

Subj: **Utility Probe Widens to Lee Board**  
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Mr. Tyler Van Leuven  
Staff Attorney  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

June 20, 2000

Docket 000277 W-S

Dear Mr. Van Leuven:

I'm not sure that you have heeded my suggestion and downloaded The News Press on a regular basis. In any event I am forwarding copies of two articles that appeared in yesterday's edition (June 19, 2000) to RAR in order that they may become part of the record in Docket 000277 W-S.

In addition to the readily apparent collusive relationships between Mr. French, Mr. Garner, NFMU and MHC, there have been added (publicly) a new collection of miscreants. The FBI, the Lee County Sheriff's detectives and the Clerk of Court are now investigating and auditing **ALL FIVE LEE COUNTY COMMISSIONERS**. All of them have been subpoenaed to determine if there was any **"unlawful compensation given during the utility deals"**. Also mentioned was a Tallahassee utility attorney, **Bill Sundstrom**. Is this person a partner of Rose, Sundstrom and Bentley, the employers of Martin Friedman? The Martin Friedman who is representing MHC (FFEC-Six) and NFMU. Is this a conflict of interest, is it a sweetheart deal, or is it some kind of PSC giveaway? Hopefully these investigations will be widened beyond the Buccaneer fiasco, and extend to include the Pine Lakes and Lake Fairways 60 million dollar scam and maybe even the Florida Public Service Commission. Are you aware of any dealings with Mr. French or Mr. Garner?

When I characterized your copying of your correspondence to me, to Martin Friedman, as unconscionable I did not realize that there was a sinister component to it. Regardless of the PSC's obvious effort to deny me status as a **"party of record,"** I will continue my own efforts to prevent the Lee County Commissioners from purchasing NFMU for 60 million dollars and dividing the spoils among the unscrupulous lawyers and Commissioners already uncovered and those yet to be revealed!

Very truly yours,

  
Alexander William Varga

CC: Leon Beekman - President, Pine Lakes Estates Home Owners Association, Inc.  
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AT 50 - RELEASED - REPORTING

Attachments Enclosed (2)

The News Press - June 19, 2000 "Utility probe widens to Lee board".

The News Press - June 19, 2000 "Inquiry focuses on county role in utility deals, lobbyist interaction".

# Utility probe widens to

## Subpoenas seek commissioners' financial records

By **LEE MELSEK**  
The News-Press

Criminal investigators have subpoenaed the financial records of Lee County's five commissioners, intensifying their probe of county utility deals and some of the people involved in them.

FBI agents and Lee County sheriff's detectives are investigating the money flow created by the county's ambitious, mul-

timillion-dollar plans to buy private water and sewer companies.

In a separate investigation, county auditors already question some of the fees in the utility deals and the way in which the money was doled out to lawyers and consultants.

Investigators want financial records tracking bank accounts, trusts and other investments to determine if there was any unlawful compensation given during the utility deals.

Associations between commissioners, their top executives and prominent Fort Myers lobbyist James Garner,

who has played major roles for big fees in some of the utility deals, also are a focus of the investigation.

Investigators and auditors already interviewed Garner.

Commissioners, who said they've done nothing wrong, said last week they've been told not to talk about the subpoenas.

"That is supposed to be confidential," said Commission Chairman John Albion, when



GARNER

asked about his subpoena. "You are putting me in an awkward position. Anything they have asked for we have cooperated fully."

Commissioner Ray Judah, who, like Albion, is seeking reelection this fall, acknowledged receiving a subpoena but refused to talk about it.

"I can't discuss what it was for," he said.

Commissioner Andy Coy said he was told not to discuss the subpoenas.

Commissioner Doug St. Cerny said he would not discuss anything to do with the investigation.

Efforts to reach

# Lee board

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Commissioner John Manning for comment Friday were unsuccessful.

County Manager Don Stilwell said he hasn't been subpoenaed. "I'm a no one."

Investigators have set a deadline of one more month to either find criminal wrongdoing or end the probe, rather than drag it through the summer and fall election campaigns.

The criminal investigations

and audits began in March after an investigation by The News-Press raised questions about county utility deals and Garner's role in them.

Actions already have been taken against two top county officials for their questionable dealings with lobbyists.

Commissioner John Manning, pleaded no contest last Monday and was fined \$500 and ordered to pay another \$500 in costs for failing to obey a county law and reveal private meetings with lobbyists. Stilwell suspended Public

See **UTILITY / 8A**  
Key areas investigated / 8A

# UTILITY: County's practices criticized

From Page 1A

Works Director J. W. French on June 8 after French admitted he failed to reveal his knowledge of a possible Garner conflict of interest in a \$60 million utility deal.

Commissioners ultimately canceled the deal because of the ethical questions Garner's role raised. Garner and two of his employees wanted a fee of \$825,000 if the deal was completed.

Garner represented North Fort Myers Utility when he began negotiating on behalf of the county to buy the utility. The Florida Bar is investigating Garner's role.

Federal and sheriff's investigators also are keeping a close eye on emerging audit findings.

Auditors for Lee County Clerk of Courts Charlie Green have spent weeks looking at county utility deals with lobbyists and some of their clients.

Stilwell asked the auditors to determine if French, who supervised the deals, did anything wrong.

Auditors already are criticizing some of the county's practices in those deals.

Parts of their report will criticize French and the county utility department when a portion of their investigation is completed this week.

Among other things, Green and his auditors have wondered aloud who was protecting the taxpayers during some of the utility deals.

Green told Stilwell as much when they met two weeks ago to deliver preliminary findings from his audit.

Stilwell said he will not answer any more questions about the utility deals until the auditors' investigation is finished.

He reversed himself last week when suspending French after spending weeks defending his public works director.

The entire criminal investigation has triggered insinuations of dirty politics.

