

6/13/89 Chi. Trib. 3  
1989 WLNR 2505940

CHICAGO TRIBUNE  
Copyright 1989 Chicago Tribune Company

June 13, 1989

Section: BUSINESS \

FOR CITY COFFERS, ANOTHER VEXATION

Bill Grady, Merrill Goozner and John O'Brien.

City Hall finances could get another kick in the shins next week, when attorney Clinton Krislov's long-running class-action lawsuit, accusing former Mayor Jane Byrne of mishandling city pension funds, gets another hearing before Cook County Circuit Court Judge David Shields.

Though the suit has dragged on for six years-with more flip-flops than a Slinky toy descending stairs-the city so far has lost on every count. Last February, the city agreed to a final judgment ordering it to pay \$19.3 million in back interest to its four pension funds for failing to promptly turn over tax collections.

Krislov, who represents five beneficiaries of the funds, wasn't satisfied. He went back to court and asked the judge for the interest that the interest would have earned if it had been turned over promptly. In April, Shields indicated he would rule against the city on that count, too, and he set a final hearing for next week. The result could be another \$15 million to \$20 million the city will have to deposit in the pension funds.

The cash-strapped administration of Mayor Richard M. Daley is fighting the ruling. "There's a body of law that says a party is not liable for prejudgment interest unless that party acted in bad faith and vexatiously withheld the money," said Joseph Moore, the latest assistant corporation counsel to grapple with the issue. "We didn't know the money was due in the pension fund the minute it was received." Moore said he may ask for more time.

The liability may not stop there. To pay Krislov's legal fees, the court set aside \$1.75 million of the first \$6.5 million that the city paid to the pension funds. But Krislov, ever attentive to the needs of his clients, said: "Anything that doesn't go to me goes to them (the funds). I've asked the judge to make the city pay the legal fees."

A footnote: Krislov recently severed his relationship with Sachnoff & Weaver, which has handled its share of class-action suits over the years.

Krislov says he left the firm because his "up against the big guys" orientation no longer fit in with a firm looking to line up corporate and institutional clients.

Sachnoff & Weaver announced Friday it is merging with eight-member Greenbaum Browne Cain & Dolin. The merger boosts the firm's corporate, securities and real estate practice, but not at the expense of litigation, says name partner Lowell Sachnoff.