

# The San Diego Union-Tribune.

Court to hear arguments in City Hall bribery case

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June 1, 2008

As San Diego voters head to the polls Tuesday and begin selecting the next set of elected officials, the fate of two former city councilmen will be heard in a federal appeals court in Pasadena.

A panel of the 9th U.S. Circuit Court of Appeals will hear arguments from federal prosecutors and lawyers for former Councilmen Michael Zucchet and Ralph Inzunza in the City Hall bribery and corruption investigation. The justices may not issue a ruling for months.

Zucchet, Inzunza and Las Vegas lobbyist Lance Malone were convicted in July 2005 of extortion, fraud and conspiracy charges. Prosecutors contended they were part of a scheme to accept cash, mostly in the form of campaign contributions, in exchange for working to repeal a law that bans touching between strippers and patrons at city strip clubs, a change that would have increased profits at clubs.

Malone was the bagman for Las Vegas strip club impresario Michael Galardi, who was indicted along with the other three but pleaded guilty and was the star witness for prosecutors at the trial.

After the jury made its decision, U.S. District Judge Jeffrey Miller took the rare step of acquitting Zucchet of seven of the nine convictions against him and ordering new trials on the two other counts.

But Inzunza's convictions stood, and Miller sentenced him to 21 months in federal prison. The once-rising political star has been free on bond pending the outcome of the appeal.

Malone and Galardi are both serving federal prison sentences for their roles in San Diego and in a parallel case of corruption of public officials in Las Vegas.

Government lawyers are appealing Miller's ruling acquitting Zucchet. Lawyers for Inzunza are appealing his convictions, and Zucchet's lawyers are urging the panel to uphold Miller.



**Ralph Inzunza**



**Michael Zucchet**

CITY HALL FRAUD CASE

**May 13, 2003:** The FBI raids San Diego City Hall and Cheetahs strip club in Kearny Mesa, which was owned by Michael Galardi of Las Vegas.

**Aug. 28, 2003:** A federal grand jury indictment charges that Galardi and his lobbyist, Lance Malone, participated in a scheme to abolish the city's no-touch rule at strip clubs by giving thousands of dollars to Councilmen Ralph Inzunza, Charles Lewis and Michael Zucchet.

**Sept. 8, 2003:** Galardi pleads guilty to wire-fraud conspiracy and admits he paid officials so they would vote in his favor.

**Aug. 8, 2004:** Lewis dies of internal bleeding.

**July 18, 2005:** Jury convicts Inzunza, Zucchet and Malone.

**Nov. 10, 2005:** U.S. District Judge Jeffrey T. Miller overturns verdict against Zucchet on seven counts of wire fraud and extortion. He orders a new trial on the remaining two

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Almost three years after the jury returned verdicts in the sensational case, the appeals court will have to wrestle with a laundry list of legal issues.

The government is saying Miller's reasoning for acquitting Zucchet was flawed and led the judge to "both miss and misread important evidence supporting the verdicts."

Inzunza's lawyers argue that the trial was riddled with prosecutorial misconduct and that crucial testimony by Galardi about a direct \$10,000 cash payment was perjury.

Moreover, they contend prosecutors withheld information that would have refuted Galardi's testimony about the payment until after the trial.

That was a memo from June 2003 recounting interviews Galardi had with former lawyers in Los Angeles where he told them that payments he gave to politicians in San Diego were "pure campaign contributions" and he denied bribing the councilmen.

That ought to have been turned over before trial because it was evidence that would have severely undercut Galardi's trial testimony that he gave a \$10,000 bribe, Inzunza's lawyers argue.

"When you add it all up, it is not a picture of a fair trial," said Benjamin Coleman, the lawyer for Inzunza.

Attorneys for Zucchet did not wish to comment because the case is pending before the court. The U.S. Attorney's Office declined to comment for the same reason.

Zucchet is now working for a downtown development company. Inzunza's lawyer said he is working but declined to be more specific.

In written arguments submitted for the appeal, Zucchet's lawyers say that Miller was correct and point to the fact that the judge explicitly found Galardi's testimony about the \$10,000 payment to be "not credible."

The judge also reasoned that there was no clear relationship between campaign contributions Zucchet received in 2001 and 2002 from Malone and later actions he took on behalf of Malone in 2003.

The prosecutors argue that there was enough evidence for jurors to infer that Zucchet agreed to help Malone when he accepted the campaign contributions. Miller abused his authority when he second-guessed jurors and acquitted Zucchet, they argue.

Another issue the court may have to address are comments by Assistant U.S. Attorney Michael Wheat to the jury during the closing argument. Wheat invoked the Black Sox baseball gambling scandal of 1919 and the famous plea from a fan to ballplayer Shoeless Joe Jackson to "say it ain't so."

counts of conspiracy and wire fraud. Miller sentences Inzunza to 21 months and Malone to 36 months in prison. Inzunza files appeal soon thereafter.

**November 2006:** The U.S. Justice Department decides to appeal Miller's order acquitting Zucchet.

**March 22, 2007:** Galardi is sentenced to 15 months in prison.

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Neither Zucchet nor Inzunza testified during the trial, as is their right. Defense lawyers argued that Wheat improperly commented on their decision to remain silent.

While there are many issues in the appeal, the Galardi testimony about the \$10,000 cash could be key, said defense lawyer **Michael Crowley**, who represented City Council aide David Cowan, the only one to be acquitted in the case. "A lot of issues lead back to that," he said.

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