



## DeFeo scams well-publicized, well-known

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FEBRUARY 10, 2009

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The news that would-be casino developer Anthony DeFeo has disappeared with at least \$2 million in investor's money is disturbing but hardly surprising.

In the past three years, the Times Herald published a long string of articles detailing DeFeo's past involvement in questionable schemes.

For example, he filed for bankruptcy in June 2001, just two months before the final judgment in a lawsuit accusing him of fraud. He left his partners, including former Dallas Cowboys Coach Barry Switzer, to clean up that mess with a check for \$1 million.

In April 2002, DeFeo was convicted in Albany, N.Y., on federal charges of conspiracy to sell marijuana.

In 2005, just as his probation ended, he arrived in Port Huron with a scheme to open a downtown casino-hotel and indoor water park. Later that year, City Attorney John Livesay issued a cease-and-desist letter warning DeFeo to quit telling investors he had Port Huron's official blessing.

A few months later, DeFeo's personal attorney, Richard G. Lehr, had his law license suspended after being convicted on drug charges in Wayne County.

There were many other warning flags, including DeFeo's dead-on-arrival proposals for a 350-bed hospital in Clinton Township and an automotive plant with as many as 3,000 jobs in Port Huron Township. His proposal to take over operations at the county airport fizzled after he failed to post a performance bond.

None of these setbacks seemed to faze DeFeo.

When his Port Huron proposal imploded, he simply shifted his casino project to the Afr property off Interstate 94 in Kimball Township.



## Michigan had to shut Defeo-run clinic

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BY CHRISTY ARBOSCELLO • FREE PRESS STAFF WRITER • FEBRUARY 9, 2009

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Before the unsuccessful casino project in Kimball Township, Anthony Defeo made news for other business ventures from Michigan to the West Coast.

Among the more notable enterprises was his 2004 public interest in buying the San Jose Medical Center in California and converting it to a hospital for American Indians.

Then operating under AR Associates, Defeo later backed out of the deal, saying, "I've just got too much to do right now," according to a San Jose Mercury News article.

What he had to do was deal with a Michigan Department of Community Health cease-and-desist order against Clinton Diagnostic LCC. The state shut down the Clinton Township facility, where he was chief executive officer, because it offered mammography, X-rays and MRIs without state [certification](#).

In a Nov. 24, 2004, statement, the Michigan Department of Community Health said it considered the violation at Clinton Diagnostics "a significant breach of public safety." The diagnostics center was permanently closed.

# Millions vanish with developer Anthony Defeo

Investors sue, feds get involved as St. Clair County casino plan tanks

BY CHRISTY ARBOSCELLO • FREE PRESS STAFF WRITER • FEBRUARY 9, 2009

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Anthony Defeo was a charismatic businessman and a developer with a vision, offering investors an opportunity for the chance of a lifetime.

But that dream deal quickly soured for financiers who say the \$600-million project presented by the entrepreneur proved too good to be true.

Defeo, who claimed riches from other financial undertakings, convinced them he had the inside track on a casino project with the federal government and an American Indian tribe. The project, he boasted, had received the personal stamp of approval from none other than then-President George W. Bush.

He showed them paperwork, eased their fears with thorough answers and gingerly maintained relationships -- until he got at least \$2 million from investors, according to more than 20 lawsuits in Macomb County Circuit Court.

Now, with his plans for the development of a casino and entertainment hub in St. Clair County at a standstill, investors don't know where Defeo -- or their money -- has gone.

And they're not the only ones interested in tracking down the 57-year-old New York native whose last known address was in Bloomfield Hills. Federal authorities also are trying to find him, the Free Press has learned.

"I think Mr. Defeo is very elusive. ... I can't substantiate unofficial reports that he's in different states throughout the country," said Warren-based lawyer Anthony Penna, who represents Defeo's landlord, Grillo Properties of Chesterfield Township.

The company said Defeo owes more than \$500,000 in unpaid rent and improvements made to an office he leased on Dalcoma Drive in Clinton Township.

Investor Thomas Frank, 53, of Washington Township said he's out \$100,000. He served as a project manager for the entertainment hub and casino.

Frank said Defeo gained the trust of influential businesspeople, doctors and lawyers for the five-year development by showing them contracts and meeting with them weekly at another one of his offices, at 19 Mile in Clinton Township, and other places, such as the Troy Marriott. It wasn't until last summer that anyone doubted his ability to bring the project to life.

"We repeatedly called. We repeatedly left messages. We trusted him. He seemed like a nice guy," said Frank, who was hired for his 30 years of construction experience.

## **Court filing due by today**

Witness lists and other documents are due to be filed in Macomb County Circuit Court on Defeo's behalf by today to allow time for the plaintiffs' attorneys to review the case before a likely jury trial later this year.

Among the accusations, the suits charge Defeo with wire and mail fraud, racketeering in violation of RICO statutes and misrepresentation of material facts in connection with the project.

Birmingham-based lawyer Alex Alexopoulos, who is representing several metro Detroit clients in civil lawsuits against Defeo, wrote in legal filings: "Plaintiff's counsel has been informed that law enforcement agencies, including the FBI, are currently looking for Defeo, so far without success."

Alexopoulos did not return multiple messages for further comment.

Citing policy, FBI spokeswoman Sandra Berchtold said she could not "confirm or deny" the existence of an investigation into the matter.

Dr. Richard Mertz -- cofounder of a surgical center slated to open Aug. 29 next to Henry Ford Macomb Hospital in Clinton Township after Defeo's plans for a similar center there failed -- told the Free Press that FBI agents have interviewed him twice in the past year about Defeo and talked to others who did business with him.

