

June 27, 1997, FRIDAY, Late Sports Final Edition

**MSI witness details gifts;**

**Top officials wined and dined**

By Dave McKinney

Springfield bureau chief

SPRINGFIELD-Illinois Senate President James "Pate" Philip and his chief of staff Carter Hendren got expensive steak and lobster tail shipments delivered to their doors free by Management Services of Illinois.

Details of these and other gifts dominated the MSI bribery trial Thursday at federal court in Springfield, where the firm's former bookkeeper was the star attraction.

The politically connected company also wined and dined Senate Republican staffers at a Lake of the Ozarks resort in Missouri and equipped a laptop computer Gov. Edgar had requested from MSI with software on horse-breeding. More than six months later later, the governor paid for that equipment.

Julie Tansky, who was on the witness stand for five hours over two days, provided expense vouchers showing how a multitude of state officials willingly accepted gifts provided by MSI owner William Ladd and former owner Michael Martin.

"I felt there were things going on wrong at the company, and I had an obligation to tell the State Police," said Tansky, who secretly taped conversations with Martin and Ladd at the government's request.

Prosecutors say MSI's alleged influence-buying netted the company a windfall in state business, while taxpayers allegedly were bilked out of at least $ 7.1 million in fraudulent dealings with the state Public Aid department.

Between fiscal years 1990 and 1996, MSI grew from a little-known entity in Springfield to a big-time player that took in a total of $ 44.3 million in state contracts. That enabled Martin and Ladd each to receive $ 65,000-a-month payments from the company, dramatically changing their once-modest lifestyles, Tansky said.

"(Ladd) started out . . . in a trailer with his family. But he went on to buy five pieces of property, a couple of homes, built a tennis court on his property and had a pool in his backyard. He had a home across the street from his home. His full-time maid lived there with her daughter."

Martin, meanwhile, at alternating times drove a Porsche and BMW and bought a rare, used Austin-Healey sports car he intended to refurbish for his then 10-year-old son to drive one day, she said.

But defense attorneys portrayed the wealth as the fruits of hard work and not fraud.

The government's purpose in making Tansky its first witness was to show the opulence that Martin and Ladd enjoyed grew out of all of the gifts the company spread around to win friends in key places, including the Senate Republican staff.

Besides a 1993 Ozarks trip for Senate staffers, Martin also arranged a 1993 trip to Mexico with Ron Lowder, then a Public Aid official, and their girlfriends. Martin's companion on the trip, Mayebeth Hadfield, later became his wife and is Senate President Philip's parliamentarian.

Philip's spokeswoman, Patty Schuh, said the gifts received by Philip and his top aides were not improper and did not buy MSI any favoritism.

"Absolutely not," she said.

Lowder, who like Martin and Ladd faces mail fraud and bribery-related charges, shared direct oversight of MSI's dealings with Public Aid and went on to work for the company in early 1995.