

Man in the Middle

His name might sound familiar. But who is Tony Rezko, and what's his connection to Barack Obama?

This week federal prosecutors in Chicago are set to begin laying out evidence in a corruption case against Antoin (Tony) Rezko, a prominent real-estate developer and power broker. Rezko is charged with extorting millions in kickbacks from investment firms trying to win business from a teachers' pension fund. (Rezko pleaded not guilty.) The alleged crimes probably wouldn't have gotten much attention outside the clannish world of Chicago politics, except for one detail: Rezko is an old friend and onetime financial backer of Barack Obama.

Obama is not implicated in Rezko's alleged illegal activities. But the candidate's name could surface in the trial, and the murky relationship between the two men—especially Rezko's part in Obama's purchase of a house—has become an issue in the campaign. A NEWSWEEK guide to the facts and faces in the case:

Who is Tony Rezko? An American citizen in his 50s, Rezko came to the United States from Syria when he was 19 years old and made a fortune in fast-food restaurants and low-income public-housing projects. As his business prospered, he ingratiated himself with powerful Illinois politicians of both parties. He raised money for GOP Govs. Jim Edgar and George Ryan, and more recently raised large sums for Democrat Rod Blagojevich, the state's current governor. Blagojevich has not been accused of wrongdoing in the Rezko trial. But prosecutors have alleged that Rezko spread around enough cash that he could influence Blagojevich's appointments to powerful state boards. (The governor has denied any wrongdoing; Rezko's lawyers did not return requests for comment.)

What is Rezko's connection to Obama? The two men met after Obama graduated from Harvard Law School. The developer offered the young lawyer a job at his real-estate company. Obama turned him down. But as it happened, the law firm Obama went to work for represented a nonprofit group that participated in some of Rezko's low-income housing developments. Obama himself did a small amount of legal work on Rezko-related matters—about six billable hours over a two-year period, according to Obama's campaign. When Obama embarked on a political career, Rezko and his associates contributed generously to his campaigns.

Did Rezko help Obama buy a house? In June 2005, Obama and his wife, Michelle, purchased a large home on Chicago's South Side. The owners of the property wanted to sell both the house and the adjacent lot as a package deal, but the Obamas didn't want to buy the extra land. Obama consulted his friend Rezko, who had once lived in the same neighborhood. In transactions that closed at the same meeting on the same day, Obama bought the house for \$1.65 million—\$300,000 less than the sellers had originally asked—and Rezko's wife, Rita, bought the lot next door for \$625,000. Several months later Rita Rezko sold

the Obamas a strip of the vacant lot for \$104,500. Several months after that, Tony Rezko was indicted by the Feds on the unrelated charges.

Obama has said he negotiated a fair price for the house, got no help from Rezko in buying it and paid market value for the strip of land he later bought from the Rezkos. But critics have said the deal left the impression that Obama had allowed himself to become beholden to an operator known for cozying up to pols.
