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**Ryan chief pressured foundation: sources**

By Fran Spielman and Dave McKinney

Staff reporters

Gov. Ryan's chief of staff pressured the chairman of a foundation funded by Commonwealth Edison to hire Jeremy Margolis as chief counsel, even though Margolis' law firm represents the utility, sources said Thursday.

Gayle Franzen, chairman of the Illinois Clean Energy Community Foundation, refused Bob Newtson's demands because he had hired another firm and Margolis' role in the licenses-for-bribes scandal would make the hiring an embarrassment for Ryan and for the foundation.

In addition, Margolis worked for Altheimer and Gray, which represents Edison. That could pose a potential conflict, not only because the $ 225 million foundation is wholly funded by Edison, but also because the utility has made it clear that ComEd and its subsidiaries intend to apply for clean energy grants.

Margolis has emerged as a top adviser to Ryan on the license scandal and dismissed claims of corruption in Gov. Ryan's old office during the 1998 gubernatorial race, helping defuse a potent campaign charge raised by Democratic candidate Glenn Poshard.

A top Ryan aide refused Thursday to comment directly on whether Newtson had pushed Margolis' hiring. Instead, Ryan's office released a March 1 letter from Newtson to Franzen inquiring about the status of hiring a law firm and questioning a "potential conflict" with the foundation's choice of the law firm, Katen, Muchin and Zavis.

Ryan spokesman Dennis Culloton said Franzen's son, Timothy, works for the firm, adding, "I think that's something that needs to be looked at."

Franzen disclosed that fact to foundation board members after he hired the firm in December. Upon learning the son would not be involved in the work, the board signed off on the chairman's choice at its inaugural meeting in January.

"Gayle was very upfront about it," said Rep. Vince Persico (R-Glen Ellyn), who sits on the foundation's board.

Sources said Franzen's refusal to hire Margolis during a series of conversations in recent weeks prompted a stern rebuke from Newtson, who insisted that the chairman call Margolis and "get this done." Franzen made no promises, but agreed to call Margolis.

During that conversation, Franzen pointedly asked Margolis whether his firm had any experience doing foundation work and, more importantly, whether he currently represented the governor in the commercial driver's license scandal.

Margolis blew up and, in a profanity-laced tirade, refused to answer the question, sources said.

"He got extremely irritated and said the question was completely inappropriate and out of line and he was not about to answer the question," said a source familiar with the conversation.

The stonewalling from Margolis left Franzen with only one conclusion: that Margolis is representing the governor and that, because he is, the foundation should steer clear of him.

"He said, 'Jeremy, this is inappropriate and extraordinarily bad for the governor. I'm sorry. We can't go ahead with this. I'm not going to put the foundation or the governor in this situation. I'm sorry, this is not going to happen,' That's when Jeremy lost it," the source said.

Margolis did not return a message left at his law practice. Likewise, Newtson declined to be interviewed.

Franzen, the former DuPage County Board chairman, did not return phone calls about the alleged behind-the-scenes pressure applied by Newtson. He has briefed his fellow foundation board members about the conversations. They dodged questions about the controversy.

The foundation was created last year, as part of the legislative agreement that paved the way for Commonwealth Edison to sell its nuclear power plants. To win legislative support and appease the Citizens Utility Board, Edison agreed to provide millions of dollars that would be doled out for a variety of clean-energy projects around the state.