Meltdown man
John Spano was just a dull, two-bit Dallas businessman before he tried to buy a professional hockey team. Now he's been charged with bank fraud, and his claims of wealth and business prowess are dissolving in the glare of scorching publicity.

By Holly Mullen

Jim Lites was startled when he walked into the handsome University Park home of a new business associate two years ago. Lites, president of the Dallas Stars hockey team, was among a handful of sports and business executives invited to a small cocktail party at the $2.5 million home. He expected to find the typical Park Cities amenities inside—fine furnishings, expensive artwork, hired help.

But instead of French antiques and tapestries, Lites remembers seeing only a few sticks of furniture.

"It was a nice house, one of the nicest in the neighborhood," he says. "But there was no furniture. I mean, it was sparse."

It struck Lites as a bit odd that his host—a man who claimed to be worth $100 million and was then offering $42 million to buy half of the Stars—would be rattling around in an unfurnished mansion.

Such was Lites' first introduction to the illusory world of John A. Spano Jr.

Spano’s bid to buy the Stars ultimately fell through. Now, the 33-year-old University Park man faces federal charges of bank and wire fraud in New York, where federal investigators contend that Spano lied about his personal worth, bounced millions of dollars in checks, and forged documents in an attempt to buy the New York Islanders hockey team. Authorities are still trying to piece together how Spano—whose financial foundation began showing fissures at least one year earlier—was able to secure an $80 million loan this spring to buy the troubled team. The case prosecutors are building against Spano alleges a trail of lies and deceit stretching all the way back to his 15 minutes of fame in Dallas when he was attempting to buy the Stars.

The mysterious businessman—who has long avoided the Dallas press and spoken only vaguely about the origins of his supposed wealth—is now at the epicenter of a financial scandal that is rocking the professional hockey world. And Dallas businessmen like Lites, who watched Spano's aborted effort to buy part of the Stars, are just glad it didn't happen here.

Last February, Spano received the National Hockey League's approval to buy the Islanders from owner John O. Pickett for $165 million. But when a $16.8 million payment to close the sale came due on April 7, the check never arrived. More than three months later, after Spano offered myriad excuses for bouncing checks to Pickett, NHL Commissioner Gary Bettman stepped in to mediate. On July 11, Spano signed an agreement to drop out of the sale.
Instead of jetting about as the owner of a hockey franchise, Spano spent last week trying to stay out of jail, struggling to scrape together $1.5 million in cash toward his $3 million bail. He made bail on July 28 by putting up the equity in his home and those of his mother and sister.

As Spano’s supposed fortunes began dissolving under scrutiny, Jim Lites couldn’t help but think back to that unsettling cocktail party at Spano’s house.

The quiet transplant from New York had appeared almost out of nowhere in 1995 with his offer to buy half of the Stars.

On September 15, 1995, Stars owner Norman Green announced Spano’s offer to a befuddled press. No one had heard of the man. He was a Stars season ticket holder, described as passionate for the game. But Spano was a complete stranger to even the most seasoned sports and business writers.

The initial plan was for Spano to buy 50 percent of the Stars for $42 million. The deal was supposed to close within a week of the announcement. One week slipped by, Lites recalls. Then another. And another.

Suddenly, Lites says, Spano began nitpicking minor budget items, questioning team structure, and challenging even the smallest executive decisions. “Our negotiations amounted to seven months of silliness,” Lites says. “John Spano jacked us around like you wouldn’t believe. Up until September, everything he had done was strictly according to Hoyle. And then, suddenly, he couldn’t—or wouldn’t—close the deal.”

Finally, by November, Green had had enough. He halted negotiations, saying publicly that Spano seemed too concerned with “details” to finish the deal. The rest is history. Dallas financier Tom Hicks renewed an earlier bid for the Stars, and the owners accepted. Within 30 days, Hicks closed on the $84 million deal and was the new owner of the team.

But Spano’s burning desire to own an NHL team was apparently not extinguished. He began talks the following April with H. Wayne Huizenga about purchasing the Florida Panthers hockey team. The deal was quickly aborted.

Still undeterred, Spano shifted his efforts to Long Island, where NHL Commissioner Bettman introduced Spano to team owner Pickett, and their negotiations for the Islanders took off.

Since the Islanders sale imploded, the hazy picture of John Spano is coming into better focus. Federal prosecutors and a voracious New York press are hot on the trail of the man who once called hockey his “greatest love.”

