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Jury charges Lomelo with extortion

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A federal grand jury indicted Sunrise Mayor John Lomelo and four others Tuesday in an alleged scheme to extort money from developers in return for city approval of two nursing-home projects.

Indicted with Lomelo were lawyer-lobbyist Emerson Allsworth, City Council Member John Montgomery, Planning and Zoning Advisory Board member Robert O'Keefe and lobbyist Spike Leibowitz, according to their attorneys and sources close to the grand jury.

Lomelo and Leibowitz were indicted on conspiracy and extortion charges involving the payment of \$60,000 to Leibowitz through City Engineer Craig Smith, according to federal sources.

Allsworth was indicted for his involvement in the approval of a nursing home planned by Manor

HealthCare, a Maryland firm that took the matter to the FBI, sources said.

Montgomery, O'Keefe and Leibowitz were indicted for tax evasion after an investigation of possible conspiracy to conceal income, diversion of funds through various companies and failure to report income on tax returns.

Montgomery and O'Keefe were also indicted on charges of extortion and conspiracy in the construction of another nursing home.

The five men were scheduled to surrender this morning to FBI agents at the Federal Courthouse in Fort Lauderdale.

Gov. Bob Graham, informed of the indictment Tuesday, will review the charges against Lomelo and Montgomery and suspend them from office today if the charges warrant it, a spokesman said.

He would then appoint an

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indicted in extortion plot

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interim mayor.

The three indictments, sealed by U.S. Magistrate Patricia Kyle, carried about 30 separate counts, sources said. Two of the indictments address tax charges, according to federal sources. The third concerns an indictment against Lomelo, Allsworth and Leibowitz involving extortion and conspiracy.

Lomelo, indicted three other times but never convicted during his 17 years as the city's only mayor, professed his innocence.

"Here we go again," Lomelo said when asked about the indictments. "There's no basis for it."

Ken Lipman, attorney for Montgomery and O'Keefe, said his clients are innocent.

"John and Bob are glad that the systematic leaks by the government to the press of the secret grand jury proceedings that so greatly damaged their reputations are over," Lipman said. "They look forward to contesting this case where it belongs, in court."

Allsworth was expected to return from Los Angeles today, his attorney said.

"Mr. Allsworth vehemently denies any wrongdoing," lawyer Ted Klein said. "I regard this indictment as a willful act of bad faith. Mr. Allsworth has been cooperative, helpful and forthright

throughout this investigation."

Leibowitz's attorney, Dorothy Maier, refused to discuss the indictment.

Lomelo and the other four have been under investigation since July 1983 for their involvement with the Manor HealthCare Corp.'s attempt to build a nursing home in Sunrise.

Officials of the Maryland company contacted the U.S. Justice Department in June 1983. They said Allsworth told them that approval of their 120-bed nursing home would be denied unless they hired Leibowitz for \$30,000 as a consultant. Leibowitz is a friend of Lomelo's.

Weeks earlier, Allsworth told

Manor HealthCare officials their project would be approved if they built on property being sold by Nob Hill Realty of Sunrise Inc., company officials said. The real-estate firm is owned by Montgomery and O'Keefe.

In October 1983, a federal grand jury convened to consider evidence gathered during a three-month, undercover investigation that included surreptitious tape recordings and the cooperation of Manor HealthCare executives.

Leibowitz, Montgomery and O'Keefe also worked on another nursing home project, the 240-bed Sunrise Medical Center constructed by Richmond Health Care Inc. of Augusta, Ga.

In that project, finished just months ago, Leibowitz was paid \$37,500 as a lobbyist. Montgomery and O'Keefe's Nob Hill Realty was

paid a \$36,000 commission on the sale of a 10-acre parcel.

In addition, their B & J Associates of the South — a consulting firm — was paid \$32,500 for finding a construction company to build the home.

That company, however, could not get bonding — a form of construction insurance — and had to team up with a larger construction company to build the project.

Gov. Graham learned of the indictments Tuesday afternoon from general counsel Syd McKenzie. Graham and McKenzie are expected to review the indictment Wednesday and decide whether to suspend Lomelo from office.

"The governor would normally suspend a public official from office on a felony indictment," said McKenzie. "Mr. Lomelo could be suspended as soon as [today]."