

Councilmen portrayed as deceivers, deceived

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Author: Kelly Thornton

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Two San Diego city councilmen sold their integrity to a strip club owner for a few thousand dollars, devising an elaborate scheme to hide their efforts to abolish a no-touching law at nude and topless cabarets, a prosecutor told a jury yesterday.

During opening statements of the City Hall corruption trial, Assistant U.S. Attorney Paul Cook detailed his theory of how the councilmen concealed their alleged plan, but he offered no bombshells. He didn't specify for the jury the amount of money given to the councilmen, and though he used the term "bribery," he described only campaign contributions in relation to the councilmen, not cash bribes.

"This is a case about the corruption of the political process through bribery, undue influence and deceit," Cook said.

Defense attorneys told the jury a much different version of the story: That Councilmen Ralph Inzunza and Michael Zucchet were oblivious to the bribery plot aimed at them, and that by meeting with Las Vegas lobbyist Lance Malone, they were merely doing their jobs as lawmakers.

Council members are constantly lobbied -- even by U.S. Attorney Carol Lam, who once asked council members to vote down a medical marijuana ordinance, said Michael Pancer, Inzunza's lawyer. "It's part of our free system of elections in this country," Pancer said.

Both sides staked out their positions yesterday in opening statements of the federal trial in which Inzunza and Zucchet are charged with wire fraud, conspiracy to commit wire fraud and extortion. Malone is charged with those crimes plus interstate travel in aid of racketeering. Council aide David Cowan is charged with making a false statement to a government agency.

Strip club owner Michael Galardi, who was Malone's boss, and Cheetahs manager John D'Intino have pleaded guilty and are cooperating with the government. The councilmen and Malone have pleaded not guilty and say any money received was in the form of legitimate campaign contributions.

The courtroom in downtown San Diego was packed with reporters, lawyers, family members of the defendants and other observers. The defendants were mostly impassive throughout the five-hour session. Some members of the jury took notes, and none displayed any obvious reaction to either side.

The councilmen, their attorneys said, are socially liberal and had no problem meeting with lobbyist Malone or considering his issues.

Zucchet's real objective in listening to Malone was to get rid of Les Girls, the Body Shop, and the Adult Superstore -- adult entertainment venues that he considers eyesores at the Point Loma entryway to his district, said his lawyer, Jerry Coughlan. Neon signs scream "Nude!" to passers-by, and Zucchet wanted them out, "not for moral reasons but for aesthetic, neighborhood and redevelopment reasons."

"He'd be willing to listen to them about no-touch if they talk about Mr. Galardi actually buying (the clubs) and turning them into Krispy Kreme (doughnut shop) or a sports bar," Coughlan said.

The councilmen pursued Malone's goal only because the lobbyist and the FBI's informant, Tony Montagna, tricked them into believing the police supported the repeal of the no-touch rule, Pancer said. The councilmen were told that police felt time was better spent on the streets than in strip clubs, and they agreed with that position.

"Ralph Inzunza assumed that what Lance Malone was telling him was true. If that were true, he was going to be willing to look into whether or not no-touch should be changed," Pancer said. "All he told Lance Malone is that he was sympathetic to the industry's issues and he felt if the police didn't have such strict laws to enforce (in the clubs), they'd be out enforcing other laws."

Cook, the prosecutor, warned the jury that some material would be "R-rated." He said the city's law forbidding touching between strip club dancers and patrons, enacted in 2000, was cutting significantly into profits at clubs.

So Galardi and his employees keenly wanted to return to the old standard, in which police vice officers had to decide what constituted "lewd and lascivious" behavior on the part of dancers. That standard, Cook said, was hard to define and enforce.

Galardi hired Malone to make it happen. The FBI informant heard about the bribery scheme, and the 2 1/2 -year corruption investigation was launched, Cook said.

