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A Landmark Love Affair

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ABSTRACT

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UNO executive director Juan Rangel remembers Thalia Hall back then as an "eyesore" with "tremendous code violations." He says UNO saw an opportunity to buy the hall and "bring a beautiful building back to life." But [Frank Rodriguez] would have nothing to do with them. He says he told Rangel, "I'd rather see it burn."

"I can't work with a partner who refuses to answer phone calls and takes weeks to respond to e-mails," said Geraci in an August 2006 letter to Burlando. The letter also accused Burlando of "selective memory." It attacked his selection of tenants, including one who got behind on his rent and advertised parties online. It accused Burlando of failure to hold up his end of the deal. It called him an "irresponsible partner" who "did not fulfill his duty as a construction manager for 2 years while getting paid, and incurred cost overruns with every draw request." Geraci told Burlando, "We are delinquent at the tune of \$120,000+ and climbing everyday."

FULL TEXT

How Giuseppe Burlando and Katrina Walker fell for, acquired, and lost Thalia Hall.

It was over in minutes. "Sold-for \$3,125,000," barked the auctioneer, and Thalia Hall no longer belonged to Giuseppe Burlando.

Burlando, an artist was working in his West Town studio on October 1 when the building, a stately stone pile on 18th Street that he'd described as "everything to me," was auctioned off in the offices of the Judicial Sales Corporation. Last year he had almost completed his quirky renovation of the hall—installing stained-glass lily pads and hand-painted murals of Greek heroes and muses—when the National Bank of Commerce in Berkeley, Illinois, began foreclosure proceedings. A month before the auction Burlando said, "If I lose this I will go back to Italy with two suitcases and my wife."

His wife, Katrina Walker, had intended to confront the buyer, but she was stuck in traffic from Midway when Dominick Geraci, who'd sent a proxy, won the auction. Burlando and Walker knew Geraci well. Walker

briefly worked for him, and before the auction Burlando and Geraci had owned the building together.

That partnership collapsed when Geraci took Burlando to court last year seeking control of the building, and then the National Bank of Commerce foreclosed. Burlando and Walker claim that Geraci, who does a lot of business with the bank, "manufactured an unnecessary financial crisis" to justify foreclosure and that the bank lent him \$3.2 million to help him buy the building at auction. In a motion filed November 28 asking the court to quash the sale, Burlando alleges "collusion" between Geraci and the bank.

Geraci says that because he and Burlando are in court, on the advice of his attorneys he won't get into specifics. But he says, "I did not steal the building. The whole world had the opportunity to buy the building at the sale. They can concoct whatever story they want, but the victim situation does not exist. This is something that started with good intentions and unfortunately ended up in this situation."

Thalia Hall was built in 1892, its theater inspired by a Prague opera house that has since burned down. Pilsen's Bohemians used the hall for plays, union meetings, parties, and political debates. In 1989 it was formally designated a Chicago landmark.

"This was built so beautifully by poor people," says Walker, who as a child lived in Pilsen. "It wasn't the Czech aristocracy airlifted in. It was people working in sweatshops and stockyards, building this with their dimes and nickels. They were poor but happy. They would fall in love here, they would have dances."

In 2001 Thalia Hall belonged to Frank Rodriguez, a local man who'd put together a string of properties in Chicago and Texas. The hall had 15 apartments, most of them occupied by Latino families, six retail units, and a wood shop in the theater. Rodriguez says his sister and her husband bought the building in the early 1970s and got tired of running it but wanted it to stay in the family. "She twisted my arm," he says. "I didn't know anything about real estate. But then the building grew on me, I just loved hanging out there. My plans were to open a little shop and collect the rent and grow old there."

But that's not how things turned out. As Linda Lutton reported in 2001 in the Reader, Rodriguez felt the city was trying to strong-arm him into selling the hall to the **United Neighborhood Organization**, a group with ties to City Hall that wanted it for a community center. Rodriguez says UNO and the Eighteenth Street Development Corporation offered him about \$750,000 for the building and when he refused to sell it inspectors started coming by and slapping him with code violations. He says his applications for the permits he needed to fix the violations were constantly delayed and denied.

"I felt like I was chasing my tail, going from court back to the architect back to court. It was a revolving door," he says. "I was never going to get the permits to rehab that building. I used to think government worked for the people, but I was so naive. They just use [building inspections] to acquire buildings they want."

UNO executive director Juan Rangel remembers Thalia Hall back then as an "eyesore" with "tremendous code violations." He says UNO saw an opportunity to buy the hall and "bring a beautiful building back to life." But Rodriguez would have nothing to do with them. He says he told Rangel, "I'd rather see it burn."

In January 2001 there was a fire in a chimney. "After that," says Rodriguez, "when we'd go to court they thought I was an arsonist. They would treat me worse than a criminal. There I am, a regular citizen caught up in this power struggle, and they're convinced I set the building on fire."

