

CASE TITLE: United States v. Madigan and McClain
CASE NUMBER: 22 CR 115
ACTIVITY: In-person meeting between Michael Madigan, Bud
Getzendanner, See Wong, Kin Chong, Daniel Solis, and
Man Men Lee
DATE: August 18, 2014
TIME: 11:57 a.m.

SPEAKERS: MADIGAN = Michael Madigan
GETZENDANNER = Bud Getzendanner
WONG = See Wong
CHONG = Kin Chong
SOLIS = Daniel Solis
STEVE = Steve LNU
LEE = Man Men Lee

(CLIP 1 BEGIN)

1 WONG: Oh, thank you.
2
3 GETZENDANNER: Hello.
4
5 WONG: Hello.
6
7 GETZENDANNER: Hi, I'm, I'm Bud Getzendanner. I'm Mike's law partner.
8
9 WONG: Hey, I'm See Wong.
10
11 GETZENDANNER: See Wong.
12
13 WONG: Mr. Chong.
14
15 GETZENDANNER: Mr. Chong, very nice to meet you.
16
17 MADIGAN: Well, I was just in San Francisco a few days ago.
18
19 WONG: Okay.
20
21 MADIGAN: And we took a tour of Chinatown.
22
23 WONG: Oh, San Francisco, Chinatown. Oh, okay.
24
25 MADIGAN: Okay. I think it's the biggest in America, isn't it?
26
27 WONG: I, I think so. Okay.
28
29 MADIGAN: That's what they would say.
30
31 WONG: Okay.
32
33 MADIGAN: And then we were in Seattle, and there was one in
34 Seattle, too.
35
36 WONG: Okay.
37

38 MADIGAN: And, um, not, not, I'm sorry-

39

40 WONG: Can I explain to Mr. Chong a little bit?

41

42 MADIGAN: Oh, sure.

43

44 WONG: Okay.

45

46 (Conversation in foreign language.)

47

48 MADIGAN: Um, not Seattle, but there's a, there's a city,

49 Victoria, British Columbia.

50

51 WONG: Oh, Victoria, British-

52

53 MADIGAN: In Canada. There's a Chinatown there.

54

55 WONG: Oh, that's amazing.

56

57 MADIGAN: Um, apparently there was a gold rush up in Canada,

58 about the same time it was in, uh, United States, uh,

59 1849. Yeah. So it was a nice trip.

60

61 WONG: Okay.

62

63 MADIGAN: And, and are you based in Chicago?

64

65 WONG: Yes. Mhmm.

66

67 MADIGAN: Okay. Good, good. And, and, uh, this gentleman is

68 from China?

69

70 WONG: Yeah. He is, uh, a U.S. citizen. Okay. But he travels

71 here only once a year for golf and business. And, uh,

72 I'm friend with him, uh, for many, many years. And,

73 uh, uh, he, he saw the opportunity because, uh, uh,

74 real estate here is, uh, right now is stabilized and

75 go, will go up. So, so that's why he try to do the

76 hotel in Chinatown right now.

77

78 MADIGAN: Good. Good.

79

80 WONG: And, mhmm. Let me explain.

81

82 (Conversation in foreign language.)

83

84 WONG: And, uh, he's a, he's a big developer in China. I

85 don't know if you've heard of the place called Sanya

86 highland province. Sanya is Hawaii, or like, is the

87 Hawaii, of, of, of, of, of China. The weather is very

88 nice, uh, like all year round. And, uh, resort and a

89 lot of American, uh, hotel there. And he owns a hotel

90 also in Sanya and also one in Dongguan China.

91

92 MADIGAN: Mhmm. Now, the first place in China, is that close to

93 Hong Kong?

94
95 WONG: Dongguan is only two hours, two and a half hours from
96 Hong Kong, uh, to the west of, west of Hong Kong.
97
98 (Daniel Solis, Man Men Lee and Steve LNU enter the room.)
99
100 (Simultaneous conversation.)
101
102 (Greetings.)
103
104 MADIGAN: Isn't there an area in China that's just next to Hong
105 Kong where there's a lot of development?
106
107 WONG: Shenzhen.
108
109 (Simultaneous conversation.)
110
111 SOLIS: I, I was there. I was there.
112
113 MADIGAN: Yeah.
114
115 SOLIS: It changed. Uh, I was there twice. And from the first
116 time to the second time, it was very dramatic, the
117 changes in terms of development.
118
119 MADIGAN: Mhmm, mhmm, mhmm.
120
121 SOLIS: Uh, first time I went, actually Steve, who's my former
122 staff person. Now, he is a, uh, he's a lawyer for Jim
123 Banks, with Jim Banks' firm, and he studied in China
124 for three years. So he speaks fluent, ah, Mandarin.
125 That's why I brought him.
126
127 STEVE: If I can offer any, uh, assistance with my poor
128 Chinese.
129
130 (Simultaneous conversation.)
131
132 LEE: I don't speak Mandarin (unintelligible.)
133
134 MADIGAN: She, just so you know, I asked her this question. She
135 grew up in, uh, in England. In Manchester?
136
137 LEE: No, Birmingham, actually.
138
139 MADIGAN: Birmingham.
140
141 LEE: Mhmm.
142
143 MADIGAN: Yeah. (Laughs.) So I was talking to her on the
144 telephone—
145
146 SOLIS:: Uh huh.
147
148 MADIGAN: —And, and I could see from the name that there was a
149 Chinese name, but the accent was British.

