



Fireworks were confiscated from Japanese-Americans who were held in internment camps during World War II. They were sold cheaply by our government to clean out its warehouses, and were sold to, among others, two kids in Tacoma, Washington. Wallace Patrick Moriarty and his brother James began reselling their fireworks at quite a profit, and while James eventually left the business, Pat found a niche in fireworks. In time, he created a successful fireworks corporation.

Pat had a special knack. He was an incredible salesman who no one could turn down. And when he turned to illegal means to keep his businesses on top, his power of persuasion put him in jail.

The case involving Patrick Moriarty has produced 12 indictments and 10 convictions, involving everything from bribes and laundered campaign contributions to tax evasion and mail fraud. Hookers, cars, cash and condos were but a few of the fringe benefits provided to politicians statewide by Wallace Patrick Moriarty, the would-be Orange County power broker at the center of the

Playing With Fire

THE
FALL
OF THE
PYROTECHNICS
KING—
W. PATRICK MORIARTY

By Danny Pollock



AP/WIDE WORLD





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MORIARTY

scandal. Now, many of those politicians are paying a high price for his favors.

Since Moriarty pleaded guilty nearly two years ago to seven counts of mail fraud and lent his cooperation to the case, prosecutors have slowly but surely gone after those on the receiving end of his benefits. Although federal authorities are tight-lipped about where the ongoing investigation is headed, State Senator H.L. Richardson, who has worked with prosecutors, suggests that those 10 convictions are only the beginning of a case that may reach all the way to Washington, D.C. "God knows what's coming," he says. "But I think we'll see a lot more of this. There were a hell of a lot of names floating around."

Indeed, it's hard to be sure just how far the corruption goes. A survey of campaign contribution records by the *Los Angeles Times* has linked Moriarty to at least 125 California officeholders, and determined that he donated more than \$600,000 to their campaigns. Most of those contributions were legitimate and have gone uncontested by law enforcement authorities. But court records reveal that beginning in 1980, Moriarty "systematically violated campaign disclosure laws by laundering more than \$100,000 in political contributions to numerous campaigns in California" by channeling the money through associates. Some of the candidates—like Governor George Deukmejian—had no idea about the true source of the contributions and therefore have not been accused of wrongdoing.

Pyrotechnics, Moriarty's Anaheim-based fireworks company was extremely susceptible to laws pertaining to fireworks safety and sales.

Moriarty spent nearly \$150,000 pushing a state bill that would have eliminated local controls on the sale of "safe and sane" fireworks. The bill was eventually passed by the legislature but vetoed by then-Governor Jerry Brown. Nevertheless, Moriarty's political power went far

beyond that one state bill:

- He attempted to secure a gambling license by bribing four City of Commerce officials with cash payoffs and secret shares in his gambling club.

- He and a member of the Carson city council pushed for the development of a mobile home park on a site once used as a waste dump.

- He paid kickbacks to an official of California Canadian Bank for the approval of millions of dollars in loan applications.

"This is a case about the corruption of our political system," Chief Assistant U.S. Attorney William Drooyan told a federal judge before Moriarty was sentenced. "Mr. Moriarty is an intelligent, sophisticated, and wealthy businessman who chose to exploit the weaknesses of politicians and bankers to obtain favorable treatment."

The man looked like the stereotypical Lion's Club member: average height and weight, brown hair and blue eyes with standard frames. But around him were the trappings of wealth. Handmade shirts and suits, lavish parties for those he wanted to impress, Hawaiian vacations at a private estate—all used to give the impression that this was a man you needed to know.

Characterizing Moriarty as a victim of his own greed, U.S. District Judge William Rea sentenced him to seven years in federal prison and ordered him to surrender the \$3.4 million made from the sale of the card club. "He is the author of his own problems," the judge said.

Yet his attorney contends Moriarty, who had no previous criminal record, is not the sole cause of the corruption that surrounds him. "It's unfair to say that he has corrupted the state of California and local officials," says Jan Lawrence Handzlik. "There are many, many Pat Moriartys out there and plenty of politicians willing to take money and favors to benefit contributors. A lot of what he is

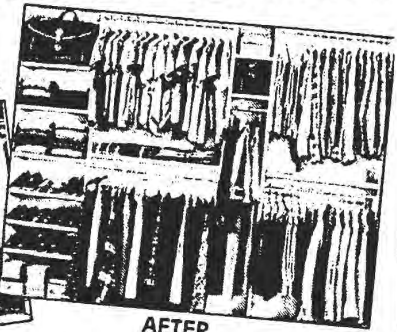
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"I wasn't trying to illegally
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accused of is not unusual. It's done all the time by lobbyists and people trying to get legislation passed."

Handzlik puts much of the blame for this state of affairs on the state political system, which allows those with vested interests to make heavyweight campaign contributions. "This case should be a red flag to indicate to the public that there is a need for reform in political fund raising," he says. "People with wealth are able to attract a lot of attention through well-timed contributions. They can gain easy access and bring any project under consideration."