The city ordered the tenants out of the building. Unable to collect rents, his legal and repair costs mounting, Rodriguez concluded he had to sell. But not to UNO, though it offered him \$1 million.

He says, "There were a few other people interested, but after they talked to the alderman they said they didn't want any part of it, that the alderman isn't going to let this happen." The alderman was the 25th Ward's Danny Solis, who didn't respond to several messages asking for comment for this story.

"This happened several times," Rodriguez continues. "I didn't think I would get anyone to buy the building. And then Katrina approached me with their proposal."

Burlando, 44, says that back in Rome he worked as an artist, photographer, and documentary producer and in the early 90s spent two years on and off filming a documentary on Italian explorers in Ethiopia. The project eventually fell through and he decided he needed a change. In 1994 he moved to Seattle.

"I thought, if I want to start from scratch, this country would be the place," he says.

In '95 he came to Chicago. He did some art photography for a friend who owned a gallery and photojournalism for Italian papers. In '97 he met Walker, a student at Columbia College. When she was in high school her family had moved to Downers Grove, but now she was back in the city, living in East Pilsen. So was Burlando. "We would always run into each other in the laundry room," she says. They married in '99 and launched a company that would do artistic rehabs of old buildings and apartments.

One day in 2001 Rodriguez showed them around Thalia Hall. Walker said she was "absolutely enchanted by the building" and couldn't sleep that night thinking about it. She realized she'd been there as a teenager for a rave: she remembered wearing chili peppers strung on dental floss and watching Ren & Stimpy cartoons projected on a wall.

"It turned out that was the last rave they had, and when we were there all those years later the flyer was still in the display case," she says. "It was like a sign." She and Burlando decided to try to line up investors. "We wanted to see that it was saved."

Burlando and Walker dreamed of restoring the building, launching arts programs in its theater, and running a cafe selling gelato, espresso, and wine. Rodriguez sold Thalia Hall to Burlando and two partners, Spencer Volk and Kevin Berg, for \$1.1 million in July 2003.

Walker says the building was empty, gutted, and in terrible shape. "All the windows were broken," she says. "Homeless people used to sneak in like pigeons and sleep under the stage."

There was no warm welcome. The parish priest at Saint Procopius across the street didn't like the idea of Burlando and Walker fixing up the hall to turn a profit from it in the process gentrifying the neighborhood. When they put life-size reproductions of nudes by French painter William Bouguereau in the windows, parishioners demanded they be removed. One told the newspaper Hoy that neighborhood drunks were touching and kissing them in front of children. Activists pasted "thought bubbles" on the windows above the nudes; one said, "My image doesn't just affect your morals, it represents gentrification in Pilsen."

Burlando replaced the nudes with images of robed women and naked cherubs.

The antigraffiti on the walls of Thalia Hall infuriated Walker. When she was young, Walker, now 29, had been one of the few white girls in Pilsen-she'd taken cooking and ballet classes at the Gads Hill Center, and most of her playmates had been Mexican.

A year after the purchase the partners were still struggling with city agencies over permits, an issue complicated by Thalia Hall's landmark status. Making matters worse was a consent decree Rodriguez had entered into mandating specific repairs. Volk and Berg encouraged Burlando to put the building back on the market but instead he promised to find someone to buy them out.

Walker met Geraci at a fund-raiser for Jesse Granato's 2003 aldermanic campaign. Geraci owns a cafe, a car wash, and a dozen or so other buildings in East Village, Little Village, Pilsen, and other neighborhoods around town. He listed \$23.5 million in assets in a 2006 personal financial statement Walker and Burlando obtained when they subpoenaed them from the National Bank of Commerce.

"I knew he was a developer, and he's from Italy too, so I called him up," Walker says. "He said he had wanted to buy Thalia Hall when it was up for sale but missed out."

Burlando owned 100 percent of the theater and shared ownership of the residential and retail units with Volk and Berg. When Geraci became his partner in August 2004 by buying out Volk and Berg, Burlando retained total control of the theater. But Burlando says that about a month later, at a meeting at Geraci's Caffè Gelato in Wicker Park, Geraci refused to cosign a loan application unless Burlando sold him a 50 percent interest in it. Burlando says he needed the money to make the repairs required by the consent decree, so he relented. He now says he felt "extorted."

As the work went on, Geraci handled most of the finances while Burlando worked as the salaried construction manager. Burlando and Walker say they put in long days scrubbing, painting, supervising hired workers, and slowly bringing the decrepit building back to life.

The two owners constantly clashed. Burlando says Geraci badgered him to work more quickly and use cheaper materials, when he was more inclined to spend hours searching for just the right antique or light fixture.