150
151 LEE: Yeah.
152
153 MADIGAN: (Laughs.)
154
155 SOLIS: She used to be the director of the Chinese American,
156 no the, uh, Chamber of Commerce—
157
158 LEE: Yeah.
159
160 SOLIS: Chinatown Chamber of Commerce.
161
162 LEE: Mhmm, Mhmm.
163
164 WONG: Yes. Um, so, um, uh, uh, Mr. Chong, uh, saw the
165 opportunity here. The real estate is bouncing back.
166 So he, well, he, he wants to do the, uh, uh, hotel in
167 Chinatown. And he's looking for more, uh, opportunity
168 in, uh, uh, in the future. So, uh, hopefully the hotel
169 will be like a platform for him.
170
171 MADIGAN: Mhmm, mhmm. Good. Very good. Very good. I think
172 there's a lot of, uh, Chinese investment coming into
173 the United States, isn't there?
174
175 WONG: Yes. Um, I'm, I have never been so busy, like, like
176 before, like every, uh, uh, every week, every day
177 that I have, because of my, uh, network, lot of people
178 refer clients to me. And, uh, I just got a client
179 signed a contract with Ray Chin to buy South Jefferson
180 last week—
181
182 SOLIS: Really?
183
184 WONG: Yep.
185
186 SOLIS: So that's about four acres?
187
188 WONG: Oh, no. Six acres. So he's from China, so he's my
189 client. And, uh, I think, uh, Ray needs to, 'cause I
190 told Ray that we need to confirm with the Alderman.
191 We have to see the Alderman about getting support,
192 because like, it's a big development.
193
194 (Simultaneous conversation.)
195
196 SOLIS: (Unintelligible) meeting.
197
198 WONG: Yeah. Mhmm.
199
200 MADIGAN: (Laughs.) Very good. Very good.
201
202 SOLIS: And Sterling Bay, uh, a lot of their development now
203 is through, uh, Chinese money—
204
205 MADIGAN: Really?

206
207 SOLIS: -now.
208
209 WONG: Eh, yeah, I don't know, you know, uh, the Manda Group,
210 uh, that's doing a, a hotel development, uh, uh, East,
211 uh, Wacker Drive with the Magellan, as a partner,
212 that's, I think is in the news of Tribune, uh, like
213 two weeks ago.
214
215 MADIGAN: Mhmm.
216
217 WONG: Uh, Mr. Chong happens to know one of executive of,
218 uh, Manda Group in, in, uh, Guangzhou area. Let me
219 explain to him.
220
221 (Conversation in foreign language.)
222
223 WONG: So, and, uh, Mr. Chong—
224
225 SOLIS: Was that correct, Steve?
226
227 STEVE: That, that was Cantonese. (Unintelligible) expert
228 here.
229
230 SOLIS: (Unintelligible.)
231
232 STEVE: He likes to test me. (Laughs.)
233
234 LEE: (Laughs.)
235
236 MADIGAN: Is that project gonna go ahead over with Magellan?
237
238 WONG: Uh, it's very high profile. Ah, it's like, uh, uh,
239 is in the newspaper and, and, uh, Manda Group is, uh,
240 uh, very, uh, uh, successful developer. They have a
241 lot of cash. Uh, I think it's, uh, it's a 99% a go.
242
243 MADIGAN: Mhmm. Mhmm.
244
245 WONG: Unless something happen.
246
247 MADIGAN: Good, good.
248
249 WONG: Yeah.
250
251 MADIGAN: Sure. Very good.
252
253 WONG: And then, uh, I, Mr. Chong is trying to, to bring,
254 um, other, uh, friend to do, maybe not that scale,
255 but maybe something like, uh, nice in, in the, in
256 the, in the Chinatown community.
257
258 MADIGAN: Mhmm, mhmm. Good, good. Well, our interest would be
259 that we represent buildings like that on the real
260 estate taxes.
261

