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**SCOTT ROTHSTEIN'S FIRM: Feds pursue more lawyers, campaign violation links in Scott Rothstein case
Federal investigators are scrutinizing the records of Scott Rothstein's former employees -- who gave about \$2.2 million to political candidates -- for potential campaign finance and other violations.**

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Lawyer Steven Lippman and his homemaker wife, Marcy, hadn't donated much to politicians before 2006 -- just \$500 to former U.S. Sen. Bob Graham, the Florida Democrat. But their generosity exploded after Lippman joined Scott Rothstein's law firm in Fort Lauderdale. Over the next four years, the Plantation couple contributed about \$247,000 to Gov. Charlie Crist's campaign for the U.S. Senate, the McCain-Palin presidential ticket and other politicians. The GOP redistributed some of the Lippmans' donations to Republican political committees in 2008 battleground states such as Pennsylvania, Ohio and Colorado.

Lippman is among 30 lawyers in Rothstein's now-defunct firm -- along with 15 other employees, spouses and relatives -- who made about \$2.2 million in state and federal campaign contributions as Rothstein executed his Ponzi scheme from 2005 to 2009, public records show. Nearly 40 percent of that money went to the McCain-Palin 2008 campaign, which then passed along some of it to GOP political committees around the nation.

Now Lippman and others in Rothstein's 70-lawyer firm -- Rothstein Rosenfeldt Adler -- have come under the scrutiny of federal investigators, according to sources familiar with the probe. They're examining Rothstein's use of money from his \$1.2 billion Ponzi scheme to pay firm salaries and give huge bonuses to senior attorneys on the condition that they donate generously to his favorite politicians.

When Rothstein was arrested earlier this month on federal racketeering charges, prosecutors alleged that he instructed employees who received bonuses to make "large" political donations in their names "to conceal the true source of the contribution and to illegally circumvent campaign finance laws."

BY THE NUMBERS

The largest chunk of contributions, about \$1.2 million, came from Rothstein and his wife, Kimberly, who held fundraisers for McCain, Crist and other politicians at their waterfront home. Partner Stuart Rosenfeldt, who owned the law firm with Rothstein, and wife, Susanne, donated about \$306,000 -- to McCain, Crist, Florida Senate President Jeff Atwater and others. Rosenfeldt also contributed \$150,000 to committees supporting both major candidates in last year's Broward Sheriff's race.

The third named partner, Russell Adler, and wife, Katie, gave about \$185,000 to state and federal politicians. Among them: former New York Mayor Rudy Giuliani for his presidential bid and later McCain, when he became the Republican nominee for the White House.

One employee who was close to Rothstein, chief operating officer Debra Villegas, donated about \$46,000 to the campaigns of McCain, Giuliani, Crist and GOP committees in Florida. Last year, Rothstein bought a \$400,000 house for Villegas in Weston.

Adler, Lippman and Villegas declined to comment or could not be reached. Rothstein's attorney, Marc Nurik, declined to discuss the political donations. Rosenfeldt referred questions to his attorney, Bruce **Lehr**. "My client only gave campaign donations based upon his own ideology," **Lehr** said.

The racketeering charges against Rothstein allege that the firm's donations to politicians and campaign committees were largely illegal because they were funded with money from the now-disbarred lawyer's massive sale of fabricated legal settlements to wealthy investors.

Agents for the FBI and IRS are examining campaign records, payroll statements and other documents to determine how Rothstein used his investment scam to fund the firm's overhead and political donations, according to sources familiar with the probe.

Legal experts said lawyers at RRA may not have known, as they contend, about Rothstein's Ponzi scheme, but that such a lack of awareness wouldn't excuse them as lawyers from asking tough questions of their boss -- the firm's managing partner -- when he required that they make campaign donations as a condition of receiving bonuses.

"That should have been a tipoff that they were violating campaign finance laws," said Nova Southeastern University law professor Robert Jarvis, who teaches ethics and constitutional law. "Even if they didn't know anything about the Ponzi scheme, they certainly knew this was wrong, and they have real exposure" to charges of fraud, money-laundering, making false statements and tax evasion, Jarvis said. "It's a very difficult case to defend against."

Federal prosecutors in Miami won convictions in recent years against three top executives of the engineering consulting firm PBS&J on charges of running a scheme to subvert campaign finance laws. Prosecutors charged that the company's executives committed fraud and made false statements to the Federal Election Commission by illegally reimbursing employees for political contributions to get around campaign finance laws that limit or prohibit corporate contributions.

"Fraudulent activity occurred in federal campaigns across the nation" and "affected campaigns for numerous state offices," prosecutors said in court filings in 2008. Former U.S. Sen Mel Martinez, a Florida Republican, and former U.S. Sen. Max Cleland, a Georgia Democrat, were identified as having received illegal contributions from PBS&J executives.

Many candidates have returned donations from Rothstein and now say they will return those linked to his firm's lawyers, as well.

On Friday, Crist told The Miami Herald that he would return all contributions from 35 lawyers and employees in Rothstein's law firm -- about \$76,250. He had previously returned about \$9,600 from Rothstein and his wife.

Florida Chief Financial Officer Alex Sink, a Democrat running for governor, announced Friday that she plans to give back money from firm lawyers amounting to at least \$7,025. In November, she had already returned \$6,000 from Rothstein, his wife and companies.

POLITICAL LINKS

At Rothstein's old firm, political fundraising was commonplace because the managing partner sought to ingratiate himself with Crist and other GOP heavyweights. Rothstein also hired former politicians, judges and lobbyists.

That Rothstein hosted fundraisers at his home -- including one for Sink -- was not unusual. Prominent lawyers hold fundraisers for politicians and give them money all the time. But Rothstein's firm stood out because of the large amount of money donated by some of its top attorneys.

Grant Smith, along with his wife, Eliza, for example, gave about \$37,000 to state and federal candidates, including Crist. Smith, who declined to comment, worked for many years as a lobbyist at the politically connected Tripp Scott law firm and is a son of former Congressman Larry Smith. "Any donation that Grant gave was strictly in adherence with the law," said his attorney, Neal Sonnett. "I know that Grant advised Scott and others that anybody who gave donations had to give their own money and they couldn't be reimbursed or given in someone else's name." Sonnett said he has told federal prosecutors that Smith will cooperate, noting that he expects them to ask about Rothstein's fundraising activities.

Attorney Gary Farmer, who joined Rothstein's firm about one year ago after winning a big whistleblower case against a pharmaceutical giant, and his wife, Stacey, gave about \$37,000 to state and federal candidates this year.

Farmer said Rothstein asked him to make political donations -- including to Crist. But Farmer, a Democrat who said he sometimes gives to Republicans if they're strong on judicial issues, said he would have given to Crist anyway.

"I sure as hell didn't get any bonuses for giving to Charlie," Farmer said. "I can tell you the feds will never come out and say I got a bonus. I didn't get a single bonus the entire 11 months I was at RRA." Farmer said he met with federal authorities a couple of weeks ago. He said they questioned him about whether Rothstein pressured him to make donations but asked "more about the investment stuff."

Miami Herald staff writers Rob Barry and Beth Reinhard contributed to this report.

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