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**Cellini: state Capitol's quiet captain of clout;**

**Dealmaker built empire working in background**

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Outside the state Capitol, William Cellini is just another businessman.

Inside, Cellini is one of the most powerful people in state government, a man who has built a personal empire worth at least $ 50 million through his ties to the governor's office dating back to 1968.

This 62-year-old son of a Springfield policeman is perhaps the most feared, respected and invisible man in those halls of power.

He's played the system brilliantly -- and legally.

Cellini has never run for state office, but he's helped run state offices -- reviewing choices for the governor's Cabinet, getting scores of people state jobs and at one time even approving all federal appointments in Illinois.

His unique access has put him in position for a staggering succession of state-financed deals.

He is an owner of the state's first riverboat casino. He got state money to build a money-losing luxury hotel where he throws fund-raisers for Gov. Edgar. He got state funds to build 1,791 apartments in Chicago, the suburbs and Downstate. He manages offices that he developed for state agencies. He invests pension funds for state teachers. And that is just part of his empire.

But most of all Cellini has had clout with Illinois governors starting with Richard Ogilvie through James Thompson and now Edgar. And those relationships have been mutually profitable: the Governors got cash for their campaigns and Cellini became a multimillionaire.

"I can't recall someone similar to Bill Cellini having that access. And for that long as well," said Donald Totten, the Schaumburg Township Republican committeeman who was President Reagan's Midwest coordinator.

"He seems to always have the ears of governors, which are always the most powerful people in government," Totten said. "Thompson-Cellini. Ogilvie-Cellini. Edgar's got his sister on in a major job, so he has influence there."

Cellini's sister Janis is Edgar's patronage director, in charge of hiring people for the highest level jobs. Both Cellinis accompanied Edgar on a two-week trade mission to Asia last month.

Cellini has clout. But money is the foundation of his far-reaching empire. Specifically, his ability to raise cash -- primarily from road builders -- while rarely giving any of his own money. Cellini raises hundreds of thousands of dollars, mainly for Republicans, primarily candidates for governor, but also for those seeking the White House like Gerald Ford, Ronald Reagan, George Bush and Bob Dole.

Throughout it all, Cellini has been granted extraordinary powers, clout that elected officials usually reserve for themselves.

When Edgar took office, Cellini interviewed candidates for the Cabinet and made recommendations -- particularly for state departments that do business with Cellini's companies.

"The reason he's involved in Cabinet selections is Bill Cellini has seen more Cabinet members come and go. He has good instincts about what it takes to be a good Cabinet member," said state Sen. Kirk Dillard (R-Hinsdale), who spent three years as Edgar's first chief of staff.

Cellini has also spent nearly 30 years helping scores of people get jobs in state agencies, creating what some call a patronage army more loyal to Cellini than any governor.

"He probably knows more people in state government than I do," Thompson told the Sun-Times in 1990 as he was winding down his 14 years as governor.

Cellini's clout has gone all the way to the White House based on letters and memos from the Gerald R. Ford Library. Under President Ford, Cellini was in charge of all federal appointments in Illinois, according to a letter from Don "Doc" Adams, a longtime Cellini friend who was chairman of the Illinois Republican Party when Ford was president.

"As you know Bill Cellini is the man we've designated to coordinate Federal and State appointments for the state of Illinois," Adams wrote in 1976 to Ford's personnel director, Douglas Bennett.

"If Doc Adams is telling the White House that Bill Cellini is the guy to go to in Illinois . . . Bill is operating as a political boss without having to be an elected official," said a longtime Republican who requested anonymity.

It's hard to find people, Republicans or Democrats, willing to talk about Cellini And Cellini adds to the intrigue by shunning the spotlight.

Cellini ignored numerous requests from the Chicago Sun-Times to discuss his empire and power. Over the past few years, Cellini has placed many of his financial holdings in trusts to benefit his son, William Jr., 27, and daughter, Claudia, 22.

Often referred to as a Downstate Republican powerbroker, Cellini has numerous business deals in Chicago and the suburbs, often working with businessmen allied with Democrats such as Mayor Daley.

Cellini spends so much time in Chicago that he bought a $ 594,000 condo on Michigan Avenue in 1993 without a mortgage. He also has a $ 325,000 home without a mortgage in an elite Springfield neighborhood. It's a long way from the Springfield duplex he and his wife, Julie, shared when he went to work for Ogilvie in 1969.