262 WONG: Mhmm.
263
264 MADIGAN: And we do quite a few hotels and, uh, we have a little
265 different approach to representation on hotels than
266 the other law firms that do the work. And, and Bud
267 can explain background, but it does make a difference
268 in terms of the results that you get from the assessor
269 or from the board of review.
270
271 GETZENDANNER: Well, with hotels, there's a business component to
272 the income they, they generate. And so there's a big
273 difference between the going concern value that you
274 buy and sell, sell hotels for, and what they should
275 be valued for real estate tax purposes. So we're able
276 to try to get the assessing officials to exclude a
277 certain percentage of the income that relates to
278 personalty, whether it's tangible or intangible,
279 goodwill, assembled workforce, um, food and beverage,
280 whatever. And so that's the big, with hotels, it's
281 not what it buys and, what you buy and sell it for,
282 or what you build it for, it's, you wanna make sure
283 that you're only being taxed on the, the income that
284 flows directly from the rental rooms in real estate.
285 And so in that, we've been very successful. We
286 represent a lot of the hotels in the Chicagoland area.
287
288 WONG: Okay. Excuse me. Let me, ah, explain.
289
290 (Simultaneous conversation.)
291
292 (Conversation in foreign language.)
293
294 GETZENDANNER: We represent the Langham. We just took over
295 representation of the Allerton, which I believe had
296 a Chinese ownership.
297
298 WONG: The Langham. Yes.
299
300 GETZENDANNER: Langham, yes, Pacific Rim. Right. Uh, Pacific Eagle.
301 But also, was it Mr. Chu (phonetic) or there's a
302 Chinese family that just purchased the Allerton Hotel
303 in, in Chicago?
304
305 WONG: Yes. Uh, I think he's from Hong Kong.
306
307 GETZENDANNER: Correct, yes. I, I assumed you'd know. (Laughs.)
308
309 WONG: Okay. So, okay.
310
311 (Conversation in foreign language.)
312
313 WONG: And then uh, so, uh—
314
315 GETZENDANNER: So, we're, we just have a long track record with,
316 with representing hotels and real estate taxes are a
317 big component of the expense—

318
319 WONG: Mhmm.
320
321 GETZENDANNER: -of a hotel.
322
323 WONG: Mhmm.
324
325 GETZENDANNER: And so what we do is by going in and adjust, making
326 sure they have a low valuation for real estate tax
327 purposes, and it, then it lowers the, your annual
328 real estate tax bill. And that's a big component of,
329 of your expense in, in Chicago, are real estate taxes.
330
331 WONG: Mhmm.
332
333 GETZENDANNER: So that's what we do.
334
335 WONG: Okay.
336
337 (Conversation in foreign language.)
338
339 WONG: So, so how, how you work the, the, the tax because,
340 uh, uh, Mr. Chong got another tax consultant working,
341 uh, with him. Uh, but I don't know, like, uh, but
342 also he also bought like a, a lot of commercial
343 properties this trip. So, uh, uh, like how, how, how,
344 how, how you charge, uh, the, the, by, uh, by hour,
345 by, uh.
346
347 GETZENDANNER: We have two. We either charge on a basis of a
348 contingency, which is a percentage of the tax that
349 you save, or we negotiate an annual fee for the work.
350 It just depends on the complexity of the property and
351 what the client is comfortable with. Some clients
352 want you to work on a contingent fee basis because
353 they, they fear you won't get savings. They don't
354 wanna pay you if you don't get savings. Others are
355 comfortable with knowing that we're gonna do the same
356 effort and work on a fixed fee basis than contingent
357 fee, and then they know what they're paying their tax
358 rep each year.
359
360 WONG: Mhmm.
361
362 GETZENDANNER: So, um, whichever the client is most comfortable with.
363 On larger properties, typically we would do a fixed
364 fee because the savings become very large, and if you
365 do it on a contingency, you're gonna generate, yeah,
366 you're gonna save a lot of money, but you're gonna
367 generate a much larger fee. Um, so like we represent
368 a lot of the downtown buildings here. The large office
369 buildings. Those are usually fixed annual fee, which
370 covers all our services, except when we have to go to
371 court. And then that's done on a contingency. 'Cause
372 if you have to go to court, those are maybe, you're
373 trying to get refunds, it means you didn't, you're

374 not happy with what happened at the local level with
375 the assessor—
376
377 WONG: Mhmm.
378
379 GETZENDANNER: —and board review.
380
381 WONG: Uh huh. Okay.
382
383 GETZENDANNER: Essentially either will, percentage of the tax
384 savings are a fixed fee that we negotiate each, you
385 know, for the covers each year.
386
387 WONG: Okay.
388
389 (Conversation in foreign language.)
390
391 WONG: For instance, uh, the, the hotel that, uh, he's
392 proposed in Chinatown is, uh, about \$6 million.
393 Hopefully we get support from the Alderman to get the
394 zoning change. But this, for instance, this, uh, hotel
395 project, how much tax that, like if it's normal, how
396 much tax that the, the state and city will charge
397 him. And then how much he, he can save from, from,
398 uh, hiring a, a good, uh, law firm to, to—
399
400 GETZENDANNER: What, it's six 60 rooms? Is that what?
401
402 WONG: 60 rooms, yeah.
403
404 GETZENDANNER: Um, it's kind of a function of how, you know, what
405 his room, how, how much profit he generates. Okay?
406 They do an income capitalization approach to value.
407 Um, let's say it's 60 rooms, one hundred thousand,
408 six million. Uh, eh, eh, you know, right now his taxes
409 should be, oh, maybe three thousand a room.
410
411 WONG: Three thousand.
412
413 GETZENDANNER: At full, at stabilization.
414
415 WONG: Okay.
416
417 GETZENDANNER: Ah, but, you know, I would, how, what, what this is
418 over, uh, on Archer. I mean, what would be his room
419 rate that he would hope to get, in other words, if
420 you tell me what his gross revenues—
421
422 WONG: Okay.
423
424 GETZENDANNER: —would be then I could tighten it some. You know,
425 you'd get very high room rentals on South Archer, I
426 would think, maybe not as high, but I don't know what
427 type of hotel, whether it's, it's gonna be franchise
428 or, you know—
429

