Unpaid Taxes No Obstacle | Big campaign donor still got OK to buy controlling interest in bank

Dr. Ronald Michael once headed a company that faced more than $178,390 in unpaid taxes. He eventually paid the taxes and ended up buying the company.

In 2002, Hypermeals' troubles boiled over. The company filed for bankruptcy that May after failing to pay $34,987 in state taxes. The state filed a second tax lien — for $49,979 — against the company in 2004. Hypermeals still owes the tax man, records show.

Less than six months after the bankruptcy filing, Michael began seeking approval to buy Arcola Homestead from then-Gov. George Ryan's administration. State and federal banking officials gave their OK to the $1.1 million purchase in February 2003, a month after Gov. Blagojevich took office.

Bank regulators won't say if they investigated Michael's involvement with Hypermeals. Nor will they release details of the financial report Michael filed with his banking application. They cite privacy laws.

But records show that, as of June 30, 2006, Arcola Homestead had just $550,000 in deposits from state and local government entities. A year later, that figure had soared to $72 million.

FDIC records don't specify where the cash comes from. But the Illinois State Treasurer's office says it has $285,000 in Michael's bank. The most recent deposit came in January 2004, when then-state Treasurer Judy Baar Topinka deposited $55,000 in state funds.

Subsequently, in May 2005, Michael started donating to Topinka's failed 2006 run for governor. In all, he ended up giving Topinka $63,810.

Michael also has given $21,180 to current state Treasurer Alexi Giannousis, a Democrat. Topinka and Giannousis say Michael's contributions didn't affect decisions about his bank. Also, they say they didn't even know Michael was in the banking business, that they knew only that he was a doctor.

Gov. Blagojevich has accepted $47,000 from Michael, including $25,000 on Nov. 22, 2002 — 18 days after Blagojevich won election.

About three months later, on Feb. 28, 2003, Michael won approval to take control of Arcola Homestead. He gave another $20,000 to the governor's campaign fund on July 25, 2003.

"The donations had nothing to do with Michael being OK'd to buy the bank," Blagojevich campaign spokesman Doug Scofield says.

Dr. Ronald Michael has given a total of $178,390 to state lawmakers, state political groups and Chicago aldermen. Nearly 60 percent of the money has gone to Republicans.