Spano’s tangled financial history stretches back to his earliest days in Dallas, where he allegedly conned some of the city’s smartest dealmakers—including principals with the prestigious Staubach Company—into lending him money.

The case the government is building even includes a claim that Spano bilked recently retired hockey great Mario Lemieux out of $1.25 million in an investment scam.

Those whom Spano has dealt with, from Dallas to New York, are scratching their heads, wondering how it all happened. How, for at least the last three years, has Spano passed himself off as independently wealthy, a trust fund baby, a skillful entrepreneur with worldwide connections? How, when the average working stiff struggles to pin down a mortgage or even a simple car loan, did Spano allegedly con a vice president of Comerica Bank into believing he was worth $100 million? In truth, prosecutors contend, Spano’s holdings at the Dallas bank amounted to somewhere between

$25,000 and $100,000.

Pudgy, unassuming, even described as "dour" by one former associate, Spano quietly muscled his way into the showy world of sports business. It all began here in Dallas, where Spano started a small leasing business, quickly moved into the right neighborhood, bought a $66,000 BMW, and set out to be someone. Ironically, Spano may yet achieve that goal—as pro hockey's greatest hustler.

Spano did not respond to several requests for interviews from the Dallas Observer. His New York City lawyer, Nicholas Gravante Jr., has advised him not to talk to the press, and has maintained Spano's innocence since his arrest.

Watching the events of the last several days, all Lites can do is shake his head, take a deep breath, and think back to the night he walked into Spano's cavernous, empty home. Considering how it might have turned out if the Stars had struck a deal with Spano, Lites says, "I feel privileged to be in the situation we are. Believe me, after the revelations of the last two weeks, I feel nothing but good."

When John Spano stepped up to buy the New York Islanders last winter, he was hailed as nothing short of a savior. The team is the only professional sports franchise on Long Island, which sits in the shadow of New York City's huge sports empire. In the early '80s, the Islanders won four consecutive Stanley Cups. Attendance was at an all-time high, and everyone was a fan. But the team has failed to make the NHL playoffs for the last three years.

As the team slid, so did ticket sales. The aging Nassau Coliseum, where the Islanders play, needed major renovation. The Islanders' front office reported losses of $5 million to $8 million annually for the last five years.

Islanders owner John Pickett and NHL Commissioner Gary Bettman turned to Spano, saying he offered the beleaguered team youth, money, and a love for the game. Spano agreed to pay $165 million in all—$80 million for the team, and an additional $85 million for the lucrative cable television rights, which generate about $13 million a year for the franchise.

Spano, according to court documents, paid the first $80 million with a loan from Fleet Bank of Boston, secured by the team, its assets, and the cable rights. The second half of the deal was to be paid off in annual installments. The first payment—$16.8 million—was due at the April 7 closing. That day, Spano's lawyers told Pickett the money was on its way, showing Pickett a letter from a London bank that pledged to wire the money before the day was out.

Apparently comfortable with that assurance, Pickett closed the deal with Spano. But three months later, the check still had not arrived. By early July, based on tips from the Islanders' front office that Spano was far less than he appeared to be, a team of reporters for Newsday, the daily newspaper on Long Island, fanned out across the country, digging all the way back into Spano's childhood on the upper East Side of Manhattan. The paper checked birth and death records and probate documents, and interviewed neighbors, high school pals, and former employers, determined to learn if Spano was the high roller he claimed to be.

There was nothing about Spano's life that shouted "rich" or "privileged," and no trace can be found of the vast wealth Spano has repeatedly claimed to have inherited.

John A. Spano Jr. was born to John A. and Anne Spano on May 31, 1964. In the mid-'70s, according to Newsday, the Spano family moved to Madison, Ohio, a small rural community about 40 miles east of Cleveland on Lake Erie. John Sr. worked as a manager for a Rock Creek, Ohio, company and bought a house in 1977 for $94,000. Spano has one sister, 30-year-old Lisa Spano Harting, who also lives in Ohio. Neither Harting nor Spano's mother returned calls from the

Observer.

In a resume he provided to the Islanders, Spano said he was a graduate of "St. John's Academy," an exclusive prep school in Ohio. In truth, he attended St. John's High School in Ashtabula—a parochial school in a neighboring suburb. Like the associates Spano would meet in Dallas years later, high school friends Newsday interviewed recalled nothing showy or outstanding about Spano. He played basketball and golf, but did not make the varsity teams. They remembered him as a decent student.