"This is my dream, everything I have, every corner represents an act of life," says Burlando. "But the time, the art I put into it, to a businessman, makes me an idiot. Every day that Dominick didn't show up I was thanking God-not God but my muse-that we had no screaming and yelling for one day."

Philip Krone, an urban affairs consultant hired by Geraci and Burlando to help obtain historic preservation tax credits, says, "When I met them I couldn't figure out how these two ended up working together, and I still can't figure it out Giuseppe spent like there was no tomorrow. He didn't know how to keep to a budget."

The 15 apartments were converted to eight suites, and new tenants started moving in in June 2006, paying \$1,200 to \$2,500 a month. Tenants describe being caught between the owners, with neither responsive to their requests for repairs. One says that Geraci asked him to cancel a rent check he'd given Burlando and instead pay his firm, New Heritage Really.

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The letter was written just after Geraci filed his lawsuit, which asked the court to allow him to pay the outstanding bills and in return receive controlling interest in Thalia LLC, the partnership he'd formed with Burlando to run the building. "Since you continue not to accept responsibility pursuant to our operation agreement" it read, "have abandoned the project and can't be reached for anything, it left me no choice but to petition the courts."

For a time Walker worked as an agent at Geraci's New Heritage Realty. She admits that one day in the spring of 2006 she grabbed a pile of invoices off Geraci's secretary's desk and locked them in the trunk of her car. Walker claims that these invoices indicate Geraci billed Thalia LLC several times for labor or materials he used on other projects.

In chancery court documents filed in response to Geraci's suit Burlando claims that Geraci "intentionally misappropriated money" from Thalia LLC "for the benefit of other construction projects." He accuses Geraci of taking a gelato machine purchased for the Thalia Hall cafe to Caffe Gelato, using a \$14,000 excavating machine purchased by Thalia LLC at his other projects, and using an expensive industrial printer and ink from Thalia Hall to print billboards advertising other projects.

A letter from the National Bank of Commerce on August 24, 2006, threatening foreclosure gave several reasons why. Geraci's lawsuit was one of them. Others included a budget overrun of \$127,558, overdue loan payments (and late fees) of more than \$17,000, a \$4,046 lien filed by a drywall company, and the fact that "Geraci and Burlando cannot agree on a means of obtaining the additional funds required to complete construction of the Property."

Geraci and Burlando missed a September 11 deadline to pay the balance, and the next day the bank wrote again, this time to demand "immediate payment in full of all loans" to Thalia LLC, plus interest and costs, for a total of \$2.06 million.

Geraci "didn't ever expect the lawsuit to go to trial, but it gave the bank a reason to foreclose," says Walker. "He . . . created a financial crisis, and then he wanted us to hand over our shares and be happy about it."

The motion filed November 28, prepared by Burlando's new attorney, Mark Horwitz, asks, "What bank would force a foreclosure against a building half owned by one of their largest customers while simultaneously collecting application materials necessary to complete a loan committee presentation to loan that same person \$3,200,000 to purchase the same building back? A bank who is in collusion with their customer." The motion also asks, "How can Mr. Geraci allege cost overruns when he was siphoning funds from the construction account for the benefit of his other projects?"

Much of Thalia Hall has finally been renovated. It has a new roof and its interiors have been made over. The base of the facade is lined with socialite, a royal blue mineral that suggests water. Stainedglass lily pads grace the doorways, paintings of Greek muses and gods the entrances. Handmade stained-glass windows, mosaics, and "paintings of naked women," as one tenant put it adorn the apartments.

"Nymphaea is the scientific term for lilies," says Burlando, who did all the painting and stained glass himself. "Water represents pure energy, and the water lilies come because of the sun, Apollo."

Philip Krone, the consultant calls Burlando a "mad genius." He says, "Giuseppe changed a lot of the historic features. He wanted to put his own stamp on it. Years from now his contributions will be considered historic, but now he's just an interloper. The argument I made to the National Park Service [to get a tax break] was that of course his work was significant which was a necessary argument to make the case."

Krone says Geraci and Burlando agreed to pay him \$50,000 but he was paid only \$5,000-by Geraci alone. "I feel really bad for him," Krone says of Burlando, "but frankly he made his own bed."

Frank Rodriguez remains bitter that he ever sold the building. "I don't really care whether Giuseppe or Dominick winds up with it" he says. But, he reflects, "You can't beat deep pockets. I feel bad for Giuseppe because he was really in love with the building, but as it turned out I don't think he really had the money to do it."

Thalia Hall has taught Burlando and Walker to see the world pretty much as Rodriguez does. "If someone steals your purse they go to court and go to jail, it's a big deal," says Walker. "But for a guy like this who drives a Mercedes and wears a suit and greases everybody's palm, it's OK"

SIDEBAR

"What bank would force a foreclosure against a building half owned by one of their largest customers while simultaneously [preparing] to loan that same person \$3,200,000 to purchase the same building back?"