

## STALLWORTH INVESTIGATED AGAIN LEGISLATOR MAY HAVE ATTEMPTED TO LAUNDER MONEY

Detroit Free Press (MI) - Saturday, May 26, 2001

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State Rep. **Keith Stallworth**, facing charges of obtaining a phony driver's license and fake voter registration, may have tried to launder money from the sale of a topless bar, according to court records filed Friday by the Michigan Attorney General's Office.

The bar on Woodward Avenue, now called Xanadu, has been the source of a series of legal and financial difficulties for Stallworth, D-Detroit. State records indicate that he was forced to relinquish control of it in 1998 after a series of liquor law violations, but he has since been investigated repeatedly for allegations of hidden ownership.

Stallworth faces three felony charges in Wayne County Circuit Court for allegedly using his brother's name on license and voter applications in October. When he was arrested in February, state officials said they were unable to determine what motivated the alleged forgeries, and Stallworth declined to explain.

But the documents filed Friday allege that Stallworth's actions may have been linked to "transferring an interest in a bar ...or liquor license ...and potential money laundering."

Stallworth may have needed the fake ID to launder money through a bank account in the brother's name, according to the documents.

Chris DeWitt, spokesman for Attorney General Jennifer Granholm, declined to comment Friday on whether the investigation would lead to additional criminal charges.

"There are a lot of questions that we don't have answers for," DeWitt said. "This may turn out to be nothing."

Neither Stallworth nor his attorney returned phone calls seeking comment Friday.

Stallworth has said he was simply doing a favor for a family member when he applied for a driver's license and voter registration card. "This is a personal matter that has become public," he said in February.

Included in the documents filed with the court was a memorandum from the Detroit Police Department's vice unit, which conducted a license inspection of Xanadu on Sept. 5. Stallworth was there that night and identified himself to officers as the "court-appointed receiver" for the bar, the records said.

Stallworth also told officers he was "good friends" with Detroit Police Chief Benny Napoleon, and "a close friend" of Granholm, according to the report.

In 1998, Stallworth was forced to sell the bar, formerly called Tigers Lounge, or face revocation of its liquor license, records on file with the Liquor Control Commission show. Those records show that he sold 100 percent of the company that owned the bar, Stallworth Entertainment Inc., to a person identified as Clifford Matthews. But Stallworth told police last fall that Matthews had defaulted on the payments.

Court records show the ownership of the bar is murky. Stallworth and his company purchased the bar, named Cantaloupes at the time, in April 1994 directly from NPV Investments Inc. The price was \$206,000, payable in monthly installments of \$2,000 and a final balloon payment in 2000.

In 1997, Stallworth sold his stock ownership in Stallworth Entertainment Inc., and the bar's liquor license to Matthews for \$800,000, also payable in installments. Stallworth later sued Matthews for failure to pay.

The two men apparently continued to co-own, signing a new lease with NPV in 1999. NPV sued the pair last August, claiming they had failed to pay more than \$107,000 in taxes, lease payments, unpaid water bills and other fees.

Matthews said in court documents that Stallworth is responsible for more than \$90,000 of the money owed; Matthews claimed the rest of the money, including back taxes and water bills, had been paid. Matthews' attorney could not be reached for comment.

An attorney for NPV said he was not aware of any connection between the ownership of the bar and the allegations of phony identification.

Property records also show a series of state tax liens against the bar in the last two years. The taxes have been paid. However, records indicate that the federal Internal Revenue Service filed tax liens of \$70,000 against Stallworth last year and \$140,000 against Stallworth Entertainment in 1997. Those have not been paid.

Stallworth also owes a state workers compensation fund about \$65,000 for claims filed by two former bar employees who were wounded by gunshots on the job. A spokesman for the Department of Consumer and Industry Affairs, which oversees the fund, said Friday that Stallworth has made monthly payments of \$200 to \$400 on that debt.

A hearing on the felony charges is scheduled for June 8, but the attorney general is asking for a delay to continue investigating.

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Caption: Photo

**Keith Stallworth**

Edition: METRO FINAL

Section: NWS

Page: 3A

Index Terms: KEITH STALLWORTH; CONTROVERSY ; MICHIGAN ; LEGISLATOR ;  
INVESTIGATION

Dateline: LANSING

Record Number: 0105260459

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