"There's no doubt he's probably done pretty well," Edgar said. "But there are a lot people who have made money off state government who have never been involved in politics . . . who have never worked a precinct or helped a candidate.

"I think there's a lot of folks who are envious of Bill Cellini."

**THE OGILVIE YEARS**

"When I met Bill Cellini he was a local politican. That was it," said John Henry Altorfer, a Peoria businessman who hired Cellini to manage his campaign for governor in 1968.

Cellini (pronounced Suh-LEE-nee), a former high school physics teacher, was in his early 30s and building a reputation as a Downstate power while serving his second term on Springfield's City Council. Altorfer said he thought Cellini could deliver Downstate votes and help him win the Republican nomination for governor in a four-way race that included Cook County Board President Richard Ogilvie.

Cellini "was very energetic and had a lot of ideas," said Altorfer, who now lives in Arizona. "He worked very hard for me until I lost."

Altorfer beat Ogilvie in the Downstate counties, but Ogilvie carried Cook County and won the primary. Ogilvie brought Cellini along to garner Downstate support, a move that has left Altorfer with lingering suspicions.

"Some of my friends came to me and said, 'Do you think Bill was secretly working for Ogilvie?' " Altorfer said. "Ogilvie had inside information about my campaign and I wasn't sure where it came from.

"The only person who worked for me who received anything was Bill Cellini," Altorfer said. "I have to believe he was being repaid. I thought he had loyalties to two people, me and Ogilvie."

Altorfer "didn't lose because of Cellini," said Thomas Drennan, a political advisor to Ogilvie. "Cellini beat our brains out" in the primary.

"He was just an excellent organizer," Drennan said. "He was like a good precinct captain, but countywide."

Ogilvie was elected governor and he picked Cellini to become the state's public works director, overseeing construction of the interstate highway system that had started in the 1950s.

Cellini, who was 34, had experience with road construction, having served as Springfield's streets commissioner while on the City Council and as a member of the Roads and Bridges Committee when he was on the Sangamon County Board.

Cellini rose quickly under Ogilvie. Cellini headed a task force that created the Illinois Department of Transportation and he became the first director, overseeing a $ 1.6 billion budget and 10,000 employees. His $ 40,000 salary was second only to Ogilvie's.

Cellini was also chosen to head other committees. One pushed for extending the rapid transit line to O'Hare Airport. Another pushed for building the Deep Tunnel, the ongoing public works project to relieve flooding in Cook County.

"He expanded his influence when he was secretary of transportation," said Totten, who was a transportation deputy under Cellini. "He was a very powerful, behind-the-scenes politician in Springfield. And he still is."

Road construction boomed under Cellini and Ogilvie, but so did allegations of collusion among road builders seeking to cash in on the work. A handful of road builders were convicted in the federal probe and temporarily suspended from getting any more federally funded highway projects.

The probe included accusations that Cellini's top deputies used IDOT helicopters to swoop down on construction sites to pick up campaign donations for Ogilvie.

No state officials were ever charged in the probe that continued after Ogilvie lost his re-election bid in 1972 to Dan Walker, the Democrat who defied Mayor Daley's machine to become governor.

**THE WALKER YEARS**

With Walker in the governor's office, Cellini was out of a job, never to return to the state payroll. But his ties to state goverment grew under the Democratic governor.

"He still had all his contacts with IDOT," said Joe Falls, a former Downstate GOP leader who ran IDOT's safety programs under Cellini.

"Walker and all his people still needed his help and Bill cooperated," Falls said. "He had friends on both sides, but when it came down to an election, he was always a Republican."

Cellini became executive director of the Illinois Asphalt Pavement Association, representing virtually all state road builders, many engineering firms and other companies that build and repair state roads. And he still runs the association, serving as executive vice president.

It's an association that has been quite beneficial for the road builders and Cellini, although his salary was a modest $ 49,140, according to the group's 1990 income tax returns.

Under Cellini's leadership, the association members have donated hundreds of thousands of dollars to governors and other state officials over the years. Edgar has received at least $ 375,000 from the association's members over the past 30 months. And the association's political action committee, the Good Government Council, has given more than $ 100,000 to other state officials.

"He and the asphalt pavers continued to play the same games as always but with a Democratic administration," a longtime Republican official said.