430 WONG: It's gonna be, uh, uh, Best Western.
431
432 GETZENDANNER: Best Western, um, here, let me-
433
434 WONG: Okay.
435
436 GETZENDANNER: -I'm not comfortable saying something off the top of
437 my head-
438
439 (Simultaneous conversation.)
440
441 (Conversation in foreign language.)
442
443 GETZENDANNER: -so I have to, I have to work it out.
444
445 (Conversation in foreign language.)
446
447 WONG: That's okay. That's okay.
448
449 GETZENDANNER: Um. What's your gross, what, what, if you tell me
450 what your gross income is, what you expect, then I
451 can tell you, I can give you an idea of what the
452 taxes-
453
454 WONG: Uh, gross income. Like if I use 60 rooms, times a
455 hundred, a hundred dollars a night.
456
457 GETZENDANNER: Oh, it's a hundred dollars?
458
459 WONG: Yeah. So, uh, times 75% occupancy. Yeah. So that would
460 be the gross.
461
462 SOLIS: The market is for basically Chinese families. Many of
463 them who have kids in college and who want to be near
464 the Chinatown community because of the convenience
465 and the language, the culture, the food.
466
467 GETZENDANNER: Mhmm.
468
469 SOLIS: And so, um, I think it's the same. It's gonna be for
470 the one that Mr. Liu is building on Princeton and-
471
472 WONG: -Mr. Lamb. Yeah. Mr. Lamb.
473
474 SOLIS: No.
475
476 WONG: Jason Lamb. Right. Jason Lin.
477
478 LEE: Lin.
479
480 WONG: Jason Lin. Jason Lin, I'm sorry.
481
482 SOLIS: And, uh, that one's I think about 180 rooms.
483
484 WONG: Yeah. 180 rooms, yeah.
485

486 MADIGAN: Why don't you get your computer?
487
488 (Simultaneous conversation.)
489
490 GETZENDANNER: I'm just, truly, I'm just not comfortable.
491 (Unintelligible.)
492
493 WONG: While, uh, uh, Bud is getting the information, uh,
494 Mr. Chong, uh, 'cause he just want to use this
495 opportunity to meet, uh, uh, Mr. Madigan and Alderman,
496 and then he is very interested in the Chinatown, ah,
497 parking lot project that, 'cause there's a lot of
498 information out there. So he, he want that if, uh,
499 this is Chinatown parking lot.
500
501 MADIGAN: And this is your (unintelligible).
502
503 SOLIS: Mhmm.
504
505 WONG: And there's so many proposal before, but I just want
506 to, uh, uh, let Mr. Speaker know about it. The
507 Chinatown parking is-
508
509 MADIGAN: -Is that Clark Street?
510
511 WONG: Uh, this is-
512
513 SOLIS: -No, Wentworth.
514
515 MADIGAN: Wentworth?
516
517 WONG: This is Wentworth.
518
519 MADIGAN: This is Wentworth here. Is this the CTA?
520
521 WONG: Yeah, yeah, this is, yeah.
522
523 SOLIS: Yeah.
524
525 MADIGAN: And that's Clark Street?
526
527 WONG: Yeah.
528
529 SOLIS: Right.
530
531 WONG: So, uh.
532
533 SOLIS: I was looking at it backwards.
534
535 WONG: Yeah, yeah. So he, he, he wants to, uh, know if there
536 any opportunity, uh, he can work with the state and
537 the city to, to get a nice project, uh, commercial
538 project in Chinatown. And, and he has, uh, a lot of
539 resource in, in China to back him up to do the
540 project-
541

542 MADIGAN: Mhmm—
543
544 WONG: —like that.
545
546 MADIGAN: Mhmm, mhmm.
547
548 SOLIS: Yeah. Let, lemme give you a big picture of this. This
549 is gonna be part of the, um, um, Wells connector. It
550 goes all the way to Roosevelt. Um, and, uh, it, in
551 between here is the 63 acres, uh, that were owned,
552 uh, by Tony Rezko.
553
554 MADIGAN: Oh yeah.
555
556 SOLIS: That the city has, um, uh, began proceeding for
557 eminent domain to get the—
558
559 MADIGAN: Mhmm.
560
561 SOLIS: —owner to, to move on it. And we're starting, it's
562 basically three phases. The first phase is going to
563 be down here. That's going to straighten out Wentworth
564 on Cermak from being a hard 90 degree turn to
565 straighten it out. It also includes the library built,
566 being built just west of Wentworth. And, um, uh,
567 fixing the, the street that now has residential, just
568 west of the parking. Uh, that, um, what's the name of
569 the development group that just went under? Uh—
570
571 WONG: Uh—
572
573 SOLIS: —uh, Terry La—, Terry.
574
575 WONG: Richland. Richland. Yeah.
576
577 SOLIS: Richland built most of that housing. And it also has—
578
579 WONG: Right here, Richland. Yeah. I'm sorry. Yeah.
580
581 SOLIS: Uh—
582
583 WONG: —Actually, I was part of Richland before, okay.
584 (Laughs.)
585
586 SOLIS: I remember. And, um, so the, the long-term plan for
587 the parking lot is to go vertical. Uh, to replace the
588 parking, uh, and add to it, but on different floors,
589 that lease the floors, and to build, uh, both
590 residential and commercial on it. There's been
591 interest. (Sound of door closing.) And, he's
592 interested in now, but also Mr. Lin, the gentleman
593 that's in, that's building the hotel on Cermak and,
594 and, uh, Princeton is also—
595
596 WONG: Yes. Yeah. Mhmm.
597