In 1986, Spano graduated with a bachelor's degree in finance from Duquesne University, a private Catholic school in Pittsburgh. It was in college that he made the acquaintance of Mario Lemieux, who would later lead the Pittsburgh Penguins to two straight Stanley Cup titles and be lauded as one of hockey's greatest players.

Last April, Lemieux, who has been plagued with chronic back problems and announced his retirement earlier this year, told The Dallas Morning News that he and Spano often played golf together, and that their personalities "clicked."

It isn't clear when, exactly, but somewhere along the line Spano began spinning a tale of vast inherited wealth. Some of his business background can be discerned from a deposition Spano gave as part of a lawsuit filed against him by Hughes & Luce. In July 1996, the powerhouse Dallas law firm sued Spano for $250,000, saying he never paid for work the firm did as part of Spano's failed effort to buy the Stars.

In the deposition, Spano said he borrowed money from his family to start up several businesses. He refers to a grandfather named Angelo who left him a large inheritance. Yet in its search, Newsday could find no evidence of a grandfather by that name. Spano, according to the paper, had two great uncles named Angelo. One died in 1941 and left his $3,131 estate to his wife and five children. The other Angelo lived in Oswego, New York, on the shores of Lake Ontario. He was a truck farmer who died in 1963. His wife and two sons inherited his $150,000 estate.

For a time, it appears, Spano was willing to live like most other freshly minted college graduates—to start at the bottom and work his way up. His first job after college graduation, according to the Hughes & Luce deposition, was as a sales associate at a Pittsburgh auto leasing business called Intelease. He worked there from 1986 to 1987. In 1987, Spano was hired by a Burbank, California, company, Reseda Finance, as a credit manager in its Dallas office. Reseda arranged car loans for people with poor credit and had representatives in 44 states. The company folded in 1989.

It was during his stint at Reseda that Spano met Shelby Hansen, now 28, an Oregon native and student at Southern Methodist University. After Reseda shut down, Spano returned to New York City, where he started the Bison Group, a heavy equipment leasing business. But his relationship with Shelby, his future wife, kept him commuting frequently between New York and Dallas from 1990 to 1992, Spano said in his deposition. He finally moved to Dallas in 1992, and the couple married in July 1994. They have no children. Shelby Spano did not return telephone calls from the Observer.

"Shelby is a lovely person, just a solid, salt-of-the-earth type. But I really don't know her any better than I know John," says Robert Innamorati.

Innamorati, a 50 year-old Dallas investment banker, briefly shared office space with Spano in North Dallas, and introduced him to several local sports luminaries, including Norman Green and former Dallas Cowboys quarterback Roger Staubach. Innamorati was also named in June 1995 as vice president of Hockey International Inc., a corporation set up by Spano's lawyers to insulate him...
and his silent partners in the Stars deal from liability. Hockey International had no assets of its own, a point that became pivotal when Spano refused to pay Hughes & Luce for the research the firm did on the Stars in advance of Spano's bid—in legal jargon, the "due diligence" period. Spano claims that the law firm overcharged him for its services, that it did shoddy work at times, and that it is Hockey International Inc.—not him—who the lawyers should come after.

As a result of Spano's failure to pay Hughes & Luce, Innamorati says, he has not spoken to Spano since September 1996. He says he removed himself from any association with Hockey International, and indeed, Hughes & Luce has dropped Innamorati—one of the original defendants in its suit—from the legal action.

But even before they went their separate ways, Innamorati says, he rarely socialized with the Spanos. "They're much younger than I am," he says.

Still, it continued to puzzle Innamorati why Spano would not "do the right thing" and just pay his legal bill. "I couldn't understand it. John asked for my opinion back then, and I told him he should just pay," Innamorati says. "They did what he hired them for, and they deserved to be paid."

In hindsight, it seems clear to Innamorati and many others that Spano's gilded world of big sports deals, fine suits, and fast cars was probably cracking even back then. But who knew?

Says one former associate of Spano who asked not to be named: "This is turning out to be like a woman who's married for 15 years to a man she thinks is the perfect guy. Then suddenly she learns he has other women all over the place. I swear, no one knew."