"The key to the asphalt pavers is that they get contracts for their work on a predictable basis," the official said. "The business continued to flow and the campaign contributions flowed to the Democratic governor, just like the Republican governor."

While heading the asphalt association, Cellini developed his reputation as a national transportation authority while expanding his political power.

Soon after Cellini left the state payroll, President Richard M. Nixon appointed him to the National Highway Advisory Committee. Cellini found the federal post was advantageous, personally and politically. When his four-year term was set to expire in March, 1976, Cellini lobbied President Gerald Ford for an appointment to the National Transportation Policy Study Commission.

"The commission has been perfect for my simultaneously covering political meetings in D.C. and around the country, while keeping up with my profession in transportation and public works," Cellini wrote in a letter to Ford's personnel director Douglas Bennett on March 11, 1976.

"Of course, I'm counting that my serving as the President Ford Committee's Downstate Coordinator for Illinois won't be a disadvantage," he added in the letter obtained from the Ford Library.

Cellini got the appointment. He also was chosen to give a speech seconding Ford's renomination at the 1976 Republican convention.

"They were looking for somebody with an ethnic connection, and (Ogilvie) probably recommended him," said Falls, who ran Ford's Illinois campaign.

Cellini was widely hailed for helping Ford win Illinois, although he lost the election to Jimmy Carter, one of the few times a presidential candiate won Illinois, but lost the White House.

As Cellini was expanding his power, he got into real estate development and management using the name New Frontier. The company specialized in building and managing apartments, usually with state financing, for senior citizens. The firm later branched into office buildings that were leased to the state.

In the waning days of the Walker administration, New Frontier got its first state deal when Cellini secured $ 5.4 million in state funds to build a 212-unit building near the state Capitol. The building includes offices for the asphalt pavement association and Cellini's companies, including New Frontier.

It was the first of several real estate deals New Frontier would get from state government.

**THE THOMPSON YEARS**

Cellini turned state government into a cottage industry after the Republicans regained the governor's office with the election of James R. Thompson in 1976.

Cellini averaged more than a deal a year with the state before Thompson stepped down after 14 years in office. And state officials say they were probably others that no one was aware of.

Cellini's personal income soared in the early Thompson years. Cellini's taxable income was $ 185,558 in 1978, and it nearly doubled to $ 368,100 in 1979, according to records he filed in federal tax court. He had no taxable income in 1980, $ 27,539 in 1981 and $ 252,349 in 1982.

Cellini's use of tax shelters created problems with the IRS, which ordered to him to pay $ 78,120 in back taxes for some of those years, according to tax court records filed in 1992.

New Frontier -- the company Cellini started shortly before Thompson took office -- and its owners were worth $ 30 million when Thompson left office, according to a biography New Frontier used to attract clients in 1990.

Under Thompson, Cellini and New Frontier built nine apartment buildings in Chicago, the suburbs and Downstate with an additional $ 84.1 million in loans from the state housing authority, whose chairman A.D. Van Meter is a close friend of Cellini.

New Frontier also became one of the state's biggest landlords in Springfield, providing offices for several agencies such as Corrections, Public Aid and IDOT, the agency Cellini started.

Sometimes the state agreed to move into the buildings before New Frontier bought them. Sometimes the state hired New Frontier to erect buildings and lease them to the state, all without competitive bids, which Illinois does not require for its real estate transactions.

When New Frontier was chosen to build and lease a building for IDOT, Cellini already had an option to purchase the land.

Cellini has sold all of those buildings, but New Frontier still manages them.

And Cellini created new companies to get other deals under Thompson.

The President Lincoln Hotel Corp. got a $ 15 million loan from Thompson and state treasurer Jerry Cosentino, a Democrat, so Cellini could build a luxury hotel in Springfield, a long-time dream that no one else would finance.

Cellini's dream has turned into a nightmare. Before Thompson and Cosentino left office, they renegotiated the loan twice lowering the interest rate to 6 percent from 12.5 percent to keep Cellini from defaulting. The current agreement prevents the state from foreclosing on the hotel until 1999, while Cellini can skip quarterly mortgage payments when the hotel operates at a loss.

This deal has caused a political backlash for Cellini.

State Treasurer Judy Baar Topinka cut a deal last year to let Cellini's hotel and another state-financed hotel in Downstate Collinsville pay $ 10 million to settle their debts which totaled $ 40.3 million. Attorney General Jim Ryan squashed the deal, arguing the hotels were worth more than $ 10 million.