But some legislators, including Deukmejian and an official with the state Fair Political Practices Commission, say campaign law goes as far as it can in protecting the interests of everyone. Deukmejian writes Moriarty off as a "real bad apple" and warns that any effort to further curtail campaign contributions may encounter constitutional problems. In his own dealings with Moriarty, Deukmejian has refused to return the \$17,000 that he reportedly received from two Moriarty associates during his 1982 gubernatorial campaign. He has, however, agreed to revise his campaign contribution statements to list Moriarty as the true source of the money. "I don't see why we should reward someone who has broken the law by giving him his money back," the governor told reporters.

"I don't know about reforms," adds Richardson. "I don't believe there are a lot of Moriartys out there. There are a lot of slippery people, but they're not involved to the degree that Moriarty is, at least not to my knowledge."

Moriarty declined a request to be interviewed for this story, but in a published interview last April he said, "The contributions weren't as much wrong as they were stupid."

"I wasn't trying to illegally influence or bribe anybody," he told the *Orange County Register*. "Admittedly, I was try-

ing to curry favor and increase my influence in the political arena. . . . It was kind of fun. I'm kind of a . . . political animal anyway. I like politics, or did. And it did make it easier to get access."

Moriarty hoped to parlay that access into success in a number of other business ventures. He had already built his Red Devil Fireworks Company into the largest and most successful fireworks maker in the country, and it seems that the man with a passion for military history needed new challenges on the business front. So, while seeking state legislation that would benefit the sale of his fireworks, he also set his sights on real estate and gambling opportunities. But Handzlik says he tried to move too quickly, and it led to his downfall. "He got into areas where he had no familiarity or experience," the attorney says. "And it caused everything to unravel."

Moriarty jumped at the chance to get involved in the California Commerce Club in 1982. When the Las Vegas group of investors that had planned to build the \$5-million poker palace ran into financial trouble, City of Commerce Councilman Robert Eula suggested contacting Moriarty, whom he knew as a generous contributor to political campaigns. Eula, Councilman Arthur Loya and Phil Jacks, the city's director of economic development, had already struck a deal with the Las Vegas group, headed by MGM Grand Hotel employee Frank Sansone. The city officials were to receive secret shares in the club in return for granting the city's first poker license. Moriarty was told about the arrangement and "willingly agreed to continue the bribery scheme," according to court documents. He also made four \$1,500 cash payments to Eula, Loya and Jacks for their help in securing the card club license, documents reveal.

Eventually, Commerce Mayor Richard Vasquez also received secret shares to ensure that a majority of the five-member council would vote the

right way. On April 5, 1982, the license was awarded to Sansone's group, but there was no public mention that Moriarty was now involved.

However, it wasn't long before thin began to fall apart. The club opened for business August 1, 1983, but it was shaken by financial problems and newspaper reports questioning its operation. A federal investigation was launched and Moriarty, Sansone, and the four Commerce officials were indicted for their roles in licensing and operating the club.

Eula, Loya, Jacks and Vasquez pleaded guilty to agreeing to grant a poker license in exchange for secret shares in the casino. Eula and Loya were sentenced to 10- and eight-month prison terms respectively, and fined \$2,500 each. Jacks was sentenced to six months and Vasquez three. "This is a particularly difficult case," Judge William Rea said before their sentencing. "They seem to fit into the same mold, with long periods of public service and dedication to the youth of their community. But corruption by public officials is not easily mitigated. . . . If conduct like this goes unpunished, the very foundation of government collapses."

With the cooperation of those officials, the government mounted a strong case against Moriarty and Sansone. Midway through the trial, Moriarty pleaded bargained with prosecutors, confessing to three counts of mail fraud involving the card club bribery scheme and agreeing to cooperate with federal authorities in their ongoing investigation of statewide corruption.

Moriarty also pleaded guilty to five other counts of mail fraud; two involving his dealings with California Canadian Bank official Floyd Walden. To win approval of certain business loan applications in 1980, "Moriarty began to pay cash bribes and kickbacks to Walden in exchange for his approval and assistance in obtaining CCB's approval of the

The final official to fall thus far is Councilman Walter "Jake" Egan.

loan applications," according to court records. Moriarty had been dealing with the banks since 1975, and he had applied for more than \$20 million in loans for himself, his business and real estate partnerships, and other businesses with which he was associated. Many of the loan applications after 1979 were submitted through Walden, who at one time was manager of the bank's Orange office, and later became a CCB vice president. Prosecutors say many of the loans are now in default, resulting in multimillion dollar losses for the bank.

According to court documents, Walden eventually pled guilty to two counts of mail fraud and two counts of tax evasion resulting from his receipt of \$230,000 in bribes and kickbacks from Moriarty. He was sentenced to four years in prison, fined \$22,000 and ordered to pay up to \$100,000 in restitution to the California Canadian Bank.

Prosecutors' next target was Long Beach City Councilman James Wilson, who was convicted last April of 21 counts of mail fraud after spending five years as a personal consultant to Moriarty. During Wilson's trial, Moriarty testified that he hired the councilman only because he needed a liaison to the black community. But prosecutors argued that Wilson was paid \$53,000 from 1978 to 1983 for his support of legalizing Moriarty's safe and sane fireworks in Long Beach, and his statewide lobbying efforts for other pro-fireworks legislation. By failing to disclose his association with Moriarty, Wilson defrauded Long Beach voters of honest representation, Drooyan contended.

