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Spano comeback Con man who nearly bought the Islanders is out of prison -- but arrested in new fraud in Cleveland

BY ROBERT E. KESSLER
STAFF WRITER

February 17, 2005

Eight months after he got out of prison for fraudulently attempting to take over the New York Islanders, John Spano went back to his old ways, federal officials said yesterday.

Accused of defrauding a host of companies around the country, Spano was arrested and arraigned yesterday in federal court in Cleveland.

Spano, after serving more than 5 years in prison for the Islanders scheme, set up a firm called the Commercial Financial Group in the Cleveland suburb of Westlake, according to a court complaint filed by Steve Bolz, an inspector with the federal Postal Inspection Service in Cleveland. He used the company to scam more than a dozen companies, the complaint said.

Bolz's complaint said Spano rented a jet he claimed he owned to impress victims and began to swindle numerous firms around the country through various confidence schemes.

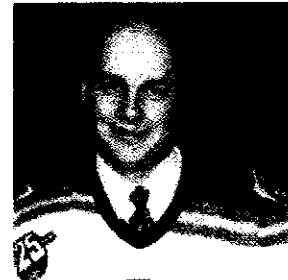
Spano, 41, promised to obtain loans for businesses, and then pocketed the fees they sent him without ever delivering the loans, the complaint said. In one complex variant of the scheme, Spano allegedly agreed to purchase mechanical equipment that a firm wanted and then lease it to them for a fee. Spano pocketed tens of thousands of dollars in fees but never delivered the equipment, Bolz said.

"He's the cleverest, sneakiest guy," said one of Spano's alleged victims, Sandra Beard, president of Badger Lighting and Signs in Waukesha, Wis., in a telephone interview yesterday. Spano is accused of swindling her out of \$17,000 by collecting a "security deposit" on \$100,000 in metal-bending machinery he agreed to purchase and lease to her firm.

When she complained, Beard said, Spano would regularly call her back with seemingly plausible excuses why the machinery had not been delivered and her money had not been returned. "I've got 147 voice mail messages from him," Beard said, adding that when she finally became suspicious and started doing research, she came across a John Spano who had been convicted in

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Photos



John Span, in Islanders jersey (NEWSDAY FILE PHOTO/PAUL BERESWILL)

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the Islanders case. Beard said she asked him whether he was that person, and he said no.

Spano's attorney, Jerome Eloff of Cleveland, said his client is not guilty and federal officials are criminalizing what is a civil dispute about payments among business people.

Magistrate William Baughman held Spano without bail on fraud charges yesterday, pending hearings next week.

Spano was on 5 years of supervised release after he was discharged from prison in June. Gary Brown, head of the U.S. attorney's office on Long Island, who was one of the prosecutors in the Islanders case, said yesterday his office will seek to have Spano charged with violating the conditions of his release. That could add an additional 2 years onto any fraud sentence.

Spano, who claimed to be a rich Dallas businessman, fraudulently inflated his net worth and contracted to buy the Islanders in 1997 for \$165 million. He briefly controlled the team in what was considered one of the oddest happenings in sports history.

At his sentencing in 2000, Spano said, "I made a terrible mistake. My judgment has been incredibly poor. ... I don't know what came over me to do what I did. I'm sorry for the people I've hurt. ... I'm sorry for the people of Long Island who believed I was going to do something for the team."

Spano's attorney at the time, Nicholas Gravante Jr., added, "After he serves his sentence, he hopes to get on with his life." Unfortunately, prosecutors said yesterday, he did.

From Islanders scam until now

1997

Spano briefly takes control of Islanders, only to plead guilty that year to fraudulently inflating his wealth to buy the team, and siphoning money from it. He also pleads guilty to two other fraud counts involving other victims.

Sentenced in April 2000 to 5 years, 11 months in jail, he's ordered to pay \$11.9 million in restitution, undergo counseling and serve a 5-year probation on his release.

Among the victims: the Islanders (\$3.4 million); a Dallas pottery importer (\$3.4 million); a Dallas loan lender (\$1 million); former hockey player Mario Lemieux (\$890,000).

1998

Sued by Cleveland bank for writing a \$100,000 check that bounced.

1999

While awaiting sentencing in the Islanders' case, Spano's bail is revoked when he's charged and pleads guilty to writing bad checks and using invalid credit cards to pay \$7,700 a month for apartment and penthouse in Philadelphia's ritzy Rittenhouse Square area.

2004

Spano's released from jail in June. While still on probation, he set up a firm that investigators now say he used to scam more than a dozen companies.