After settling in Dallas in 1992, Spano began building up his Bison Group and joined in numerous other investments. On paper at least, the structure of the Bison Group resembles a global-commerce octopus, with impressive subsidiaries reaching like tentacles all over the map.

He kept the Bison Group incorporated in New York, and added Bison Leasing, incorporated as a limited partnership in Texas. He also claims to own a holding company called Bison BLG, incorporated in Delaware. Then there's Bison Automotive Leasing Acceptance and Bison Food Services, which Spano describes in a deposition as a business that leases cappuccino makers, hot dog machines, and other restaurant equipment to convenience stores.

In a biography assembled by the Islanders earlier this year, Spano claimed he owned 10 companies with more than 6,000 employees worldwide. But according to documents filed in the Hughes & Luce case, Dun & Bradstreet, the financial information firm, states that Bison—which Spano considers his principal business—had only 22 employees and assets of $3 million in 1995.

During the early '90s, Spano dabbled in other investments as well. In his deposition, he claimed to be co-owner of Lifesaver Beverages, a fruit-flavored drink company spun off from the candy maker and based in Scottsdale, Arizona. He said he shares partnership in Sebring Capital Corporation, a mortgage company. Spano testified that his partners in Sebring are Jim Leslie, Kay Jones, and Brant Bryant—all executives with the Staubach Company, the former quarterback's 20-year-old commercial real estate brokerage firm. Those supposed relationships would prove to be important as Spano paved his way to the botched Islanders purchase.

Also key in Spano's climb was his 50 percent partnership with a South African firm called Lenco Holdings Ltd. The company manufactures aluminum cookware and cutlery and is publicly traded on the Johannesburg stock exchange. From 1992 to 1994, the company produced Pointerware, one of its cookware lines, in New Orleans, with an eye toward expanding operations in the United States.

According to court documents, Lenco executive Gerald Goot began researching the American

market and was introduced to Spano.

"Spano advised plaintiffs that he had a significant net worth, allegedly in the range of $150 million, and that he had numerous business contacts in the United States," states a pleading in a lawsuit filed by Lenco and several of its subsidiaries against Spano on June 27 in the 193rd state district court in Dallas County. By late 1994, Spano had connected with Goot, expressing a desire to form a joint venture with Lenco and build the business in the states.

Pointerware Joint Venture, with Spano, Goot, a partner named J. Watt, and Lenco as investors, was initially begun with $250,000. Each investor contributed $62,500 to the start-up, according to court records. After the joint venture was formed, Spano offered to take over all management, administration, and finances of Pointerware. The South African partners agreed, and a manager at the New Orleans office was let go.

Spano had sole power over the day-to-day American operations for Pointerware. Lenco agreed to pay him $15,000 a month to cover his costs.

Over the next two years, John and Shelby Spano made several trips to South Africa, where his former partners say "a personal relationship of trust and confidence was formed." On December 2, 1994, Spano faxed a letter to Lenco chief executive officer Douglas de Jager fairly dripping with the "can do" enthusiasm of a gutsy young entrepreneur.

"In regards to our partnership, I want to make it clear that if this venture does not produce the returns we all anticipate, John Spano will personally reimburse Lenco for all costs incurred with the USA venture," Spano wrote. "I appreciate your confidence in our 'newco,' but I do not expect you or Lenco to take all the risk for only a share of the reward. While I hope we never have to deal with this situation, it is important to me that the risk always remain equal. That is the only way I do business with anyone."

But according to Lenco's lawsuit against Spano alleging, among other things, fraud, breach of contract, and theft, the risk remained anything but equal. A February 27, 1996, letter faxed to de Jager shows a growing strain in Spano's relationship with the South Africans. The letter details John and Shelby Spano's efforts to establish a business relationship with Nordstrom, the high-end retail apparel and gift chain based in Seattle.

Spano pointedly informs de Jager, who was working on his own to forge a relationship with Nordstrom, to cease any personal contact with the chain's president, James Nordstrom.

"Regarding your request to deal direct, Shelby has spent the last six month's [sic] building her confidence, and that of Jim Nordstrom...If the buyer's [sic] and Jim are comfortable with a direct relationship after their visit, we can discuss that issue. Until your people have met them in person, I do not want any direct contact. Jim and I had this agreement going into the relationship. Any questions you want answered please fax to me and Shelby will respond."

Spano ends the letter by stating, "I have enough money for the next 10 generations of Spano's [sic]. I will no longer make my life miserable over any business dealings."