598 SOLIS: So we, it's gonna be open to proposals.
599
600 (Simultaneous conversation.)
601
602 WONG: Open for proposal. That's good.
603
604 MADIGAN: Mhmm, mhmm, mhmm. Okay.
605
606 SOLIS: But yeah.
607
608 MADIGAN: Is this owned by the state?
609
610 SOLIS: The parking lot? Yes.
611
612 MADIGAN: What, what about that vacant land? This is now, this
613 is east of the, um, CTA. This is Clark Street.
614
615 SOLIS: East of the CTA. There's a small parcel that's owned
616 by the city, uh, around where Lasalle is.
617
618 WONG: Yeah, I think this is east of that, uh, at the, the
619 CTA. This is basically, uh, uh, underneath this—
620
621 SOLIS: —This is, this is state owned, which is the parking
622 lot. And right here, that's a small, uh, it's a
623 sliver. Yeah. You, you looked into it right when you
624 were working for—
625
626 STEVE: I think they're, they're both owned currently by the
627 state, and they're being transferred to the city.
628 Although there is some street right of way—
629
630 SOLIS: That is the city's?
631
632 STEVE: —that, that I guess you could say is city owned or
633 publicly owned. But the area east of the CTA tracks
634 is also currently serving for the parking lot. So
635 basically from Wentworth to the Metra tracks is
636 parking lot, um, facilities that is state owned. And
637 then I think it's in the process of getting
638 transferred to the city.
639
640 MADIGAN: When you say state, is it the, ah, Department of
641 Transportation?
642
643 STEVE: It was under—
644
645 SOLIS: Yes.
646
647 STEVE: —CMS, I think, Central Management. Uh.
648
649 MADIGAN: That could be it. That could be true—
650
651 STEVE: Perhaps.
652

653 MADIGAN: -yeah. That's another state agency. Central
654 Management Services.
655
656 WONG: Uh, Mr. Chong wants to know that, like if this like,
657 uh, openly, um, accept like, uh, uh, uh, RFQ or RFP,
658 that, uh, what's the right, the right timing? Can he
659 do something to a proposal now and submit it to, to,
660 to the city?
661
662 SOLIS: It's, it's still early stages-
663
664 WONG: It's still early.
665
666 SOLIS: -I would say.
667
668 WONG: Okay.
669
670 SOLIS: I mean, if he has a proposal, he should bring it up,
671 but it wouldn't be official.
672
673 WONG: Okay. Still early. Okay, yeah.
674
675 MADIGAN: Okay.
676
677 WONG: Okay, so.
678
679 GETZENDANNER: You know, again, it's, it all depends on the, the
680 revenue you make. It's gonna run between maybe 5 to
681 7% of gross revenue. So-
682
683 WONG: Mhmm.
684
685 GETZENDANNER: Okay, typically is where taxes are now-
686
687 WONG: Mhmm.
688
689 GETZENDANNER: -on smaller hotels. It's gonna have a value of around
690 \$1.8, \$2 million for real estate tax purposes. You're
691 talking-
692
693 WONG: Wow. Can I use a calculator? Okay.
694
695 GETZENDANNER: (Unintelligible) 6 million.
696
697 WONG: I'm sorry.
698
699 GETZENDANNER: So you're gonna have a, a market value of about 30,000
700 a room at least, I think. Okay? So that's a million
701 eight.
702
703 WONG: Times, uh, three, uh, 100 times 365.
704
705 SOLIS: So 10%, we're talking 1,500 per-
706
707 WONG: So gross is-
708

709 (Simultaneous conversation.)
710
711 GETZENDANNER: Well, we talk, you'd be between, at the low end, you'd
712 be at, you know, 1,250 taxes per room up to, you know,
713 1,750. But it's a function of performance. If the
714 income isn't there, while you're building it, you're
715 only taxed on the land value until you're at
716 stabilized vacancy. They give you partial
717 assessments, but once you hit market occupancy, say
718 70%, um, then yeah, you'll, you'll get a full
719 assessment. Your taxes are function. They determine
720 a market value. The assess value is 25%, and from
721 there it's the tax rate, the local rate, which has
722 been going up and the, and the multiplier. So, but
723 all I see in the hotels that we represent is the taxes
724 actually have come down, but now they're starting to
725 creep back up as the percentage of gross revenues.
726 Here your gross revenues are all from room rentals.
727
728 WONG: Mhmm.
729
730 GETZENDANNER: You're probably not, there's not gonna be a restaurant
731 on premises.
732
733 WONG: Um.
734
735 GETZENDANNER: There's not gonna be meeting rooms. There's not. So,
736 um, the business value is less in a, in a 60-room
737 hotel motel setting. Most of that income is divide-,
738 is, it comes from room rentals.
739
740 WONG: Mhmm.
741
742 GETZENDANNER: So that there, it's harder to say that there's a lot
743 of business value there, as opposed. There's some,
744 but there's not as much where you are a large
745 convention hotel and you have a big food and beverage
746 service. You have a, a lot of, uh, income from outside
747 sources.
748
749 WONG: So based on the projected income, gross income is
750 about \$1.6 million. Based on that, what would be the,
751 the, the tax for that, uh, property?
752
753 GETZENDANNER: Well, if it were valued at 1.6 or all?—
754
755 WONG: The, the—
756
757 GETZENDANNER: —about \$75,000.
758
759 WONG: The cost of the, the project, land and all-in cost is
760 \$6 million.
761
762 GETZENDANNER: Right.
763
764 WONG: That's the cost of the project.

