



# THE PLAIN DEALER

## **Ameritrust deal's link to corruption case: 2 figures cited in bribery plea were involved in sale - Page 4**

**Lawyer, firm cited in bribery plea had roles in purchase, records show**

For four years, Cuyahoga County taxpayers have asked questions about the commissioners' controversial \$40 million purchase and renovation of the Ameritrust complex downtown, questions that have grown louder since federal investigators revealed a massive government corruption probe a year ago.

A Plain Dealer review of county records and federal plea agreements shows a lawyer and construction firm accused of paying bribes in several corruption schemes also played key roles in the purchase of the Ameritrust complex.

The Ameritrust deal has been a debacle for the county. The involvement of lawyer Anthony O. Calabrese III and R.P. Carbone Co. in the deal could explain why FBI agents wanted documents related to the Ameritrust purchase when they raided County Commissioner Jimmy Dimora's office last year.

Calabrese and Carbone became involved in the Ameritrust deal through the Staubach Co., a real estate consulting company founded by former Dallas Cowboys quarterback Roger Staubach.

The commissioners voted unanimously to hire Staubach Co. in 2004 to evaluate downtown properties and recommend a site for a new center of county government.

The county ultimately paid Staubach Co. \$3 million for an 11-month stint as a real estate consultant, a fee that real estate professionals say is five times more than the going rate.

Calabrese negotiated Staubach's contract with the county, and Carbone studied renovation ideas and cost estimates.

At the same time Calabrese and Carbone consulted with Staubach, Calabrese and Carbone's then-top executive, Vincent Carbone, collaborated on elaborate schemes to bribe public officials in exchange for construction and lobbying contracts, according to plea agreements filed this month in U.S. District Court.

Calabrese and Vincent Carbone have not been charged with crimes in the corruption probe and have not been identified by name in any court filings. But public contracts and descriptions of a lawyer and company in court filings match Calabrese and Carbone. Calabrese could not be reached and Vincent Carbone's lawyer declined to comment.

Similarly, Dimora has not been charged or named, but a description of a politician in the plea agreements matches him. He has repeatedly denied any wrongdoing.

In the corruption case, most of the bribes from Calabrese and Carbone were paid to J. Kevin Kelley, a county worker who was a friend and political ally of Dimora's, according to Kelley's plea agreement. Kelley pleaded guilty to several crimes this month and faces a likely six-year prison sentence.

Calabrese orchestrated bribe payments to Kelley on behalf of an agency that received county funding, according to prosecutors. Those bribes eventually increased, on Calabrese's recommendation, so Kelley could pay to fly Dimora and County Auditor Frank Russo to Las Vegas, according to Kelley's plea agreement.

Kelley also admitted to one bribe scheme in which he said Calabrese worked directly with Carbone. Calabrese lobbied Kelley to steer a Parma schools contract to Carbone when Kelley was a board member, Kelley confessed. Kelley admitted taking bribes from Carbone in August 2005 in exchange for that contract.

At the same time, the county was negotiating with Calabrese on a \$2.6 million payment to Staubach, in part for work done by Carbone, on what was to be a signature public-works project in downtown Cleveland: Ameritrust.

Staubach promised

to uncover all costs

Staubach's recommendation to buy the Ameritrust complex and renovate the 28-story tower at East Ninth Street and Euclid Avenue raised ire in the real estate community, since experts said - and the county eventually acknowledged - the floors were too small for modern office space.

Staubach proposed building an 18-story twin tower to double the floor space, but Commissioners Dimora and Tim Hagan eventually voted to tear the tower down.

Then, in October 2007, after spending millions of dollars and awarding expensive contracts to remove asbestos, commissioners scrapped the idea of moving to Ameritrust. They put the buildings up for sale.

"It's not efficient," Jay Ross, the county's director of central services, said of the tower. "When it was purchased, we felt we could probably do it, but when we looked at it more closely, it was proving to be more of a hurdle than we thought."

That was the kind of information county commissioners hired Staubach to provide - before they spent millions of tax dollars to lease or buy anything. Staubach got the job in part by promising to "uncover all costs ('No surprises')" of each building under consideration.

Commissioners voted for Staubach after receiving proposals from eight companies vying to serve as the county's real estate consultant.

Allegations had not been publicly made against Carbone or Calabrese at the time, Commissioner Peter Lawson Jones said. The county prosecutor's office, which serves as the county's lawyer, negotiated Staubach's contract with its attorneys, including Calabrese.

"We didn't just pick the figure for Staubach out of thin air," Jones said Thursday. "We were represented in those negotiations. I'm not unduly troubled by the fact that Anthony was representing Staubach."

As for rehashing the deal now, that's "five-years-later Monday-morning quarterbacking," Jones said.