Spano's defensive posture would prove instructive. Months later, he presented his partners with an October 22 purchase order for cookware from Nordstrom totaling $1.9 million. He counted the order as profit in Pointerware's books. There was just one hitch: The company produced the pots and pans, but the check from Nordstrom never came.

Ted Anderson, a Dallas attorney who is representing plaintiff Lenco and its subsidiaries, says his clients confronted Spano in March 1997 with questions about the validity of the Nordstrom order.

According to court documents, Spano assured his partners that the order was genuine, and that the payment would be wired within the hour. It never happened. On April 18, Gerald Goot and Lenco received a check for $1,634,000 drawn on Bison Leasing's Comerica Bank account. Ten days later, the check bounced.

Comerica Bank Vice President Joseph Lynch, whom Spano has referred to several times as his "personal banker," informed the Lenco group that Spano had insufficient funds to honor the check. The company then agreed to enter into a payment schedule with Spano to allow him to pay off the debt. On June 13, 1997, a $500,000 check toward the debt bounced.

Beyond the bad checks, Lenco's attorneys maintain in their suit that the purchase order from Nordstrom was a fake. A source contacted at Nordstrom's headquarters in Seattle who asked not to be named said the company had "never issued that order," and had "never even heard of John Spano."

Lenco's lawyer, Anderson, is stymied that such an apparent ruse happened. But he says his clients felt confident in Spano's ability and, more importantly, his net worth. "It wasn't just a case of accepting him on face value," Anderson says. "He produced documents that appeared to be genuine. He had the order from Nordstrom, with their store logo and address right there. He had letters from banks attesting to his worth. Our people acted on what they thought was a good risk. They did their due diligence, and everything pointed toward a worthwhile business arrangement."

It comes back to the letters. Throughout the course of his business machinations, John Spano always seemed able to produce correspondence vouching for his finances.

At least two letters from Comerica's Joseph Lynch attested to Spano's vast wealth. And an April 15, 1997, letter from T. McCullogh Strother—a Dallas lawyer retained by Spano to serve as trustee of the inheritance Spano said was left to him by a relative—assured Islanders owner John Pickett that 10.4 million pounds sterling would be drawn against the trust funds and delivered to Spano's New York lawyer. Spano, according to the federal criminal complaint filed against him in the Eastern U.S. Judicial District of New York, used the Strother letter to reassure Islanders officials that the money he owed them was forthcoming.

The November 14, 1996, Lynch letter to Pickett states that Spano "maintains a net worth in excess of more than $100,000,000." That letter, Lynch has told federal investigators, was based on three unverified documents he got from Spano—a March 1996 financial statement showing his net worth to be $55 million; a document from a Cayman Islands bank reflecting $39 million in holdings; and a November 11, 1996, letter from a Clive Jones at Lloyds Bank confirming the existence of a $107 million trust account. (A Lloyds Bank spokesman in London told Newsday last week that no employee named Clive Jones could be found at Lloyds.)

Other sources interviewed for this story—including Innamorati, Stars President Lites, and Staubach executive Leslie—tell of seeing a similar letter from Lynch, which convinced them to do business with the quiet but confident Spano.

Still another letter, dated June 8, 1997, and purportedly written by Lynch to Pickett's representative, certifies that a $17 million check for the team will be covered by Augusta Leasing (another of Spano's alleged companies). The check bounced, and according to the federal complaint, Lynch denies ever writing the letter. U.S. Postal Inspector John LaPerla, the author of the affidavit in the complaint, states that the letter is an "obvious forgery."

If Spano indeed faked the letter, he did so carelessly. LaPerla says that two different type fonts were used in the letter—one for the body and one for the signature block. And the fax machine mark at the top of the page bearing Lynch's fax number "differs in format, content, and font style.
from that used by Comerica Bank." The mark, LaPerla notes, is an identical match with that of the Bison Group, owned by Spano.

In an interview, the Stars' Lites said he could not locate the letter he received from Lynch more than two years ago vouching for Spano's wealth. "But in all honesty," Lites says, "when he came to us with an officer of the Comerica Bank, we took the offer very seriously. It's a very reputable financial institution, one of the leading banks in Texas. The letter said [Spano] had $55 million...and substantial other assets. He was bringing partners into the deal. That was enough due diligence for us."

