Chicago Tribune
BUSINESS

EXECUTIVE SUMMARY

Hoffman Plaza sold to Sterling

Sterling Organization, a Palm Beach, Fla., real estate company, has purchased Hoffman Plaza, a 168,342-square-foot shopping plaza in Hoffman Estates, for $14.2 million. The plaza is anchored by Jewel-Osco and Dania Furniture stores.

Sterling CEO Brian Kosoy said in a statement that the company has been pursuing the deal "on and off" for nearly three years.

Judge rejects ComEd request

An Illinois appellate court judge has denied Commonwealth Edison's request for a speedy decision on a case that will ultimately decide the fate of a $2.6 billion plan to modernize the electrical grid. The utility had

Ex-Deloitte official sentenced

Former vice chairman receives 21 months in prison for insider trading in client stocks

By Ameet Sachdev
Tribune reporter

Thomas Flanagan, a former vice chairman at Deloitte & Touche, said he didn't have a "great answer" to explain why he illegally traded in the stocks of the accounting firm's clients despite his professional and personal success.

But the federal judge who sentenced him Friday to 21 months in prison had a possible reason.

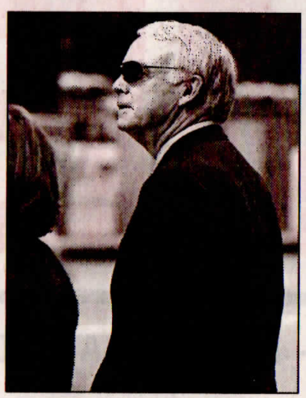
"The only explanation I can come up with is hubris," said U.S. District Judge Robert Dow Jr. "You certainly didn't need the money."

Flanagan's motives for his insider trading were widely discussed at his sentencing hearing because, as his attorney said, "The question everyone has is why did he do it?"

From December 2006 to May 2008, Flanagan repeatedly traded on confidential information he learned as a Deloitte partner about some of the firm's audit and consulting clients.

"It was stupid; it was arrogant; it was wrong," Flanagan told the judge before sentencing. He added: "I created this nightmare four years ago, and this nightmare is going to be with me for the rest of my life."

His trades involved some of Chicago's largest companies, including Walgreen Co., Sears Holdings Corp. and Motorola Inc. (before it split into two companies). Dow said his actions constituted a "breach of trust" that his partners and clients had placed in him and severely tarnished his reputation.



ABEL URIBE/TRIBUNE PHOTO

Thomas Flanagan, a former vice chairman at Deloitte & Touche, said his actions were "arrogant."

Prosecutors recommended a prison term of 37 months. Flanagan's lawyer argued that he be given six months because of factors like his community service.

Dow said Flanagan aggravated his crime by concealing his trades and tipping one of his three sons. Flanagan's illegal gains totaled about $430,000.

The judge ordered Flanagan to pay a $100,000 fine and said he would face one year of supervised release after his prison term.

Wearing a dark blue suit, Flanagan, who turned 65 Friday, apologized to the court and his family.

His supporters had written Dow dozens of letters, asking for leniency because Flanagan had lived an otherwise exemplary life. He grew up on the South Side, the son of a laborer and a secretary, and attended the University of Notre Dame.

Starting as a junior accountant in 1970, Flanagan spent his entire career at Deloitte and rose through the ranks to run the Chicago office and later a European division. He also was active in Chicago civic and charitable affairs.

He resigned from Deloitte in 2008 amid an investigation into his trading activities. As part of a legal settlement with the firm, Flanagan gave up about $14 million in pension and deferred compensation, according to court papers filed by his attorney.

In 2010, as part of a settlement with the Securities and Exchange Commission, Flanagan paid a $1.05 million penalty.

Flanagan must report to prison Jan. 15. The judge, at the request of Flanagan's lawyer, said he would recommend that Flanagan be sent to the minimum security prison in Yankton, S.D.

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