During his trial, Wilson made a futile effort to convince jurors that he had always supported the sale of non-explosive fireworks in Long Beach, and that his failure to disclose loans and trips provided by Moriarty was nothing more than an oversight. Nevertheless, the jury found him guilty of accepting bribes, and a federal judge sentenced him to

three years in prison. During the trial, a doctor testified that the proceedings could threaten the 57-year-old Wilson's life because he suffered from heart problems. But the trial continued, and less than a month after being sentenced, Wilson suffered a fatal heart attack.

The final official to fall thus far is Carson City Councilman Walter "Jake" Egan. He was convicted last July of 10 counts of mail fraud and two counts of attempted extortion after being accused of accepting \$30,000 in bribes from Moriarty. Prosecutors say the two were working together to win approval of the 180-acre Casa del Amo mobile home park that would sit atop a former garbage dump. The project eventually won approval from the city, but was blocked by state health officials.

"Many people favored the park because it appeared it could be developed," says Robert B. Gaunt, Egan's attorney. "Jake Egan supported the proposal all along. But the government's contention is that when he supported it and tried to get it through the council, he was on [Moriarty's] payroll."

Gaunt claims Moriarty's money actually went to a political action and education fund established to win approval of the project. But prosecutors countered that the fund was nothing but a scheme to avoid the state's political reporting laws.

Despite the conviction, Gaunt still claims Egan is not guilty of extortion. Citing a letter from former Moriarty associate Richard Raymond Keith, Gaunt has argued that Moriarty may have "stretched" his testimony to enhance the government's case. "I'm in no position to say that he [Moriarty] went too far, or that anyone is acting maliciously," concedes Gaunt, "but they [prosecutors] have got the man. If he doesn't help, he's in big trouble. When he comes up for parole, he wants to get a favorable report."

The Moriarty investigation is on its



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way to Sacramento. Allegations have already surfaced that Moriarty provided prostitutes for at least three state legislators at parties in Orange County and Beverly Hills. State Senator H.L. Richardson says Moriarty raised the subject of prostitutes and politicians with him during a conversation in San Diego.

"I'd known Moriarty for a couple of years, and I was speaking in San Diego," Richardson recalls. "Moriarty showed up outside. We went to a restaurant, and he started talking about parties at a hotel. He said some of my colleagues had been there . . . and a few prostitutes just happened to show up. He said the Orange County District Attorney was trying to make something of this, and he asked me to call him and find out what was going on. He was talking about some heavy names that he knew in Washington. I said, 'You bet I'll look into it,' and from there I went on to help the District Attorney."

Although Keith has reportedly alleged that Moriarty spent thousands supplying prostitutes to politicians, Moriarty has testified that most of the women were for foreign businessmen. However, Moriarty also testified that a few were probably meant for state senators and assemblymen, but he claimed he couldn't recall the names of the politicians involved.

Drooyan would not comment on that aspect of the case.

Certainly, Sacramento will breathe a collective sigh of relief when the investigations are finally laid to rest. Names have been dropped and reputations have been jeopardized by allegations still circulating at capitol cocktail parties and bars. "When you mention whores and legislators, I don't care if you're pure as driven snow," Richardson says, "people can get hurt by it. There's nothing worse than charges being made and nothing being done about it. You are only left with dirty rumors."

In light of such concerns, Richardson

also declined to speculate on who may eventually be prosecuted. "For example, during one of our conversations, Moriarty mentioned a group in Washington, D.C. that he called friends of his," he explains. "What if I brought up their names, even though they may not have had a damn thing to do with this? There are a hell of a lot of names floating around already. . . One assemblyman [Bruce Young] has been prosecuted, but there could very well be more. At one time there were 17 investigators working on this case. A lot of guys had their hands in Moriarty's pockets."

Meanwhile, the man who masterminded the scheme is serving his time at Lompoc Federal Prison Camp. Once in a while he is brought to testify in Los Angeles, but for the most part he stays to himself, brooding about the trouble he has caused and the friends he has lost. Prosecutors have suggested that he seems somewhat reluctant to cooperate completely because of his "close personal relationships with some of the individuals" targeted by the investigation. Handzlik, his attorney, says Moriarty feels a "tremendous sense" of remorse about his activities. "He doesn't feel that he corrupted other people," Handzlik explains. "But he is distressed because others—his close friends—are in trouble."

"I've got to convince the judge that all crime didn't begin and end with me, and hope we can appeal the sentence," the now-bankrupt Moriarty told the *Register*. "What other chance do I have? I'm not trying to absolve myself from being a criminal. But I'm also not guilty of the biggest political scandal to hit the Western Hemisphere."

Moriarty will be eligible for parole in less than two years. OC

Contributing Editor Danny Pollock writes frequently for Orange Coast. His article "Star Wars: Orange County's Part in the Big Picture" was in the November issue.





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