Lynch has refused to comment on the Spano case. It is no doubt mind-boggling to anyone who has ever sweated out approval on a home mortgage application--where loan officers are known to raise their eyebrows over a single missed VISA payment--that Spano was able to borrow millions and build his reputation long after his checks began bouncing. Yet one former banker told Newsday last week that it isn't so surprising. Banks rely heavily on other banks when verifying information about dents, said Bill Covington, former head of the sports lending desk at NationsBank in Charlotte, North Carolina. Even a faxed letter is considered credible if one bank executive will vouch for it to another.

As for those who chose to do business with the young upstart Spano, do not underestimate the power of desperation--as in the case of NHL Commissioner Bettman and Islanders owner Pickett.

Facing year after year of slumping revenues--and perhaps even the prospect that the team, like so many other pro franchises, might flee to a better market--the hockey executives saw the young and optimistic Spano as a lifesaver. After it became clear that Spano's offer had disintegrated, reporters learned that the NHL paid a former FBI agent less than $750 to investigate Spano's background. The Spano fiasco led to the NHL's recent announcement that future potential team owners will now be investigated by the international accounting firm of Ernst & Young. The league has retained a prestigious New York law firm to evaluate candidates as well.

"I can empathize with the league in many ways," says Lites, who sat on the NHL Board of Governors for 15 years. "We've done four to five transactions in that time, and the board's effort is always focused on achieving something both sides want--a sale. They wanted to facilitate John Pickett's desire to sell the team and marry it with a guy who had the assets and desire to buy it. Fleet Bank stepped up with the money, and everything looked good. If anyone looks bad in all this, it's the bankers."

A Fleet Bank official refused to discuss the case, citing the pending case against Spano. News reports last week noted that Fleet and NHL officials are now negotiating ways to restructure the $80 million loan.

But another factor seems vital in understanding the Spano debacle: simple ego. There was more than just money involved; there was the power and prestige of owning a piece of the Dallas Stars, or the Florida Marlins, or the New York Islanders. And apparently, Jim Leslie, president of the Staubach Company, wanted a piece of the action. On July 24, the day after John Spano was arraigned on the bank and wire fraud charges in Uniontown, New York, Jim Leslie discussed his association with the defendant. Like so many others, Leslie is working hard to distance himself from Spano. They were never actual partners, at least not until Spano made his bid for the Islanders. Even then, Leslie says, he never really had an interest in the hockey team. His interest was more in the real estate potential of the area around a new arena on Long Island.

Leslie's acquaintance with Spano goes back to 1995. He says he was introduced to Spano by investment banker Robert Innamorati, who has business links with the Staubach Company.
Innamorati, in turn, says he met Spano through Max Williams, a former SMU All-American basketball player and a Dallas businessman. A secretary at Williams' firm, U.S. Companies, said he would not return phone calls from the Observer. Court filings do not link Williams to Spano's alleged criminal activities in any way.

"Bob [Innamorati] was working with John on the Stars deal," Leslie says. "Bob's thinking was assuming that John would acquire the team, there very well could be a new arena and some real estate issues around that. So it would be good for us to be potentially involved."

Innamorati says he had a deal with Spano that hinged on the sale of the Stars: If Spano was successful, Innamorati would be paid a fee for his help in setting up the transaction. "I was never a partner. I had no equity. The deal didn't close, and I didn't get paid a fee," he says.

Likewise, Leslie says he never invested any money in the Stars. But more than a year later, Leslie would again join with Spano--this time as an important element in the proposed purchase of the Islanders. "Instead of John paying us a fee, I took a small interest in the team," Leslie says. "Then down the road, after he reportedly had closed the deal in April, he approached us [Leslie and three other Staubach employees] for a loan."

According to the federal complaint, Leslie and the other three men loaned Spano $1.4 million in exchange for the Staubach Company being designated as the master developer on a new arena on Long Island. "We know about real estate, but we don't know much about hockey," Leslie says. "We never felt like we should own a hockey team."

He is adamant that his investment with Spano was outside the official ranks of the Staubach Company. But Leslie's number-two position at Roger Staubach's firm must have helped wannabe sports czar Spano exude the prestige he was after.

Last week, prosecutors revealed that Leslie's loan is in default. Investigators also say that $1.25 million hockey star Lemieux invested with Spano--ostensibly for shares in a company about to go public--likely went somewhere else. Though Spano returned $360,000 of the investment to Lemieux, another check for $2.5 million bounced. Lemieux is not commenting.

