

Bond Case Briefs

Municipal Finance Law Since 1971

Judge Fines, Sanctions Longtime Harvey Comptroller.

A one-time top accountant for several south suburbs was ordered to pay more than \$200,000 and barred by a federal judge from ever taking part in a key way local governments borrow money.

Tribune investigation spurs suit that leads to official being fined \$217,000 and barred from certain deals.

A one-time top accountant for several south suburbs was ordered to pay more than \$200,000 and barred by a federal judge from ever taking part in a key way local governments borrow money.

The case against Joseph T. Letke followed a Tribune investigation in 2013 that exposed an insider deal in Harvey that cost taxpayers up to \$20 million. The deal was supposed to redevelop an old hotel between Interstate 80 and a strip club. Instead, the deal enriched Letke while leaving taxpayers with a half-gutted hotel in foreclosure.

U.S. District Judge Amy St. Eve on Tuesday barred Letke from advising or consulting in any municipal bonds. Bonds are essentially IOUs that local governments issue in exchange for cash. They're the common way towns borrow money for big projects. One of Letke's firms, Public Funding Group, has touted itself as a specialist in municipal bonds.

The judge also ordered Letke to pay \$217,115 in restitution, fines and interest. He's supposed to pay it within two weeks.

The FBI, in what it has called a criminal investigation, has sought documents about Letke's firms and asked questions of a number of Harvey officials about the hotel deal. But the lead agency in the action against Letke was the U.S. Securities and Exchange Commission. That agency typically acts as a watchdog in the bond market to ensure borrowers don't cheat lenders.

"The harm caused by Letke's misconduct was severe," SEC attorney Eric Phillips wrote in a brief filed this month. "Harvey raised millions of dollars through bond offerings which were supposed to benefit Harvey residents, and instead Harvey and Letke wasted the money."

The SEC sued Letke and Harvey last year, calling the hotel deal a "scheme" that defrauded lenders. Letke was Harvey's comptroller during the deal and made money three ways when the town borrowed the money in stages from 2008 and 2010. He or his firms were paid more than \$1 million by the town over that time to keep its books, paid \$547,000 by the town to advise it on how to borrow the money, and paid \$269,000 by the developer getting the money, records show.

In complaining about Letke's actions, the SEC focused on the payouts to Letke by the developer. The SEC complained those payouts were never disclosed on documents given to lenders — violating federal law.

Letke never offered a defense, instead telling the SEC that — if called to testify — he'd invoke his Fifth Amendment right not to answer questions, citing a fear that what he said could be used to prosecute him. By then, he'd already invoked his Fifth Amendment right under oath — in an

unrelated lawsuit — when asked about the hotel deal and his work in Harvey.

Letke wasn't the only one to invoke his Fifth Amendment right regarding the hotel deal. So did Harvey Mayor Eric Kellogg — a longtime political ally of Letke.

The SEC had accused Kellogg's administration of diverting borrowed money from the deal to make payroll in a town that had long spent more than it brought in, with little oversight from the state. In December, in a deal cut with the SEC, Harvey agreed to let the federal court oversee how it borrows and tracks spending.

No Harvey official other than Letke was singled out for punishment in the lawsuit.

Letke stopped working for Harvey last summer. Kellogg said Letke was fired. Letke said he quit. In recent years, he also stopped working for three other suburbs: Riverdale, Dolton and Robbins. It's unclear if he still works for Markham.

Letke also is tied to several businesses whose websites pitch accounting and marketing consulting to the public, private and nonprofit sectors. Those firms include Alli Financial and what is called a new branch of it, Alli Media Group.

On the latter's website, Letke was listed early Wednesday afternoon as the CEO of Alli Media Group. But Letke's name disappeared from that firm's website after the Tribune emailed Alli Media Group on Wednesday about Letke's connection.

Letke did not respond to an email.

By Joe Mahr and Matthew Walberg

Chicago Tribune

1/29/15

jmahr@tribpub.com

mwalberg@tribpub.com

Copyright © 2026 Bond Case Briefs | bondcasebriefs.com