

By Dan Lovely
and Kathleen Pellegrino
Staff Writers

After 13 months of investigating allegations of corruption in Sunrise city government, a federal grand jury Tuesday returned 32-count indictments against Mayor John Lomelo, Councilman John Montgomery and two associates.

"I've done nothing," said Lomelo, who in 17 years as mayor has been investigated at least 14 times.

"They've never gotten me on anything," Lomelo said. "I'm innocent."

Specific charges in the 73-page indictments were to be unsealed today.

This morning four of the defendants — Lomelo, Montgomery, Spike Liebowitz and Robert T. O'Keefe — surrendered to U.S. Magistrate Patricia J. Kyle at



Lomelo

the Federal Building in Fort Lauderdale.

The indictments follow a federal investigation of nursing home deals and lobbying and consulting practices in the city of Sunrise.

According to documents in the grand jury room when Kyle accepted the indictments, the other defendants are:

- Montgomery, 48, a Sunrise councilman since 1975 and a Lomelo political ally. The grand jury has investigated about \$90,000 in deals involving Montgomery-related businesses and projects that required city approvals.

- O'Keefe, 40, Montgomery's business partner and a member of the Sunrise Planning and Zoning Board.

- Liebowitz, 54, a lobbyist and longtime friend of Lomelo's. The grand jury has investigated more than \$130,000 in lobbying and consulting fees involving Liebowitz and Sunrise-related projects.

Kenneth Lipman, lawyer for
Please see LOMELO, 10A

Lomelo

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Montgomery and O'Keefe, said he was glad the grand jury's investigation was over.

"It's almost a sense of relief that the rumors can be put to rest and that their innocence can be established in court," Lipman said.

He also angrily criticized "the numerous and improper leaks of information" about the federal investigation.

"Everyone is looking forward to vindication and rehabilitation of their reputations, which were destroyed by systematic leaks and violations of their constitutional rights," Lipman said.

Neither Liebowitz nor his lawyer could be reached Tuesday night. In the past Liebowitz has denied any illegal activity.

Lomelo, 56, the only mayor Sunrise has had since it was incorporated in 1967, said he expects to be suspended from his \$50,537-a-year job and wants a speedy trial.

"I want to get back to running Sunrise as soon as possible," Lomelo said. "I've got a job to do."

Under state law, Gov. Bob Graham may suspend an indicted public official and appoint an interim replacement until the charge is resolved. Pat Riordan, a spokesman for the governor, said Graham's staff will ask for a copy of the indictments this morning.

"The governor's general policy is that a public official under felony indictment would be suspended," Riordan said.

Tuesday's grand jury action caps an investigation that began in October 1983, when Sunrise officials were subpoenaed to answer questions about a \$3.6 million nursing home deal.

"We have an investigation on the average of at least once a month," Lomelo joked at the time, and at another point added, "Investigations are my way of life."

Since the initial publicity, the grand jury investigation was expanded to include lobbying and consulting practices, income tax records and industrial revenue bonds — all involving a Lomelo inner circle that combined public influence with private deals.

"A guy's got a right to make a living," Lomelo has said of those deals.

The initial case that drew federal scrutiny involved Manor Healthcare Inc., a Silver Spring, Md., firm that wanted to build a 120-bed nursing home in Sunrise.

In May 1983, Lomelo vetoed City Council approval of Manor's original \$3.6 million proposal, but at that meeting Manor officials were introduced to Liebowitz. They agreed to hire him as a lobbyist, reportedly for \$30,000.

That August, Manor presented the Sunrise council a new site proposal, this one involving a \$400,000

Montgomery-O'Keefe real estate firm, Nob Hill Realty Inc.

While Manor officials were negotiating with the city, Montgomery was City Council president and O'Keefe was zoning board chairman. Their real estate firm would have made a \$20,000 commission on the Manor deal.

In September 1983, the City Council approved the new Manor proposal 5-0.

"All the governmental approvals were obtained," Liebowitz said later. "That's what I do for a living."

By then, however, Manor officials had complained to the FBI about how business was done in Sunrise and had begun cooperating with federal investigators.

Early in October, Manor pulled out of the property deal without paying Liebowitz or the Montgomery-O'Keefe firm, and eight days later federal subpoenas blanketed Sunrise City Hall.

In the following months, the grand jury turned to another nursing home deal involving Richmond Healthcare Inc. of Augusta, Ga.

In 1981, Richmond proposed a \$7.5 million nursing-home project, to be financed through city-sponsored industrial revenue bonds. The 240-bed facility, now named the Sunrise Health Center, is located at 4800 Nob Hill Road.

To help cool neighborhood opposition and obtain various city approvals, Richmond paid Liebowitz \$37,500.

To arrange the land purchase, Richmond paid the Montgomery-O'Keefe real estate firm almost \$37,000 in fees. Richmond also hired a separate Montgomery-O'Keefe consulting firm for an additional \$32,500.

"You must deal with people who make the political decisions," Richmond officer Thomas F. Allgood said after a grand jury appearance. "You must have the cooperation of city officials."

As the grand jury investigation continued into 1984, the Internal Revenue Service subpoenaed the tax records of Montgomery, O'Keefe and Liebowitz, and in late May subpoenaed additional city records involving Liebowitz.

Those records showed that the city had funneled at least \$49,000 to Liebowitz through the city's consulting engineer, who said he didn't know what Liebowitz had done for the money.

Federal authorities also investigated a separate \$15,000 city payment to Liebowitz for lobbying on an annexation issue. Others involved in the issue said they couldn't remember Liebowitz playing a role, and Lomelo admitted he had hired Liebowitz with only a handshake.

"It's business as usual," Lomelo