Galardi's plan involved a short-term solution: bribing a San Diego police officer, Russ Bristol, whom they believed to be corrupt, for warning of vice inspections at Cheetahs. The long- term plan: Paying public officials to change the law.

The councilmen accepted thousands of dollars from Galardi, Malone and D'Intino in the form of campaign contributions. Many of the checks were from Cheetahs employees, and Galardi had reimbursed them to bypass donation limits, which is illegal, Cook said. Zucchet returned some of the money after The San Diego Union-Tribune disclosed that Galardi and Las Vegas associates had donated to Inzunza.

After that, the councilmen told Malone he would have to disguise the money, Cook said. Malone made sure the sources of future checks were local and could not be traced to the adult entertainment industry.

Once in office, according to the prosecutors' theory, the conspirators decided to create imaginary public interest in adult entertainment matters through bogus e-mails sent to the entire City Council by Malone and Montagna.

And they began to formulate a plan to get the item onto the agenda of the City Council's Public Safety and Neighborhood Services committee, of which Zucchet was a member.

They decided to bring in a person to pose as a "concerned citizen," who would ask for tighter restrictions on adult entertainment as a diversion, when the real objective was to sneak the no-touch matter onto the agenda.

Zucchet arranged a meeting with Lt. Bob Kanaski, head of the vice unit, on March 21, 2003, and Kanaski told Zucchet that the Police Department supported the no-touching law and did not want it changed.

A month later, Tom Waddell, who claimed to live in Zucchet's district, asked the Public Safety and Neighborhood Services committee to consider tighter zoning restrictions on strip clubs. Zucchet said he also was interested in strengthening these regulations and asked that the matter be referred to the City Attorney's Office, which it was.

It turned out that Waddell was a Las Vegas resident, employed by one of Galardi's Las Vegas strip clubs, and his public request was a ruse to get the no-touch matter onto the City Council agenda, according to prosecutors. The issue never came up for a vote. The offices of the councilmen were searched by the FBI May 14, 2003.

The defense gave the jury a different story.

The councilmen accepted what they believed were legal campaign contributions. They believed that Bristol's support for repealing the no-touch law -- conveyed by Malone and Montagna -- was legitimate. The councilmen had no inkling that Bristol, Malone's police contact, was being bribed. And they did not know the e-mails were manufactured by Malone and Montagna, Pancer said.

"Ralph Inzunza gets e-mails from people who want to save the seals, and people who don't. From people who wanted to build a ballpark, and people who didn't. How is Ralph Inzunza responsible for an e-mail campaign the government orchestrated?"

Pancer urged the jury to listen to Inzunza's voice on the secret recordings, not the interpretation of his words by Malone to others. Malone was under pressure from Galardi to get results and had been unable to deliver.

"That's why you will hear Lance Malone say progress is being made when progress is not being made" with the councilmen, Pancer said.

Inzunza didn't try to hide the fact that he wanted to revisit the no-touching law before the Public Safety and Neighborhood Services committee, Pancer said.

"The evidence is going to show Ralph Inzunza honestly believed it would be better for this city if no-touch was looked into," Pancer said. "It would be beneficial to have more police officers on the streets. This falls under the umbrella of proper, ethical and expected legislative advocacy."

The government manufactured the case through its informant, Tony Montagna, whose rap sheet includes drug and weapons charges, check fraud and soliciting people to commit arson for him, Pancer said.

"The most corrupt thing you're going to hear about is what Anthony 'He's Not a Saint' Montagna did in order to convince (the councilmen) that the San Diego Police Department wanted the no-touch law to be repealed."

Opening statements resume today, beginning with Coughlan, Zucchet's lawyer, who did not finish yesterday. Coughlan will be followed by Dominic Gentile, who represents Malone, and Michael Crowley, who represents Cowan.

The federal trial of City Councilmen Ralph Inzunza and Michael Zucchet and Las Vegas-based Lance Malone is expected to last three months.

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

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Abstract (Document Summary)

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