765
766 GETZENDANNER: Correct.
767
768 WONG: The gross income, uh, based on the, uh, the room rate,
769 the, the projected—
770
771 GETZENDANNER: Million six—
772
773 WONG: Million six.
774
775 GETZENDANNER: —around \$75,000 would be your tax bill.
776
777 WONG: 75,000 for?
778
779 (Simultaneous conversation.)
780
781 GETZENDANNER: Like annually here, here's how—
782
783 WONG: —I mean, the whole 75,000—
784
785 GETZENDANNER: Million six. Here's how it works.
786
787 (Conversation in foreign language.)
788
789 (Simultaneous conversation.)
790
791 GETZENDANNER: Okay. So then, then it's assessed to 25% of that. So
792 that's \$400,000. Okay? Then you'd have the local rate
793 0.06832 times the equalizer is, uh, 2.6. Let's just
794 say six one. Um, well, I did something wrong. Here,
795 I know what the combined is. Yeah, \$72,720.
796
797 WONG: Of?
798
799 GETZENDANNER: Taxes.
800
801 WONG: For, for the building?
802
803 GETZENDANNER: Real estate taxes.
804
805 WONG: One year?
806
807 GETZENDANNER: One year, yes.
808
809 WONG: Okay. One year for the building? For—
810
811 GETZENDANNER: Correct. Everything building and land.
812
813 WONG: Okay.
814
815 GETZENDANNER: Right, now that assumes that you're gonna have a
816 million six in, roughly or more in income as well.
817 Okay? So you're, you know, what they do is they take
818 your revenue and then they take your expenses, they
819 develop a net operating income, and then they
820 capitalize that. That's how, so they're not, they

821 look at your construction costs. But that's in
822 (recording cuts out) hotels buy and sell for, that's
823 informational. They're, they're putting you, the only
824 way they can get uniformity among all these hotels is
825 to look at what revenues they're generating, what
826 expenses. And that way they kinda level the playing
827 field so that you're treated competitively with like
828 hotels.
829
830 WONG: Mhmm.
831
832 GETZENDANNER: Uh, if they did it based on cost, well, you know,
833 some, you have costs at different times and uh, if
834 you're building now, it costs more than if you built
835 20 years ago. So, um, they're mostly looking at, at,
836 uh, yeah, your, your revenue and, and they go over
837 your operating statements you submit. So they know,
838 there's no secrets. They don't have subpoena power,
839 but they make you run in with your income because
840 they can set the assessment high so that when you go
841 in to contest, you have to disclose--
842
843 WONG: Okay.
844
845 GETZENDANNER: -how the hotel is doing.
846
847 WONG: Can I explain to him?
848
849 (Conversation in foreign language.)
850
851 WONG: He wants to know because like he said that he, he's
852 got, uh, uh, another tax attorney that he knows, but
853 he wants to know that, like for your service, like
854 based on this tax, I mean like how much, like by is
855 a fixed rate annual, how much you charge, or if it's
856 by percentage, like what kind of, what percentage you
857 will, uh, charge like deduction based on deduction,
858 right? Or percentage?
859
860 GETZENDANNER: Um, the percentage would be 12.5% per year. Okay? So
861 if we save, that's of the savings.
862
863 WONG: Savings, okay.
864
865 GETZENDANNER: So if we save 'em \$20,000 in taxes, then our bill is,
866 is, you know, \$2,500.
867
868 WONG: Okay. Okay. Let me explain.
869
870 (Simultaneous conversation.)
871
872 GETZENDANNER: If we did a fixed fee for this hotel. It'd probably
873 be around oh, \$3,000, \$3,500 a year. Um, that's when
874 it's up and built and running at capacity.
875

