

Arizona Legislators Indicted in Sting Operation

NEWSPAPER REPORTS IMPLICATE DRS. RONDBERG AND IMMERMANN

Steve Kelly, managing editor

It began with an undercover investigation of gambling scams in Phoenix area bars. The undercover investigator was an ex-con named Joseph Stedino. During this investigation Stedino learned that state legislators would be willing to support legalized casino gambling in Arizona in exchange for cash.

In August of 1989, Phoenix police chief Ruben Ortega and county attorney Richard Romley organized a "sting" operation to see if indeed state legislators would be willing to support legalized casino gambling in Arizona in exchange for cash.

Again Joseph Stedino was hired by police chief Ruben Ortega; but this time Stedino was to portray "Vincent," a Las Vegas "big shot" with mob connections who let people know he wanted to get casino gambling legalized in Arizona, and that he had the bucks to back it.

The "sting" was so well organized and operated that many observers believed the FBI had set it up. It was a success: 16,000 pages of police transcripts of secretly recorded conversations, along with hundreds of audio and video tapes. The result of this evidence has brought about a 146 page indictment of two state senators, five house members, the chiropractic lobbyist of the Arizona Chiropractic Alliance (AzCA), and 10 other individuals. Charges range from accepting bribes (in exchange for votes) to money laundering and violations of campaign contributions.

The Phoenix Gazette has dubbed the sting operation, "AzScam."

AzCA's Involvement

Richard Scheffel, the chiropractic lobbyist for AzCA since its inception, is the only person among the indicted who has pleaded guilty, according to The Phoenix Gazette article of February 13. He has agreed to cooperate with police in exchange for pleading guilty to a conspiracy charge with a maximum four-year sentence.

The Arizona Republic of February 10 reported a taped conversation where lobbyist Scheffel described himself to "Vincent" as "Mr. Sin and Corruption ... I represent Anhauser-Busch, (the) liquor industry, R.J. Reynolds tobacco ... I represent pari mutuel interests ... and the chiropractors, and I'll let you know that they're (chiropractors) the prize of the world," Scheffel told "Vincent." "Charlatans of the world," Vincent said. "Yeah, the world," Scheffel replied.

AzCA Lauded Scheffel's Lobbying Efforts

Richard Scheffel was paid \$40,000 annually to represent chiropractic in Arizona (AzCA) and reported directly to the AzCA board of governors. Scheffel was present at the general legislative meetings of AzCA with Drs. Alan Immerman and Terry Rondberg to discuss legislative strategy and to raise funds for chiropractic legislative efforts. Scheffel also appeared in printed advertising that AzCA used to present themselves to the Arizona public.

The January 1991 AzCA News stated: "The entire profession is extremely fortunate to have a lobbyist of the caliber of Rich Scheffel. Never before in Arizona history has the profession been represented by someone who is widely considered to be a 'supper-lobbyist.'" Alan Immerman in the August AzCA News said: "... the one man who has been my guide and teacher in the legislative process: Rich Scheffel. Behind the scenes in his own quiet way Rich has created a miracle for chiropractic in Arizona."

The Phoenix Gazette portrays Scheffel's lobbying efforts as instrumental in passing an Arizona chiropractic legislative bill to ban discrimination by insurance companies. Of the 90 members of the legislature, the bill was sponsored by 62. The main sponsors of the chiropractic bill were Rep. Bill English R-Sierra Vista (one of the indicted) and Rep. Bobby Raymond D-Phoenix (also indicted).

In a conversation recorded in "Vincent's" office, Rep. Bobby Raymond explained to Sedino ("Vincent") how he could get favorable gambling legislation through the legislature by trading campaign contributions for votes.

"That's the way we passed the chiropractor's bill, Raymond says in the transcripts ... the chiropractors had raised and contributed over \$100,000 to Democratic campaigns this year." -- from The Phoenix Gazette of Feb. 16, 1991

On April 11, 1989, English had received \$1,500 in 14 checks written by individual chiropractors, according to campaign finance reports on file with the secretary of state. Two days after receiving this money, he was in the House putting forth an amendment to a chiropractic bill.

According to the 146 page indictment, "Vincent" met with Rich Scheffel and Bobby Raymond to discuss how to influence legislators on the gambling issue. Scheffel supplied "Vincent" with names of individuals (a "laundry list") that were later used by "Vincent" on cashiers checks made out to the Democratic Party, to circumvent Arizona political contribution laws. Two prominent chiropractic names appeared on the laundry list: Drs. Terry Rondberg (publisher of The Chiropractic Journal and then vice president of AzCA and a member of the board of governors); and Alan Immerman (then president of AzCA and a member of the board of governors).

The indictment lists Drs. Rondberg and Immerman's names as appearing on checks that violated Arizona campaign contribution laws.

"According to those transcripts, Scheffel said he arranged with Immerman and Terry Rondberg ... to use their names on contributions to legislators. Under state law, that is illegal if the money does not come from the person whose name is on the contribution. Rondberg and Immerman deny involvement ... But, they are the only ones identified by Scheffel as consenting to have their names used for such contributions." -- from The Phoenix Republic Feb. 10, 1991.

On Thursday February 7, 1991 AzCA hired former state Rep. Jim Skelly, R-Scottsdale to replace the indicted Scheffel. Skelly agreed to represent the chiropractors (AzCA) in the legislature when Immerman assured Skelly that he was unaware that Scheffel had used their names in an alleged attempt to hide campaign contributions.

But on Friday Feb. 15, as reported in The Phoenix Gazette Feb. 16, a police transcript of a telephone call revealed that Scheffel had requested names of chiropractors from Alan Immerman.

"I'm going to need some doctors' names" Scheffel said according to the transcript. "No, no, not to ask them for a thing, just to say they were the contributors ... Do you have any problem making a non-countable, uh, contribution also, to the Democratic Party?" Scheffel asked Immerman. "OK, I

didn't think you did."

"I've just resigned," Skelly said after reading the transcript of the telephone conversation between Scheffel and Immerman. "I had a contract for one day." (Skelly was hired Feb. 7, resigned Feb. 8).

Despite his name surfacing repeatedly in the investigation, Immerman said he is confident he and other members of ChiroPac -- the political action committee of AzCA -- will not be implicated in Scheffel's alleged misdeeds.

"DC" attempted to interview Dr. Rondberg to discuss his relationship with Richard Scheffel and AzScam but he declined, in a letter, to grant our request. Our attempts to speak with him in person were unsuccessful; we were only able to contact answering machines.

Ed Hendricks, special council describes the investigation as "ongoing" and that there may be additional indictments forthcoming.

County attorney Richard Romley added, "I'm going to show the tapes in court and the tapes will speak for themselves."

Steve Kelly
Assistant Editor

MARCH 1991