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**Casino conflict of interest?;**

**Ryan adviser helped pick gaming board members**

By Tim Novak and Dave McKinney

Staff reporters

One of Gov. Ryan's closest advisers, who represents 71 suburbs that would get a $ 100 million cut from a Rosemont casino, also helped handpick the state's top gambling regulators who will decide if Rosemont gets a casino.

Jeremy Margolis met privately this summer with the regulators, who are poised to act on the casino next month even though a lawsuit to block it has yet to be settled.

Sources say Margolis, an attorney, has so far been paid $ 190,000 for his work on behalf of the suburbs, which would not own the boat but would share some of the profits.

Margolis has done nothing illegal, but his role in selecting regulators and now pushing for a casino raise conflict of interest questions.

"I believe this is a man who has exploited his connections with power for his personal benefit at the expense of the public trust," said Jim Howard, executive director of Illinois Common Cause. "And I see it as wholly inappropriate that this talent agent of the board is now representing clients in front of the board."

Margolis refused to confirm or deny his involvement in helping Ryan select gambling regulators. And he scoffed at suggestions he has clout with the board.

"I don't think there's anybody who has a special status . . . with the gaming board," Margolis said.

Ryan spokesman Dennis Culloton refused to say what role, if any, Margolis had in selecting casino regulators. Culloton said Ryan received recommendations from many people when he filled various government jobs.

While Ryan appointed all five members of the Illinois Gaming Board, sources say Margolis recruited and interviewed candidates, including Gregory C. Jones who is now the board chairman.

Jones confirmed Thursday he was first approached by Margolis, and that Margolis attended his interview with Ryan.

Sergio Acosta said Thursday he left the U.S. Attorney's office to become the gaming board administrator after being recruited by Margolis, who had asked U.S. Attorney Scott Lassar for a recommendation.

"I can assure you that Jeremy Margolis has no influence over anything I do or anything the board does," Acosta said.

Acosta and Jones both said they met privately last July with Margolis and Rosemont Mayor Donald Stephens over the casino, which has been stalled in court.

"My understanding is that he (Margolis) was there representing both the communities and to some extent the mayor," Acosta said.

Jones, who once worked with Margolis in the U.S. Attorney's office, said his vote on the Rosemont casino will not be influenced by Margolis' involvement.

"Does it make a difference? In my mind, no," Jones said. "Like any judge, you have lots of contacts in your community. That doesn't mean people aren't fair in deciding issues."

Last Friday, Jones announced the gaming board planned to take final action on the Rosemont casino at its Oct. 17 meeting, a decision he now says may be delayed because of a motion to hold the board in contempt of court for acting on the license while the lawsuit is pending.

After last Friday's meeting, Margolis hailed Jones' announcement. "We're delighted this has moved along this far. We are anxious to see a $ 100 million revenue stream," Margolis said.

Joseph Lamendella, another gaming board member, said he didn't believe Margolis had anything to do with his appointment, although he has known Margolis for years.

When asked if Margolis has a conflict, Lamendella said, "One would have to be concerned about somebody who is wearing two hats, or multiple hats. You've always got the question of the appearance of impropriety. Is there a conflict? And I'm not saying this about Margolis per se . . . but if that's the case, who is this person acting on behalf of?"

In an effort to boost chances for a casino in Rosemont, Stephens enlisted support from the West Central Municipal Conference, promising 34 of its suburban members a cut of the casino profits. The conference has extended that offer to an additional 37 suburbs, including Evanston, Calumet City and Evergreen Park.

The conference hired Margolis to intervene in the lawsuit filed by the Lake County Riverboat partnership, which says Ryan and Illinois lawmakers enacted an unconstitutional law so a shuttered casino could move from East Dubuque to Rosemont. No arguments have been made in the suit because both sides have been arguing whether the suit should be tried in Cook or Lake County. The suit is pending before the Illinois Supreme Court.

So far, sources say, Margolis has been paid $ 190,000.

Robert Lahey, the conference's executive director, refused to say how much Margolis has been paid, saying it would violate attorney-client privilege. Lahey said the conference is not bound by the Freedom of Information Act, although the conference gets most of its money from taxpayer-funded dues from its member suburbs, including Cicero, LaGrange and Oak Park.

Margolis, 53, a former federal prosecutor, headed the state police under Gov. James R. Thompson before he went into private practice.

Ryan was running for governor in April 1998 when he turned to Margolis to defuse the license-for-bribes scandal that had dogged the campaign. Ryan's campaign fund paid Margolis more than $ 100,000 to investigate the allegations.

Margolis found no wrongdoing, but federal prosecutors have since convicted 31 people for taking part in a scheme that funneled at least $ 170,000 in bribes into Ryan's campaign fund in exchange for driver's licenses.

Ryan was elected and Margolis remained an unpaid adviser. He helped appoint the head of the state police, which has 75 officers assigned to the casinos, in part to investigate potential owners.

Margolis also advised Ryan on his death penalty moratorium and helps coordinate Ryan's response to the ongoing license probe.

Margolis is a partner with the Chicago law firm of Altheimer & Gray, which collected $ 900,000 from state contracts under Ryan's administration last year. The previous year, the firm got about $ 420,000 in state business. The law firm represents Ryan's campaign in a civil suit over the scandal.

Margolis is regarded as one of the governor's top advisers, although Culloton would only describe him as "a friend" of the governor. Margolis is frequently seen with Ryan at some of the governor's biggest events.

Margolis' special status with Ryan has sparked debate and mistrust among some Ryan advisers, who believe Margolis permanently damaged his credibility by minimalizing the license scandal.

"The governor is aware of the questions and doubts that a number of people had and continue to have about Jeremy," one Ryan associate said. "He doesn't share them. . . . He's the governor and Jeremy enjoys his trust and confidence, no matter how misplaced it might be. And all previous attempts to shake that confidence have failed."