876 WONG: Okay, but your service, we just make sure that, uh,
877 his tax is based on the fair, fair.
878
879 (Simultaneous conversation.)
880
881 WONG: Like—
882
883 GETZENDANNER: —Well, first you wanna make sure it's fair, then we
884 want to try to make sure the client—
885
886 WONG: Okay, okay, okay.
887
888 GETZENDANNER: —is at the low end of what's reasonable.
889
890 SOLIS: There is no better firm than this firm in terms of
891 doing real estate taxes in the state.
892
893 WONG: Yeah. Yeah.
894
895 SOLIS: I think that's not only my opinion, it's across.
896
897 WONG: Okay. Because like Mr. Chong, like there's a lot of
898 like, people like refer him a lot of other
899 consultants, you know, that's why.
900
901 (Conversation in foreign language.)
902
903 WONG: And also Mr. Chong wants to know there's any, um,
904 'cause he, he, he, he's, he's in business. He, he's
905 in Chicago. He wants to do business. Any other
906 opportunity open, like, like maybe for him, like he
907 wants to do.
908
909 SOLIS: Yeah.
910
911 WONG: Yeah. Like real estate deals, uh, uh, any deals.
912
913 SOLIS: If it's in Chinatown, there's a lot of opportunity.
914
915 WONG: Mhmm.
916
917 SOLIS: And, um, I think that there's just general growth
918 across the city. Um, I can see that in my committee
919 right now.
920
921 WONG: Mhmm.
922
923 SOLIS: As Chairman of Zoning. And I can see it if you go
924 look out in terms of the number of cranes that are
925 working. So I'd be happy to sit down and talk to him.
926
927 WONG: Okay.
928
929 (Conversation in foreign language.)
930
931 WONG: So, um.

932
933 MADIGAN: Let, let me ask, what, what's the status of the
934 representation of this hotel that we're talking
935 about? So he said, you said he's been working with
936 others. Is he committed to other people?
937
938 WONG: Uh, no, not yet. Not yet. Not yet.
939
940 MADIGAN: Okay, so there, he's considered, we're under
941 consideration?
942
943 WONG: Mhmm. Because like, uh, lot, like a lot of people,
944 uh, asking him for, uh, uh, service, like, uh, like,
945 like propose to him for service, like, uh, legal, um,
946 uh, tax, uh, zoning, um, uh, general contracting, a
947 lot of, uh, uh, uh, you know, proposal. You know. So,
948 so he would just pick the best and also the one that
949 can do the job, uh.
950
951 MADIGAN: Yeah, and the others that would do the real estate
952 tax work, are they all lawyers or are some of them
953 not lawyers, or do you know?
954
955 WONG: Uh, they're, they're lawyers.
956
957 MADIGAN: They're all lawyers. Okay.
958
959 WONG: Mhmm, but they, they take like a percentage of the
960 saving.
961
962 MADIGAN: Yeah.
963
964 WONG: Okay. Besides the hotel, he just bought, uh, uh,
965 almost 15 commercial space, retail space in, uh, in,
966 in the Chicago area. So-
967
968 MADIGAN: Mhmm, mhmm. And I think it's important that you
969 understand that on the question of the fee.
970
971 WONG: Mhmm.
972
973 MADIGAN: Uh, we would do a fee that would be agreeable to the
974 client.
975
976 WONG: Mhmm.
977
978 MADIGAN: All right?
979
980 WONG: Mhmm.
981
982 MADIGAN: Uh, there's two basic options.
983
984 WONG: Mhmm.
985
986 MADIGAN: You know, one is just a straight retainer. The other
987 is a percentage of the savings.

988
989 WONG: Mhmm.
990
991 MADIGAN: And, uh, we always recommend a retainer, but if a
992 client is insistent upon having a percentage of the
993 savings, then uh, we'll work with them and we'll do
994 that. We always then recommend that if it's a
995 percentage of the savings, there's a cap—
996
997 WONG: Mhmm.
998
999 MADIGAN: —on what it would be. Because historically, in terms
1000 of how you do this valuation, sometimes these numbers
1001 go up and down like this.
1002
1003 WONG: Mhmm.
1004
1005 MADIGAN: Okay? And if there's no cap on the fee, it's, it's,
1006 it's not good for the client.
1007
1008 (Conversation in foreign language.)
1009
1010 MADIGAN: We're not interested in a quick killing here. We're
1011 interested in a long-term relationship.
1012
1013 WONG: Yes, we understand. Yeah. Okay.
1014
1015 MADIGAN: And, um, in terms of the quality of the representation
1016 that you get from this law firm, we don't take a
1017 second seat to anybody.
1018
1019 SOLIS: Yeah.
1020
1021 (Conversation in foreign language.)
1022
1023 SOLIS: I agree. I know that (unintelligible). (Laughs.)
1024 (Unintelligible.)
1025
1026 (Conversation in foreign language.)
1027
1028 WONG: So, anything else, ah? Okay.
1029
1030 (Conversation in foreign language.)
1031
1032 MADIGAN: Okay. Well, thank you.
1033
1034 WONG: All right. Thank you.
1035
1036 SOLIS: Do you have a couple minutes?
1037
1038 MADIGAN: Oh yeah, sure.
1039
1040 WONG: Should I leave this here? Okay, okay. Uh, uh, Mr.
1041 Speaker, uh, Mr. Chong, uh, wants to take a picture
1042 with you so he can show to his, okay.
1043

