

The San Diego Union-Tribune.

[City Hall Probe](#)

Councilmen plead not guilty as cheering supporters rally

By Kelly Thornton

UNION-TRIBUNE STAFF WRITER

August 30, 2003

After passing through a crush of supporters who gave them movie-star treatment, three San Diego city councilmen stood side-by-side before a federal judge yesterday and pleaded not guilty to corruption charges.

On their way in and out of the building, Ralph Inzunza, Charles Lewis and Michael Zucchet were immediately surrounded by a crowd that cheered, waved campaign placards and chanted "Fight! Fight! Fight!" in a scene that turned into a passionate political rally.

The three surrendered at FBI headquarters in Serra Mesa at 10 a.m. yesterday, a day after a grand jury issued a 39-count indictment that also named Lewis aide David Cowan, strip club owner Michael Galardi and his lobbyist Lance Malone, and club manager John D'Intino.

The councilmen, along with Cowan and Galardi, were fingerprinted and photographed by the FBI, and then again by federal marshals after the 1:30 p.m. court hearing. Malone and D'Intino are expected to surrender early next week. Authorities gave no explanation for the delay.

The councilmen and Cowan were released on \$25,000 bond, secured by signatures. The judge placed no restrictions on their travel.

Galardi, who along with two of his employees is accused of giving money and favors to the councilmen in a scheme to repeal no-touch rules at strip clubs, also pleaded not guilty at the same hearing before U.S. Magistrate Judge Larry Burns.

He was released on a \$250,000 bond, secured by property. Burns instructed Galardi, who lives in Las Vegas, not to travel outside of California, Nevada or Utah. Galardi owns Cheetahs in Kearny Mesa and Cheetahs and Jaguars in Las Vegas.

Cowan, who was charged with making false statements to the grand jury, pleaded not guilty and was released under the same terms as the councilmen.



JERRY RIFE / Union-Tribune

San Diego City Councilman Charles Lewis (center) and his wife, Carlette, (right) were surrounded by supporters and members of the media as they left the federal building following Lewis' arraignment Friday.

The San Diego Union-Tribune.

All but Cowan were charged with wire fraud and conspiracy to commit wire fraud; all but Lewis and Cowan were charged with extortion. Additionally, Galardi, Malone and D'Intino were charged with interstate travel in aid of racketeering.

At yesterday's hearing, all 100 courtroom seats were taken by defendants, family members, supporters, FBI agents, U.S. attorney staff members, curious onlookers and the news media. The defendants sat apart.

When Lewis arrived, flanked by family and former City Councilman George Stevens, Inzunza stood up and heartily embraced him. Supporters approached the councilmen, giving hugs and offering words of encouragement.

There appeared to be no interaction during the brief proceeding between the councilmen and Galardi, who sat in a front row with his attorneys.

The judge set hearings for Sept. 11 and Sept. 18 to determine whether the defendants can pay for their own attorneys or if the court must appoint counsel for what is expected to be a long and expensive case. Burns also set a motions hearing for 9 a.m. Oct. 23 before U.S. District Judge Jeffrey T. Miller.

Raucous greeting

Outside the courthouse, about 200 people greeted the councilmen with loud applause. Some supporters grumbled to reporters, calling the case weak.

In his first comments since the indictments were issued Thursday, Lewis gave an impassioned speech as he left the building, thanking his family, constituents, his lawyer and his minister.

Sounding like a minister himself, Lewis shouted: "I care too much about my district to sell them out! I care too much about my family to sell them out! I care too much about the Lewis name to sell it out! Now I have to fight these charges!"

"I'm going to continue to do the people's work for the best district in the city. There's no resigning here," he said. Cheers and chants followed. Shouting again, he said: "You may hit me hard, you may bend me, but you won't break me!"

A few minutes later, Zucchet emerged from the courthouse. "The support is what really keeps us going," he said. "It's been overwhelming. Not only family and friends, but also my supporters, my staff, total strangers, people at church."

The San Diego Union-Tribune.

"It is a group of people I have not let down, and I will not let down. I am completely innocent of these false charges. I am looking forward very much to my day in court when that will be proven. I will fulfill my term in office."

Inzunza left without comment.



Inzunza

Lewis

Zucchet

Former councilman Stevens, who employed Lewis as his chief of staff, mingled in the crowd.

"I'm here to be supportive of Charles," Stevens said. "Whether he's guilty or not guilty, I'm still supporting him. The big thing is, Charles has got to have the faith, and constituents have got to have hope. With faith and hope in God, he'll come out fine."

There were no cheers for Galardi, who emerged after the councilmen had left. He appeared to be uncomfortable as TV camera operators ran backward to record his departure.

Surrendering

Earlier in the day, the councilmen, Galardi and Cowan had turned themselves in at FBI headquarters. First to arrive at 9:40 a.m. was Lewis, with his attorney, Frank Ragen. He made no public comments.

By contrast, Inzunza got out of a Ford Expedition, checked his reflection in the back window, straightened his tie and gave a thumbs-up to reporters as he walked into the building, saying, "I feel good!"

A subdued Zucchet arrived soon after without making a statement, followed minutes later by Galardi, who was accompanied by Las Vegas attorneys Pete Christiansen and Tom Pitaro, and San Diego lawyer Frank Vecchione. Cowan was the final defendant to arrive with his attorney, **Michael Crowley**.

All were met by FBI agents and escorted into the building.

FBI spokeswoman Jan Caldwell said the defendants were fingerprinted and photographed before being released. By 11:30, all five had left the building separately without talking to reporters.

The investigation by the FBI's organized crime agents with assistance from the San Diego Police Department's criminal intelligence unit involved wiretaps, surveillance and listening devices. The probe became public with raids May 14 at City Hall, three Galardi-owned clubs in San Diego and Las Vegas, and D'Intino's La Jolla condominium.

A San Diego grand jury began meeting two days later, and jurors have met at least 15 times and heard the testimony of more than 60 witnesses. A parallel investigation is under way in Las Vegas.

The San Diego Union-Tribune.

The indictment said Galardi, Malone and D'Intino – in attempts to circumvent the rule prohibiting touching between dancers and customers – paid \$43,600 to an undercover San Diego police vice detective they believed to be corrupt in exchange for warnings about vice inspections at Cheetahs.

The indictment also said the defendants concocted schemes to change the ordinance passed by the City Council in October 2000. It prohibits touching between partially clad dancers and patrons. The rule – complementing an older law prohibiting nude dancers from being within 6 feet of patrons – essentially outlawed table and lap dancing, which are performances that involve grinding and touching.

Galardi, Malone and D'Intino directed Cheetahs employees, adult entertainers and others to write checks to council campaigns and illegally reimbursed them, the indictment said.

They disguised the source of the contributions, with the knowledge and cooperation of the councilmen, who "filed financial disclosure forms knowing that the forms concealed, disguised and failed to disclose the true source of their contributions."

The indictment did not specify how much money was alleged to have been paid to the councilmen.

Kelly Thornton: (619) 542-4571; kelly.thornton@uniontrib.com