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Final Edition

**Feds probe gov's fund-raising trips: Generous law firms scored prime spots after donations**

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Staff reporters

The feds are investigating two New York political fund-raising trips made by Gov. Blagojevich to see if East Coast donors were illegally nudged ahead in line for state business, sources told the Chicago Sun-Times.

This is the first indication the government is zeroing in on face-to-face discussions Blagojevich had with donors as it probes alleged corruption in his administration and the Teachers' Retirement System of Illinois.

**An ‘exclusive club’**

A source familiar with the investigation said the feds are looking at three law firms placed on a preferred list of outside lawyers that TRS could hire. The three firms have donated more than $120,000 to the governor, including donations that came at the New York events.

"They were admitted to a very exclusive club, and one case could make you millions," the source said.

Blagojevich, his fund-raisers, the law firms and others who attended the October 2003 and December 2003 fund-raisers have not been accused of wrongdoing.

The governor's campaign confirmed Blagojevich met with several well-known, deep-pocketed Democrats during his travels but insisted there was no connection between pension business and donations to the governor.

"The governor has no role in what law firms TRS chooses to do business with," campaign spokeswoman Sheila Nix said.

The firms are top-notch, class-action litigators, with "a long history of giving to Democrats nationally, including Hillary Clinton and Barack Obama," Nix said.

None of the law firms have made any money at TRS since landing on the list because they only get paid if they win or favorably settle lucrative class-action lawsuits on the pension system's behalf.

A spokesman for the U.S. attorney's office declined to comment.

The case initially caught the feds' attention because both New York trips were partially financed by former TRS board member Stuart Levine, who is cooperating with the government and will enter a guilty plea next month.

In October 2003 and December 2003, Levine paid for flights aboard private planes to get Blagojevich and supporters to the East Coast, state records show. Once there, Blagojevich met lawyers, investment bankers and media executives -- many of whom wrote checks to his campaign fund.

On Oct. 29, 2003, Blagojevich huddled at New York's exclusive Harvard Club with lawyer Leonard Barrack, the former finance chair of the Democratic National Committee, and ex-Sen. Robert Torricelli (D-N.J.), a consultant for Barrack's law firm, according to a copy of the governor's office schedule obtained by the Sun-Times.

Torricelli's political career ended in tatters in 2002 after he was reprimanded by the Senate Ethics Committee for improperly accepting gifts from a campaign donor.

On Nov. 3, 2003, Barrack's law firm -- Barrack Rodos & Bacine -- and Torricelli each gave Blagojevich $10,000. On Feb. 20, 2004 the TRS board voted to put the law firm on its select list of class-action lawyers.

Torricelli could not be reached. Barrack, whose firm also gave $5,000 to Blagojevich in 2002, did not return a message.

In another instance, lawyer Melvyn Weiss paid $5,000 toward lodging, meals and entertainment for Blagojevich's entourage during its December 2003 trip to New York.

Weiss, his law firm and its attorneys also donated $45,000 to the Blagojevich campaign, including $10,000 on May 13, 2004. Twelve days later, the TRS board voted to place Weiss' law firm on its list of outside litigators.

Last May, Weiss' law firm and two of his partners were indicted by a federal grand jury in a kickback scheme. Weiss did not return a message left at his New York office.

**TRS says it used search**

A third law firm tied to the fund-raising trip was Bernstein Liebhard and Lifshitz, which gave the governor $45,210 in cash and services, state records show. A call to the firm was not returned.

The New York firm donated $10,000 during the October 2003 fund-raiser and gave another $25,000 at the December event, where it also helped cover the cost of a fund-raising breakfast.

Bernstein Liebhard wound up being voted onto the system's preferred lawyer list after a February 2004 vote by the TRS board.

TRS released a statement Thursday night stating the three firms were placed on its list after a national search. The agency "thoroughly reviewed the qualifications of these firms, and they were selected based on their experience and qualifications."

Levine's lawyer could not be reached for comment.