1044 SOLIS: That's real important.
1045
1046 (Conversation in foreign language.)
1047
1048 WONG: Okay. Do you wanna do it, uh, together?
1049
1050 SOLIS: Do you wanna take a picture?
1051
1052 LEE: Sure, I can do it for you.
1053
1054 WONG: Okay.
1055
1056 LEE: Wanna get in it, See?
1057
1058 WONG: No, no, that's okay. Okay. 1, 2, 3. Good. Okay. One
1059 more this way. 1, 2, 3. Ready? Good. Okay.
1060
1061 LEE: Bye, bye.
1062
1063
1064 SOLIS: I found a video of, um, a meeting that we had
1065 (unintelligible.)
1066
1067 (Background conversation.)
1068
1069 WONG: Al, Al, Alderman, should I and Mr. Chong wait for you
1070 outside a little bit or?
1071
1072 SOLIS: Just talk, yeah.
1073
1074 WONG: Okay.
1075
1076 (Simultaneous conversation.)
1077
1078
1079 (CLIP 1 END)

(CLIP 2 BEGIN)

1080 MADIGAN: A key. (Laughs.)
1081
1082 WONG: Okay.
1083
1084 SOLIS: Okay. See you later.
1085
1086 WONG: Okay, thank you.
1087
1088 MADIGAN: Thank you, nice to see you.
1089
1090 WONG: Take care.
1091
1092 MADIGAN: Nice to see you. Do you have our key?
1093
1094 WONG: Oh. (Laughs.)
1095
1096 WONG: Okay. Uh, Alderman, uh, you know, Mr. Chong, that,
1097 uh, I, he, he love to, uh, uh, give the business to,
1098 uh, Mr. Speaker. But you know, like without your
1099 support, that hotel, you know, zoning change is very
1100 critical. You know, like, if you have to go through
1101 zoning change—
1102
1103 SOLIS: If he works with Speaker, he will get anything he
1104 needs for that hotel.
1105
1106 WONG: Okay. Thank you.
1107
1108 SOLIS: Alright?
1109
1110 WONG: Thank you. Thank you.
1111
1112 SOLIS: And he's gonna benefit from being with the Speaker.
1113
1114 WONG: Okay. Thank you.
1115
1116 SOLIS: Okay?
1117
1118 WONG: Thank you.
1119
1120 (Conversation in foreign language.)
1121
1122 WONG: Oh, uh, the, the fundraiser on the fourth?
1123
1124 SOLIS: Yeah.
1125
1126 WONG: Yeah, he already (unintelligible) to be a vice chair
1127 and—
1128
1129 SOLIS: Oh.
1130
1131 WONG: —and I will go on his behalf and then I will make
1132 sure he will—
1133

1134 SOLIS: Thank you. Very good. Very good.
 1135
 1136 WONG: Yeah. And, uh, he, he wants to do it long term, you
 1137 know, like-
 1138
 1139 SOLIS: -So do I. So do I.
 1140
 1141 WONG: Okay. And also Ray Chin, uh, I, I will come in to see
 1142 you with, for Ray Chin's project.
 1143
 1144 SOLIS: Uh huh. Good.
 1145
 1146 WONG: Because like, you know, you know, you know a developer
 1147 called Country Garden?
 1148
 1149 SOLIS: Where is that at?
 1150
 1151 WONG: China. That's the large-
 1152
 1153 SOLIS: -Oh, yes, yes.
 1154
 1155 WONG: -That's the largest, largest, uh, uh, privately, like
 1156 private company. But it's a property traded but
 1157 private company in China. Uh, the, the one that bought
 1158 the land from Ray Chin is not them, but he's working
 1159 with them to do a joint, joint venture. If Country
 1160 Garden comes to Chinatown-
 1161
 1162 (Simultaneous conversation.)
 1163
 1164 SOLIS: It would be a big deal. If they come, I'd like to
 1165 meet them.
 1166
 1167 WONG: Okay.
 1168
 1169 SOLIS: Now the only thing I told you, that's between you and
 1170 I, private, (unintelligible) the two people I don't
 1171 want anywhere near Chinatown.
 1172
 1173 WONG: Okay. Okay. Okay. Okay. Understand.
 1174
 1175 SOLIS: I like your shoes.
 1176
 1177 WONG: (Laughs.) Thanks. So. He's leaving tomorrow.
 1178
 1179 SOLIS: When will he be back?
 1180
 1181 WONG: Uh, uh, if, if, if necessary, he can come anytime
 1182 because like if, uh, say hopefully he can break ground
 1183 this year, then he'll come. (Laughs.)
 1184
 1185 SOLIS: Yeah, I will do whatever I can to speed up the process
 1186 and get everything he needs.
 1187
 1188 WONG: Okay.
 1189

1190 SOLIS: And, uh, breaking ground (unintelligible.)
1191
1192 WONG: Okay, alright.
1193
1194 SOLIS: (Unintelligible) very important.
1195
1196 WONG: Okay. Yes. Yes. So I would make sure Mr. Chong will
1197 give him the business.
1198
1199 SOLIS: Good, good.
1200
1201 WONG: Yeah.
1202
1203 SOLIS: Good, safe trip.
1204
1205 WONG: Ah, okay. (Unintelligible.)
1206
1207 (CLIP 2 END)