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Final Edition

**It's 'pay-to-play . . . on steroids': Gov in spotlight as feds indict top fund-raiser in shakedown scheme**

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Staff reporters

A member of Gov. Blagojevich's inner circle was hit with wide-ranging public corruption charges Wednesday, and now the feds want to know what the governor knew about his friend's actions.

The 24-count indictment against Antoin "Tony" Rezko -- a top fund-raiser for Blagojevich and a former business associate of the governor's wife -- outlines a "pay-to-play scheme on steroids," U.S. Attorney Patrick Fitzgerald said.

Rezko, 51, is accused of trying to collect nearly $6 million in kickbacks from government deals and trying to shake down a Hollywood producer for $1.5 million in campaign contributions to Blagojevich.

Sources said the feds are looking closely at the alleged shakedown -- first reported by the Chicago Sun-Times last month -- and whether Blagojevich knew Rezko was trying to extort cash for the governor.

Investigators also have found strong relationships between the Rezko and Blagojevich families and continue to investigate their dealings, sources close to the investigation said. Illinois first lady Patti Blagojevich made nearly $39,000 off real estate deals involving Rezko, she disclosed on 2004 tax forms.

**‘Contains no specifics’**

Blagojevich told the Sun-Times on Wednesday night he was shocked by the indictment and would feel "a tremendous sense of personal betrayal" if the allegations are proven.

"I pray that this isn't true," Blagojevich said. "I pray that he didn't do these things."

Blagojevich said he never authorized any shakedown, hasn't engaged in pay-to-play politics and that the indictment "had absolutely nothing to do with Patti's real estate business."

Lawyers for Rezko called the indictment "sensational" and said it "contains no specifics as to how any money benefitted Mr. Rezko."

But Fitzgerald said there was a "feeding frenzy" by Rezko and associates, including Teachers' Retirement System board member Stuart Levine, who was indicted on corruption charges last year and is expected to plead guilty later this month.

"The amounts of money that were being shaken down in one . . . eight-week span was in the millions," Fitzgerald said. But Rezko and Levine collected only about $250,000 because federal investigators tripped up their plans.

Chicago FBI chief Robert Grant called those named in the indictment "parasites that have plagued our public institutions."

Rezko and others allegedly demanded the kickbacks under the guise of consulting fees from companies seeking business with TRS. Levine was able to control TRS business by working with Rezko to have two other people appointed by the governor who would vote with Levine, Fitzgerald said.

Two other political insiders allegedly were part of one of the schemes: to shake down Capri/Capital Advisors and Hollywood producer Tom Rosenberg, who co-owned the firm until recently.

**'Individual A,' 'Individual B'**

One is Christopher G. Kelly, a close Blagojevich friend and top fund-raiser. The second is Springfield powerbroker William Cellini, a Republican who has helped direct $86,000 in campaign cash to the Democratic governor and whose family's firm has secured $340 million in pension business under Blagojevich.

Cellini and Kelly were identified as "Individual A" and "Individual B" in the indictment, but sources confirmed their identities.

Rosenberg's firm was slated to get a $220 million deal from TRS in February 2004, but Levine helped stall approval, according to the indictment. Three months later, Capri and Rosenberg allegedly were told to cough up $2 million to a financial consultant of Rezko's and Levine's choosing or arrange for $1.5 million to be contributed "to a certain public official."

That official is Blagojevich, sources said.

On May 8, 2004, Rosenberg told Cellini "he would not be extorted," the indictment says. Two days later, Rezko, Levine, Cellini and Kelly agreed that "it was too risky to continue demanding money from [Capri]."

Rosenberg's firm ended up getting the TRS deal on May 25, 2004, and no contributions to Blagojevich's campaign were made.

Many of the allegations against Rezko are based on what the feds have gathered from Levine, who began cooperating with them early this year. Rezko -- who also was charged Wednesday with swindling General Electric Capital Corp. out of $10.5 million in loans to a pizza restaurant business -- is to appear in court Friday, but the feds said they're not sure where he is. If he doesn't appear, prosecutors said he may be considered a fugitive.

**Still looking for him**

Authorities have been tracking Rezko's movements and knew he checked out of a hotel in the Middle East last week and paid in cash.

Some investigators said they feared Rezko wouldn't return to the country because he's in substantial debt, sources said. The indictment was returned last week but kept under seal in anticipation of his return this weekend.

On Wednesday, Rezko's lawyers said efforts were under way to get him back to the United States. FBI agents were still looking for him. They visited Rezko's North Shore home Wednesday afternoon with an arrest warrant.

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