Mertz, who bought a legitimate certificate of need secured by Defeo for the surgical center, described him as a charming, stout man who wore bright ties and drove a Lexus.

"He could sell you the Brooklyn Bridge three times over," Mertz said.

### **\$100,000 checks**

At the heart of the lawsuits pertaining to the \$600-million casino project are accusations that Defeo, representing Fountain View Investment -- also known as Port Huron Blue Water Development LLC -- persuaded businesses and individuals in 2006 and 2007 to write checks for an average of \$100,000 to have 1% stakes in the project.

Defeo promised a \$3-million return for investors who bought 1% of the development on federal land to be operated by the Lac Vieux Indians.

When construction of what was expected to be the state's largest casino, hotel, restaurant, water park, baseball field and hockey arena complex never commenced last spring in Kimball Township, investors could not reach him.

### **Approvals missing**

Megan Brown, deputy press secretary to Gov. Jennifer Granholm, said a casino development of that nature would call for the secretary of Interior to put the land in trust for gaming and for the governor to concur.

"We are not aware that any such agreement took place with the secretary of Interior," said Brown, adding that the governor's office was not contacted with any such request.

The lawsuits also name Kimberly Lewis as a defendant who conducted business for Fountain View.

The Fenton resident stated in court documents that she is not responsible for wrongdoing and simply does not recall participating in many of the conversations in question. She does, however, acknowledge Defeo's role in the business transactions.

A receptionist at the Mt. Clemens office of her lawyer, Bryan Sunisloe, said neither he nor his client would comment on the cases.

Defeo does not have an attorney on record.

Retired Farmington Hills resident Salpi Toroyan was another investor who said he viewed what seemed to be credible documents for the development. He invested \$100,000 on behalf of his son, Sarkis, after he learned about the project through contacts in the construction industry.

"I had a personal guarantee, but a personal guarantee doesn't mean nothing if the guy skips out on you," he said.

### **Architect goes unpaid, too**

Even prominent Birmingham architect Victor Saroki is seeking about \$25,000 from Defeo for unpaid preliminary design work for the hotel portion of the project.

Saroki said he knew Defeo through others in his line of work but did not keep regular contact with him. He said the last time he talked to him on the phone was six months ago, and he doesn't know of any other business associate who has been able to reach him after development plans went awry.

"At the time, obviously we thought he was going to move ahead with the project. ... On the surface, it certainly looked like he was trying to pull it off -- and I sort of think he was -- and I don't know what transpired."

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# Allegations against developer Anthony Defeo mounting.

Vegas residents say he swindled them in casino deal, too!

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Dozens of Michigan investors, who allege in lawsuits that Bloomfield Hills developer Anthony Defeo swindled them out of about \$2 million in connection with a stalled casino project in St. Clair County, apparently have company in Las Vegas.

About 25 other financiers, many of whom are tied to the Las Vegas casino industry, lost about \$1.4 million when Defeo's ambitious plans for a \$600-million casino and entertainment complex fell through in Kimball Township last year, Nevada investor Alan Allocca told the Free Press on Monday.

Allocca, a dealer at the Venetian casino, said he personally is out \$125,000. He met Defeo through a friend who's related to Defeo's codefendant, Kim Lewis.

"We all thought we were going to become millionaires on this and then, all of a sudden, it all hit the fan and we're not even getting our money back," he said in a phone interview. "We're not rich. We're all working people."

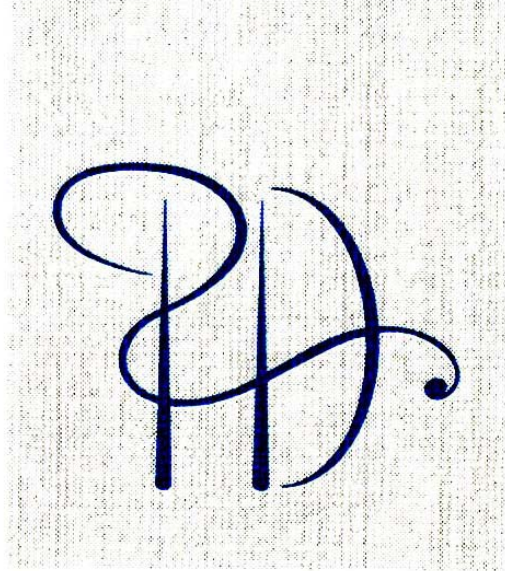
Allocca said he filed a formal complaint with the FBI office in Las Vegas on Monday and was told the case would be assigned to the white-collar crime division. He said, after reading a story about Defeo in the Free Press on Monday, that he plans to piggyback on at least 20 civil lawsuits already filed in Macomb County Circuit Court.

Local businesses and individuals seeking damages from Defeo of Fountain View Investment -- also known as Port Huron Blue Water Development LLC -- claim he promised a \$3-million return for those who bought 1% of the development that was to be on federal land and operated by the Lac Vieux Indians.

There is no attorney of record for Defeo in the Macomb cases. Although witness lists and discovery requests were due Monday for plaintiffs' attorneys to prepare for a requested jury trial, there were no response filings listed.

Like their Michigan counterparts, Allocca said the Nevada investors were unable to reach Defeo after construction never commenced last spring. Since then, investors and the FBI have not been successful in finding Defeo, court documents show.

FBI spokeswoman Sandra Berchtold reiterated Monday that she cannot confirm or deny the existence of an investigation into Defeo's business transactions.



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