Stilwell suggested recently he thinks it's no coincidence sheriff's agents were assigned to begin their investigation at the same time Sheriff John McDougall was waging an intense budget battle with him and commissioners.

Stilwell has repeatedly been a thorn in McDougall's side in the sheriff's attempts to get millions of

dollars more in his budget each year.

McDougall won't discuss the investigation but said earlier he ordered his agents to look into questions raised in stories about the county utility deals. He said his budget battles have nothing to do with the investigation.

Federal law enforcement officials, who have no stake in the county's budget, are helping sheriff's agents.

Commissioner Albion said the investigation can't help but affect county government, especially employees who have to assemble the thousands of pages of documents investigators want.

"People have to spend time going through files and wondering what's going on. It takes up employees' time and energy," Albion said. "And it puts more of an emphasis on getting things right."

"Instead of checking something once or twice, they start checking it five or six times. It's all a black hole out there. I have no idea where they are with this thing."

— Contact Lee Melsek at 335-5386 or [lmelsek@news-press.com](mailto:lmelsek@news-press.com).

# Inquiry focuses on county role in

By **LEE MELSEK**  
The News-Press

Investigators and Lee County auditors are looking at three key areas involving utility purchases and private meetings with lobbyists.

As the investigation grows they are looking at:

■ The county's role in the \$43 million purchase of Gulf Utility in 1998.

Auditors are critical of what they believe was a lack of oversight by the county in some of the fees that were taken from bond money used to buy the utility.

Lobbyist Jim Garner and a Tallahassee utility attorney, Bill Sundstrom, helped the county's utility operator, Severn Trent Environmental Services, create a nonprofit company to buy a small south Lee County water and sewer company with the county's blessing.

The county promised to eventually take ownership if the private corporation bought it.

After the purchase, Garner and some of his clients took hundreds of thousands of dollars in consulting fees and other expenses from the bond money.

In Garner's case, there was almost no documentation of what he did to earn the money.

Asked in March for time sheets and other documents to support the fees, county Public Works Director J.W. French could not provide them.

Auditors from Lee County Clerk of Courts Charlie Green's office found a single page of what appears to be an invoice submitted by Garner, who was paid either \$357,000 or \$532,000 depending on which set of numbers submitted by Sundstrom and a bank to the county is accurate.

Garner claimed he spent \$6,318 in travel expenses. It doesn't say where

he traveled, when or why.

A second item shows \$350,000 and says simply it's for "services rendered in the utility acquisition and financing."

French was placed on the board of directors for the private utility, renamed Gulf Environmental Services, and voted to pay the fees to Garner and others.

Green and his auditors want to know why Garner's fees were approved by French and his board without demanding documentation detailing what Garner did for his money. They also are curious why commissioners approved giving the operation of the utility to Severn Trent Environmental Services rather than seeking bids. At the time, Severn Trent was Garner's client.

Investigators have interviewed people involved in the Gulf Utility deal, including Garner.

■ The county's attempted purchase of North Fort Myers Utility for about \$60 million.

Auditors are critical of French letting Garner negotiate the purchase of the utility without making the lobbyist's role known publicly or to county commissioners.

Commissioners claim they didn't know of Garner conducting the negotiating.

French knew that a firm he recommended as the county's negotiator, Catalina Group, was headed by two of Garner's employees.

Although French claimed for months he had no idea Garner represented North Fort Myers Utility, auditors discovered a letter that disputes that claim.

In a July 29, 1999, letter to a state official, Garner said the utility was his client. A copy of that letter was also sent to French.

Confronted with that letter two weeks ago, French admitted he'd read it before he agreed to let Garner negotiate the purchase. He said he forgot about it.

Shortly after Green showed County Manager Don Stilwell that letter, Stilwell suspended French, with pay, pending the outcome of the investigation and audits. French is paid \$111,000 a year.

Auditors believe French was obligated to reveal to his bosses and commissioners that Garner was doing the negotiating.

■ French's favor for Garner in forcing homeowners to hook into North Fort Myers Utility.

In 1997, Garner asked French to write a letter to owners of Windmill Village mobile home park in North Fort Myers telling them the park's 500 homeowners would have to hook into North Fort Myers Utility because their own sewage plant was not working properly.

French wrote the letter despite the fact state regulators were already dealing with the park and had given the owners the option of fixing the plant.

French said he was merely enforcing a county ordinance.

But Green is critical of the claim and told Stilwell that French's actions increased the value of the utility Garner wanted the county to buy.

By forcing park residents to connect, the utilities increased from about 9,000 to 9,500 customers.

"When he sent that letter encouraging people to hook up, that immediately increased the value of the utility, and that ain't right," Green told Stilwell two weeks ago.

Green also told Stilwell that French's actions in forcing residents of the park to connect with the utility

## utility deals, lobbyist interaction

keeping Severn Trent.

A former Severn Trent vice president, Paul Adams, recently told auditors the company didn't fulfill all of its contract obligations after he left several years ago.

Auditors now are looking into that. They are especially critical of what they says has been the county's failure to properly monitor Severn Trent's operations despite repeated audit warnings.

■ Private meetings between county officials and lobbyists.

Although Commissioner John

were wrong. French has since admitted he made a mistake helping Garner.

■ The county's contract with Severn Trent Environmental Services.

The company was given the contract to run the county's water and sewer operations in 1995, while resented by Garner.

But this year the contract was put out to bid.

Azurix, which bid against Severn Trent, protested when the county's utility department recommended

Manning's case is completed, the state attorney's office in Fort Myers is investigating other county officials who may have failed to report their meetings with lobbyists.

Investigators also are using the disclosure logs created by commissioners and their top executives as an aid in tracking the people to whom county officials talked regarding utility deals.

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