Cellini and the Collinsville hotel owners, who include politically connected developer Gary Fears, sued, arguing that Ryan had no authority to cancel their deal with Topinka. The pending suit was brought by Winston & Strawn, the powerful law firm where Thompson now works.

Cellini's hotel plays a prominent role in his empire. When road builders come to bid for state contracts, many of them stay in the hotel resplendent with Italian marble, cherry wood and special shower rods that were invented and patented by Cellini -- designed to keep the shower curtain from sticking to the backside of his guests.

The hotel is also the place where Cellini throws fund-raisers, like the bash he threw for Edgar the day after Topinka agreed to settle the hotel loan.

Cellini had made a lot of deals, but he hit the jackpot when he and a new group of partners got a riverboat casino license from the state two months before Thompson left office. Cellini's Alton Belle was the state's first floating casino when it opened a few months after Edgar took office in 1991.

Within two years, Cellini's group issued public stock in their casino company, Argosy Gaming, a deal that immediately netted Cellini $ 4.9 million and left him as one of the largest stockholders whose stock was worth $ 50 million. Since then, the stock's value has fallen and Cellini has sold off some shares. His family's remaining stock was worth $ 12 million last Wednesday.

"Right now the way Bill makes his money is by ownership of that boat," said a former state official, who asked not to be identified. "It's questionable if...he needs to do any of these other deals. It's thought that he's hooked on deals. He just can't resist making deals."

And while most of those deals came under Thompson, the former governor told the Sun-Times in 1990 that he had nothing to do with Cellini's influence.

"He was on the political scene when I became governor," Thompson said. "He'll be on the political scene when I leave."

**THE EDGAR YEARS**

Cellini has remained close to the governor's office, although his deals have slowed since Edgar replaced Thompson in 1991.

Cellini has been an important source of campaign contributions for Edgar, who spent $ 10.8 million to win re-election in 1994.

Two of Cellini's family members have positions in the Edgar administration: sister Janis as patronage director, and wife Julie, who has continued as chairman of the Illinois Historic Preservation Agency, an unpaid position she got from Thompson.

New Frontier is constructing an addition to a building occupied by the state Environmental Protection Agency. New Frontier was hired to build the addition by the three businessmen who own the Springfield building. New Frontier has managed the building for the past 10 years. The state will pay $ 75 million to rent the complex that it will own at the end of the 20-year deal.

Cellini lobbies for several major clients, including Chicago HMO. The state paid Chicago HMO $ 155 million last year to provide health care for 75 percent of the 180,000 welfare recipients who are in managed care programs. Those numbers are likely to grow as Edgar pushes more welfare recipients into managed care.

With these vast business deals, Cellini's wealth has soared. In addition to his Argosy Gaming stock, his family has a stock portfolio worth at least $ 2.26 million. They own 108 stocks that are each worth at least $ 20,000 and 20 other stocks each worth at least $ 5,000, according to an ethics statement his wife filed earlier this year.

And the family earned at least $ 165,000 in capital gains last year from the sale of stocks they owned in 33 companies, according to the ethics statement.

Cellini remains in regular contact with Edgar's chiefs of staff, said Dillard, who had the job for three years.

"When I was the governor's chief of staff, Bill and I talked, but it wasn't nearly as often as people imagined . . . a couple times a month," Dillard said. "It could be (about) upcoming political races or just rumors he would pick up.

"One of the things that makes Bill Cellini a trusted adviser is the longevity and breadth of his experience in state government," Dillard said.

"Bill Cellini personally cares in a friendship type of fashion . . . about governors Thompson and Edgar," Dillard said. "He's very different . . . from many of the other individuals who tangentially profit from government."

Edgar's staff has consistently tried to downplay Cellini's clout, but the governor admits he has a close relationship with Cellini.

"Bill Cellini has been a friend of mine," Edgar said. "We were both here in the '60s. I was starting out in the Legislature and he was in the Ogilvie administration. I've known him a long time.

"We don't socialize much, but we have over the years done things. . . . Our daughters were about the same age," Edgar said. "If there's some issue he's got or some political thing coming up, we might talk about it. But we don't see each other that much."

Cellini's clout is greatly exaggerated, Edgar insisted, the product of stories such as this.

"It's something you in the media have kind of continued to perpetuate that aura about Bill Cellini."