACK SILVERSTEIN

Law Bulletin staff writer

A federal jury has awarded \$22.9 million to a real-estate investor in a dispute involving 62 acres of South Loop property, which his attorney called “the largest undeveloped parcel of real estate in the city.”

The lawsuit stemmed from a 2006 settlement between investor Semir D. Sirazi and real-estate developer Antoin Rezko, the imprisoned former fundraiser for former Gov. Rod Blagojevich and campaign contributor to President Barack Obama.

In the settlement, Rezko agreed to pay Sirazi \$7.7 million — a compromise on the interest that accrued from 1997 to 2003 on a bank account that Sirazi made available to Rezko as collateral for bank loans Rezko took out for various real estate projects.

Rezko also agreed to prioritize the repayment of a \$5 million bank loan, an agreement he breached, causing the loan to default. Because the loan was secured by Sirazi's collateral, Sirazi repaid the loan along with additional fees totaling more than \$98,000.

The collateral came from a pre-

existing bank account, money that Sirazi agreed not to move. Rezko then paid interest and fees to Sirazi on that money, which by 2003 was \$2.9 million.

From October 2003 — the date of the original bank loan default — to May 2006, the date of the settlement, interest on the collateral accrued at 40 percent.

As part of the settlement, Rezko — a non-party in the \$22.9 million verdict — agreed to get Sirazi's consent on any future real estate deals.

Instead, Rezko sold his ownership interest in a 62-acre parcel southwest of Roosevelt Road and Clark Street to General Mediterranean Holding without the consent of Sirazi, who is represented by lawyers at Scandaglia & Ryan.

In his lawsuit filed in January 2012 in the Northern District of Illinois, Sirazi alleges that defendants General Mediterranean Holding (GMH) — represented by lawyers at Katten, Muchin, Rosenman LLP and Law Offices of Joseph D. Ryan P.C. — knew about the agreement between Sirazi and Rezko.

The suit alleged that General Mediterranean Holding should

not have bought the ownership interest from Rezko without Sirazi's consent.

“I think the jury clearly agreed with us that the defendants knew about the plaintiff's rights and worked with Rezko to breach those rights to enrich themselves,” said William J. Ryan of Scandaglia & Ryan.

Jurors found GMH, a Luxembourg-based holding company, liable on three counts: interference with contractual relations, civil conspiracy and unjust enrichment.

Sirazi asked the jury for \$17.5 million: the \$7.7 million settlement agreement, the \$5.1 million bank loan and additional fees and interest that accrued through early 2008, when Rezko filed for bankruptcy.

Jurors awarded \$12.9 million in compensatory damages — the settlement agreement, the bank loan repayment and a \$100,000 loan extension fee.

The jury then added \$10 million in punitive damages: \$5 million against GMH and a subsidiary and \$5 million against GMH's owner Nadhmi Auchi.

Ryan said that Rezko would have been a defendant in the suit but for his bankruptcy case. In 2011, a federal judge sentenced Rezko to 10½ years in prison for fraud, money laundering and bribery.

Defense attorney William J. Dorsey said the defense is disap-



William J. Ryan

pointed in the verdict and is “pursuing our appeal options as well as post-trial procedures.”

U.S. District Judge William T. Hart presided in the case. The case concluded June 22 with a judgment delivered Thursday. The case is *Semir D. Sirazi, et. al. v. General Mediterranean Holding, SA, et. al.*, 12 C 653.

Joining Ryan in representing Sirazi and his companies were Gregory J. Scandaglia, Michael S. Shapiro and Seth Remy Yohalem, all of Scandaglia & Ryan.

Joining Dorsey in representing GMH, Auchi and the subsidiary company were Eugene E. Endress and Gil M. Soffer of Katten and Joseph D. Ryan, Jonathan C. Huckabay and Scott B. Dolezal of Law Offices of Joseph D. Ryan P.C.