



AG 'enormously pleased' with judgment in RICO case

Judge orders Pastrick, allies to pay \$108M

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HAMMOND | Region political icon Robert Pastrick and two former allies have been ordered to pay more than \$108 million to the city of East Chicago in the landmark civil case centered on the sidewalks-for-votes scandal that capped Pastrick's 33-year mayoral reign.

Hammond federal Senior Judge James Moody filed his opinion Thursday afternoon, calling for Pastrick, former aide James Fife III and missing former City Councilman Frank Kollintzas to pay the city \$108,007,584.33 in damages for the alleged racketeering scheme.

Indiana Attorney General Greg Zoeller, who inherited the state's lawsuit against Pastrick from former Attorney General Steve Carter, said Thursday in a written statement he was "enormously pleased" with the \$108 million judgment the state's lawsuit secured on behalf of the city. That amount will symbolize the "brazen and shameless" corruption of the Pastrick administration, Zoeller said.

"This case is historic; never before has a city government been adjudged a corrupt organization under federal racketeering laws," Zoeller said.

"This is a victory for the state of Indiana," Zoeller said.

Speaking on behalf of current Mayor George Pabey, East Chicago spokesman Damian Rico said: "The city of East Chicago is grateful the court has indicated the importance returning the money to the city, which will further enhance our efforts to continue moving East Chicago in the right direction. That includes furthering our efforts to create jobs, and especially in our economic development effort.

"We're also hopeful that the attorney general considers returning the proceeds of the performance bond that the city purchased from the past administration, totaling half a million dollars."

Pastrick's attorney, Mike Bosch, said the former mayor has few assets and the judgment is "uncollectable." Kollintzas disappeared years ago, and Bosch said he believes Fife also does not have significant assets the government could take.

Bosch responded to the defeat with an anecdote. When Bosch was in college, he loaned his car to a friend, who crashed it into another vehicle, Bosch said. The other party in the wreck sued Bosch for \$100,000, Bosch said.

"If they had sued for \$500, I'd have been scared because I could raise that kind of money," Bosch said.

"What difference does it make to Bob Pastrick if it's \$10 million or \$50 million or \$100 million?"

Zoeller's statement said the attorney general will "dedicate all necessary efforts" to collecting the judgment.

Pastrick, 82, of Ogden Dunes, is vacationing at his second home in Mexico, Bosch said. Sources have said Pastrick's health is questionable, but Bosch said Thursday the former mayor is feeling "pretty well."

Fife could not be reached for comment Thursday.

In 2003, federal grand jurors indicted the Sidewalk Six, a group of Pastrick-era city officials eventually convicted in a scheme to sway voters in the 1999 Democratic primary by paying millions of dollars in public funds to improve private properties.

Pastrick never was charged criminally, but Carter made an unprecedented legal move in 2004, suing Pastrick and his top aides

under the federal Racketeer Influenced and Corrupt Organizations Act, or RICO, for allegedly running East Chicago as a "corrupt enterprise" during the sidewalks-for-votes scheme.

The case appeared headed for a trial, but Pastrick dashed those plans in May, when Bosch and Fife told Moody they would not defend themselves in court. Moody accepted default judgments against Pastrick, Fife and Kollintzas, who apparently fled to Greece after he was criminally convicted in the scandal.

Because the men defaulted, Moody accepted the state's account of the alleged racketeering: The men used the city government as a political tool and a piggy bank, piling up ponderous deficits while failing to attend to taxpayers' needs. The defaults left Moody to decide how much to order Pastrick, Fife and Kollintzas to pay.

Moody's math works like this: The sidewalks-for-votes scheme cost the city \$27.3 million when legal fees and other financial consequences are included with the \$24 million paid to contractors. Moody added \$8.7 million in prejudgment interest, then tripled the total amount of damages, as allowed under his interpretation of state and federal law, to \$108 million.

Moody also found that six corporations, all of which were found liable for the sidewalk work in a prior court decision, are now jointly liable with the men for chunks of the \$108 million. Bosch said he believes none of those corporations now exist.

Moody's decision was not a total legal victory for the state. He devotes much of the second half of the 53-page opinion to denying the state's claims. He denied certain claims for damages. Moody denied the state an injunction banning the defendants from public office. The state asked Moody to order a "forensic audit" of Second Century and the Foundations of East Chicago, the beneficiaries of a casino revenue deal engineered by Pastrick that remains controversial today. Moody denied that request, writing that he would not order such an accounting without violating due process. Moody also declined to rescind the agreement between the city and Second Century.

Moody did order the defendants to pay the state's legal fees. The state hired Chicago lawyer Patrick Collins to handle the RICO case, and a hearing will be held to determine the fees that will be awarded.

"So now we're going to get a chance to find out how much the attorney general of Indiana was willing to spend to get what I believe to be an uncollectable judgement," Bosch said.

Zoeller continues to pursue Second Century, most recently pushing city officials not to settle their legal fight with the for-profit company over millions of casino cash. Mayor George Pabey, who remains under federal indictment on charges he embezzled city funds, wants to settle the court battle. Zoeller seeks an accounting from the organizations that have reaped the casino money.

Zoeller said he has been talking with federal justice officials about corruption in Northwest Indiana.

"We will diligently pursue public corruption in Lake County; we will fight it on all fronts," Zoeller said.

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Zoeller: East Chicago racketeers ordered to pay \$108 Million

Attorney General declares victory in long-running RICO case against former Mayor Pastrick

INDIANAPOLIS - Today a federal court ordered East Chicago political figures including former Mayor Robert Pastrick, former mayoral aide James Fife III and former city councilman Frank Kollintzas to pay more than \$108 million in damages in the history-making federal racketeering lawsuit filed by the State of Indiana over the 1999 "sidewalks-for-votes" scheme.

Indiana Attorney General Greg Zoeller issues this statement about the ruling in the East Chicago Racketeer-Influenced Corrupt Organizations (RICO) case:

"This is a victory for the State of Indiana. I am enormously pleased that the federal judge awarded triple damages against former Mayor Pastrick and the other remaining defendants as a symbol of how brazen and shameless the public corruption was in the municipal government of East Chicago during the Pastrick regime," said Zoeller, who has continued to litigate the RICO case originally filed by former Attorney General Steve Carter in 2004. "This case is historic; never before has a city government been adjudged a corrupt organization under federal racketeering laws," Zoeller said.

"We will diligently pursue public corruption in Lake County; we will fight it on all fronts," added Zoeller, who today discussed the East Chicago RICO case with officials of the U.S. Department of Justice. That was a follow-up to meetings he held last week with United States Attorney General Eric Holder in Washington D.C., where he discussed the cooperation between the Department of Justice and the State of Indiana in investigating public corruption in Northwest Indiana.

"In my recent appearance before the East Chicago City Council where I encouraged council members to reject a bad settlement deal with the Pastrick-created entity Second Century Inc., it was clear to me that many residents have grown weary of their city's reputation for crooked cronyism, bloated government payrolls and waste. They deserve better; and as the State's lawyer whose office brought this RICO lawsuit on their behalf, I am committed to dismantling the corrupt organization," the Attorney General said.

Now that the U.S. District Court has ordered the defendants to pay \$108,007,584.33 in damages to the City, the Attorney General's Office will dedicate all necessary efforts to collect that judgment.

A copy of the Court's order in the case of State of Indiana and City of East Chicago vs. Pastrick et al, setting forth the triple damages awarded to the plaintiffs and against the defendants in the \$24 million fraud, is found at this link:

http://www.in.gov/attorneygeneral/files/State_of_Indiana_v_Pastrick_Opinion_and_Order.pdf