Hagan, who was not a commissioner when the firm was chosen in October 2004, said he never would have hired a consultant. Instead, he said he would have had county staff analyze proposals.

"I raised questions about it because it didn't make any sense to me," Hagan said. "I think we're capable of making the decision."

Then-Commissioner Tim McCormack, whom Hagan replaced, voted for Staubach in part because the company said the county would end up paying nothing for its services. Staubach's October 2004 contract directed the county to pay a \$385,000 initial fee but stated that Staubach would reimburse the county when a building was chosen and a deal closed. Staubach's proposal called for the owner of the building selected to pay Staubach's fee, which Staubach would use to repay the county.

But Dick Jacobs - the developer and former Indians owner who had owned the Ameritrust site since 1988 - never paid Staubach. That's because when the county decided to buy the Ameritrust complex, rather than lease it, the county was on the hook for Staubach's fee, Ross said.

"I remember not feeling very good about almost any of it," McCormack said. "It had the sense of being slippery. It was a very difficult period trying to analyze, look at eyes and have a sense of who you're dealing with."

Ameritrust was selected over the old department store and office complex at 668 Euclid Ave. owned by AmTrust Bank Co-Chairman David Goldberg and his family, and the Higbee building owned by Forest City, run by the Ratner family and Sam Miller.

"The consequences were very significant because you had the major players, the major families in town,

engaged in competition," McCormack said. "It was a highly charged atmosphere."

The county terminated Staubach's contract in August 2005, after Hagan convinced the other commissioners the county could do the same work at a lower cost, and negotiated a settlement. Staubach's overall payment of \$3 million, negotiated in part by Calabrese, struck many as excessive. Several real estate professionals said that under most arrangements the work would have cost no more than \$650,000.

Staubach - since bought out by Jones Lang LaSalle - analyzed eight possible sites for a new county administration building, comparing lease terms, costs and building features.

Even though Staubach recommended Ameritrust, its initial analysis said the Ameritrust complex did not meet the county's needs for parking, code requirements, floor size or flexibility.

"We were asked, does it make sense and what they could afford," said Rob Roe, a managing partner in the project. "The best solution at the time was the Ameritrust building."

Others disagreed.

"There were certainly barriers to that site. I think that was pretty well known," said Russell Lamb of Allegro Realty Advisors, who also bid on the county consultant job.

Independent appraisers said as much, not to the county but to the Ohio Board of Tax Appeals.

Jacobs, the building's owner, went to the board to argue for lower property values for the site in the 1997 and 2000 tax years. Appraiser Lawrence Kell told the tax board that the Ameritrust tower sat vacant for a decade because the floor plate was too small and the layout was "awkward and irregular."

Even Carbone, which was paid \$30,000 to calculate costs and renovation options for the buildings under consideration for the county complex, thought the tower wouldn't work.

Vice President Michael Scaparotti said in an interview that the square footage on each floor was too small.

"That's one of the reasons it wasn't considered very adaptable to the county's needs," he said.

Case links Carbone

to Parma scheme

Yet, it was Carbone that the county tapped in October 2006 to oversee the conversion of the Ameritrust complex into the new county headquarters. The county commissioners unanimously ranked Carbone as the top choice for construction manager over the only other bidder, Dick Corp., after less than 50 seconds of public deliberation.

The contract was worth \$10 million.

A year earlier, federal prosecutors say, Carbone was in the thick of a bribery scheme in Parma.

Parma schools picked Carbone in 2005 for a \$1.8 million renovation. Kelley made sure the contract went to Carbone after Calabrese lobbied for the company, according to plea agreements. In return, Carbone paid \$15,000 to The Eagle Group, a consulting company owned by Kelley's friend Daniel Gallagher. Some of that bribe was then paid to Kelley, according to plea agreements.

Later that year, Kelley helped Calabrese's law firm, Vorys, Sater, Seymour & Pease, get a consulting contract worth \$3,000 a month. In return, Calabrese arranged for the firm to pay \$1,500 a month to The Eagle Group.

The head of Vorys declined to comment.

In December 2006, two months after his company was picked to run the Ameritrust renovation, Vincent Carbone was arrested and charged with paying \$200,000 in bribes in exchange for work in 1999 at the Lorain County Justice Center project. The case does not appear to be related to the federal investigation in Cuyahoga County. He pleaded guilty last year and was released from prison in May.

Carbone's contract to oversee construction at Ameritrust was canceled last year, after the county scrapped plans to put its headquarters there. Carbone was paid \$1.4 million, which it split with two other companies that did work.

While the plan to convert the Ameritrust building into the county headquarters has evaporated, and Carbone is no longer getting paid, that doesn't mean interest in the deal is dead.

Federal affidavits and search warrants show the FBI is looking into how Carbone was selected for the contract to oversee construction at the complex.

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