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**4 indicted in Public Aid scam;**

**Panel targets $ 7 million Public Aid paid to firm**

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SPRINGFIELD-A federal grand jury, probing corruption inside the Illinois Public Aid Department, on Friday indicted two mid-level state officials and a computer firm with ties to Gov. Edgar for allegedly bilking the state out of at least $ 7 million.

"The indictment contains charges that, in our eyes, represent serious public corruption in the state of Illinois," said U.S. Attorney Frances C. Hulin, who announced the indictments at a Springfield news conference.

The 25-count indictment charges that Springfield-based Management Services of Illinois showered Super Bowl tickets, out-of-town trips and other gifts on two key Public Aid officials in exchange for an unusually lucrative overhaul of a company contract with the state.

In 1994, after engineering that overhaul, the company took in $ 11.2 million from the agency. In 1993, MSI received only $ 417,080 -- all, investigators said, for performing essentially the same function of screening Medicaid patients to make sure they didn't carry private health insurance.

Named in the indictments were MSI owners William D. Ladd, 44, of Downstate Petersburg, and Michael R. Martin, 42, of Springfield.

Also named were Curtis G. Fleming, 45, of Bloomington, the former chief of Public Aid's collections bureau, and Ronald D. Lowder, 44, of Downstate Waverly, who managed the agency's section responsible for overseeing the MSI contract.

Under Edgar's administration, MSI hauled in $ 37 million worth of state business, holding nine contracts at one point. The company no longer has any contracts with state agencies under Edgar's jurisdiction.

Ladd and Martin, whose company provided the governor's 1990 and 1994 campaigns with computer equipment and support, gave Edgar nearly $ 130,000 in cash and in-kind services during that period. Last year, MSI provided Edgar with a laptop computer and other equipment worth $ 15,000, which the governor paid for out of campaign funds late last year and earlier this year.

Last August, Martin gave $ 5,000 to Secretary of State George Ryan's campaign fund. He also gave $ 8,000 that month to the House Republican Campaign Committee, controlled by House Speaker Lee Daniels of Elmhurst.

The indictment alleged the four men and MSI committed 16 counts of mail fraud by using the mail to transmit $ 7.08 million worth of phony payments to MSI. Mail fraud carries penalties of up to $ 250,000 and five years in prison per incident.

Martin, Ladd and MSI each are charged with one count of bribery for providing Lowder and Fleming with gifts and trips. Lowder, who is charged with receiving a bribe, received trips to Germany and Mexico, lodging and use of an MSI boat at Lake of the Ozarks in Missouri, and a better-paying job with MSI and a $ 125,000 company loan when he resigned from the state in early 1995, the indictment charged.

Martin, Ladd and MSI also are accused of making false statements to obtain an $ 816,000 bank loan and money laundering. Lowder and Fleming also are charged with one count of diverting cash that included federal funds.

Fleming was demoted from his post last year, though he remains at Public Aid. On Friday, the agency suspended him without pay.

"The conduct set out in this indictment is an affront to the citizens of Illinois and an affront additionally to the honest and hard-working employees of the state who don't engage in this type of behavior," said Hulin.

An attorney representing MSI and its owners said Friday the charges are not true and that Martin, Ladd and MSI would plead innocent when they are arraigned. No date was set for that.

"I'm looking forward to clearing their names after having them been tried in the press for more than a year," said Springfield lawyer Thomas Schanzle-Haskins. "MSI and these two gentlemen have said consistently that they believe they engaged in no wrongdoing, and certainly no criminal wrongdoing."

Lowder and Fleming could not be reached.

While Democrats have likened the case to Whitewater, Edgar press secretary Mike Lawrence noted it was Edgar's office that launched the probe.

In May, 1995, Lawrence received an anonymous letter, outlining MSI's alleged abuses, and turned that over to the State Police, which was later joined in the investigation by the FBI and Internal Revenue Service.

"The governor is very disappointed when anything occurs to undermine public confidence in government," Lawrence said. "He believes that wrongdoing must not be tolerated."

Steve Brown, a spokesman for House Minority Leader Michael J. Madigan (D-Chicago), said the governor -- while not a target of the investigation -- bears some responsibility for allowing the corruption to occur in his administration.

"Contracts like this don't get awarded by mid-level bureaucrats. Decisions like this occur at the highest levels," Brown said. "The people they got today are just pawns in this whole fiasco."