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Ex-exec awarded nearly \$12 million in suit against Centrum

 By: Bob Craig **January 04, 2012**

(Crain's) — A former top marketing executive with Centrum Properties Inc. has won a nearly \$12-million wrongful-discharge suit against the development firm, but now faces the daunting task of collecting her money.

Jennifer S. Arons, who oversaw residential sales at many of Centrum's biggest projects during her six-year tenure, is owed \$11.5 million, including severance and the value of her ownership stakes in 21 company projects, because she was wrongfully fired in 2008, Cook County Circuit Court Judge Thomas R. Mulroy ruled late last month.

But Centrum's controlling shareholders, John McLinden, President Laurence Ashkin and Secretary Arthur Slaven, aren't personally liable for her dismissal, according to Judge Mulroy's 50-page ruling.

As a result, Ms. Arons must try to collect her winnings from the Chicago-based firm, which doesn't have an ownership stake in the many projects it has developed. Amid the "nightmarish decline in the national real estate market," Centrum's business is now "worth a fraction" of what it was worth in 2002, Judge Mulroy wrote.

"Centrum remains in business but has suffered foreclosures and bank takeovers of many of its properties," he wrote.

Such setbacks make it tough for creditors, including Ms. Arons, a highly regarded residential marketing executive before she joined Centrum in 2002.

"It becomes exponentially more difficult if you're talking about real estate developers in today's world," says Chicago lawyer Bernard P. Edelman, who specializes in complex real estate litigation but isn't involved in the Centrum case.

Chicago lawyer Daniel J. Becka, who represented Ms. Arons, declines to comment on the chances of recovery but says his client "is pleased that she proved her case against Centrum."

Messrs. McLinden and Slaven decline to comment. Mr. Ashkin also declines to comment, according to a spokeswoman for Washington, D.C.-based law firm Steptoe & Johnson LLP, which represented Centrum and its owners.

Both sides are likely to appeal. Ms. Arons sued in 2008, saying she was owed nearly \$30 million. Judge Mulroy awarded her a smaller amount, based on expert testimony about the value of her ownership stakes in the various Centrum ventures.

This fall, Judge Mulroy held a 13-day bench trial, without a jury. He issued his ruling Dec. 22, about the same time Centrum was agreeing to buy a troubled Northwest Side retail center. Judge Mulroy rejected Centrum's purported reasons for her dismissal, saying Ms. Arons was fired without cause.

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The judge awarded Ms. Arons \$62,000 for unpaid commissions owed, \$3.7 million for her ownership interests in 14 projects and \$7.7 million as her severance payment for 21 projects that were under development at the time of her termination.

He also ordered her to reimburse Centrum for about \$3,400 in personal expenses that she improperly listed on her expense reports. That amount would be deducted from her award.

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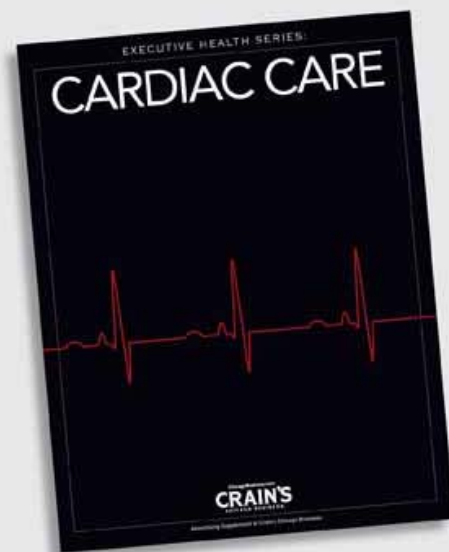
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