Just 12 days before Spano was arraigned, still another Dallas company--Richmont Capital Partners--filed a civil lawsuit in Dallas against him, claiming breach of contract, fraud, and negligent misrepresentation. Richmont principals John Rochon and Nick Bouras claim in their suit that Spano approached them in March 1997 seeking a short-term loan of $1 million. They provided the loan "based upon representations of Spano regarding his strong financial condition." Richmont was also satisfied with Spano's vow to put up as collateral a $2 million certificate of deposit--issued by Comerica Bank.

Spano was to repay the full principal on the loan, plus 10 percent interest, by March 31. The deadline came and went. By June, according to the lawsuit, Spano had promised Bouras several times that the money had been wired to Richmont, but it had not. On July 3, Richmont got a court order to seize the promised CD. Spano refused to comply with the order. "Richmont has now gained information and believes the collateral is no longer in existence," according to document in the case. The CD has never turned up.

Patrick A. Wadlington, a lawyer representing Richmont, did not return telephone calls from the Observer.

For his part, Leslie refuses--even in the face of mounting evidence--to believe that he was scammed by Spano. "We were clear-headed about the decision," he says. "We had the loan collateralized by other assets, and we had reasonable knowledge of their value." Informed of the
apparently phantom collateral in the Richmont loan, Leslie says "Well, we know our collateral is real."

He would not reveal what, exactly, the investment team demanded for collateral. Real estate is involved--perhaps Spano's investment in Sebring Capital, sources say. Leslie describes the holdings as "a couple of little things that we've invested in as a company in which [Spano] was a minor partner."

Even after Spano was charged, Leslie clung to some hope that Spano's alleged fortune would materialize; that the money would float back to him and cover the $1.4 million loan. "I don't spend time verifying anybody's financial capacity," Leslie says. "We give people the benefit of the doubt that they are what they say they are. John was and is a very quiet, discreet person. Even today we don't know that John doesn't have that money."

Federal prosecutors aren't nearly so optimistic. They found Spano on July 20 at a posh resort in the Cayman Islands. Spano flew back to the United States and surrendered to authorities two days later.

At his July 23 arraignment in New York, a federal magistrate set Spano's bail at $3 million--half of which he had to put up in cash. He put up the equity in his home, as well as the homes of his mother and sister.

But even Spano's expensive University Park home is not free and clear. After the Islanders deal soured, reporters learned that Spano was delinquent in paying the 1997 property tax on his house. A Dallas County tax collection office employee told the Observer on June 21 that Spano had paid the $85,000 tax bill on July 11--just days after Newsday had uncovered his delinquency. But at Spano's arraignment, assistant federal prosecutor Gary Brown revealed that the tax check, like so many others from Spano, had bounced.

Prosecutors continue to amass evidence against Spano and expect to present their case to a federal grand jury soon. Meanwhile, Spano--who was required to surrender his passport at the arraignment--has been ordered to stay in Dallas or New York until his case is resolved. His lawyer, Nicholas Gravante Jr., offers a tepid characterization of his client: "Mr. Spano is concerned, as anyone would be who is facing these charges."

The Spano home--two stories, slate-roofed, nestled among shade trees behind an iron gate and next door to the University Park municipal offices--stands eerily dark and quiet. No one answers the telephone. On several visits last week, there were no cars in the driveway. At the Bison Group's office on North Central Expressway, a receptionist tells a caller that "Mr. Spano is in, but he has just stepped away from his desk." He never returns the call.

If the bland and bald Spano is in fact convicted of the massive scam for which he stands accused, you have to wonder, has anyone learned a lesson? Or the next time some unassuming character with a pumped-up pedigree surfaces, will the lawmakers fall in line, their hats eagerly in hand?

Bet on it. Every person interviewed for this story still hasn't a clue what happened. They still seem to be moving through some foggy dream sequence, struggling to wake up.

"You know," says Jim Lites, "with John you got none of that funny feeling you would expect to get about a guy trying to scam you. You always get a picture of these guys driving around in big limos with busty girlfriends on their arms. He wasn't like that at all. John and his wife were very simple people, very middle America."

Staubach's Jim Leslie, after a long and painful pause, puts a finer point on it: "We're very forgiving
people. Sometimes too forgiving.