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By JAMES W. WADE III

Staff Reporter

George Phillips-Olivier, the Chief Executive Officer of the Cuyahoga Metropolitan Housing Authority (CMHA) was arrested by federal authorities for allegedly taking bribes to steer contracts of CMHA programs receiving federal funds.

The CMHA is an agency that employs nearly 1,000 people and provides affordable housing to almost 50,000 residents. Phillips-Olivier, 53 was charged in a federal indictment. FBI agents arrested the former CMHA head at his Cleveland home. He then appeared before Magistrate Judge Nancy Vecchiarelli in U.S. District Court in
Cleveland
where he pleaded not guilty.

The charges against Phillips-Olivier have been long anticipated. He has been under investigation for more than two years and a local contractor has already pleaded guilty in connection with a scheme involving $15 million in contracts related to a CMHA federally funded energy-efficiency project.

The Board of Commissioners of CMHA has named Jeffery K. Patterson as Acting Chief Executive Officer. Patterson, who has been Chief of Staff and Operations, is a 21-year veteran of public service. The commissioners also voted to place Phillips-Olivier on administrative leave without pay, following his indictment in U.S. District Court.

According to an 18-page indictment, Phillips accepted items of value, including golf outings, adult entertainment, tickets to sporting events and an air conditioning system for his home from a business trying to secure a contract for a CMHA project.

The owner of the business that provided the bribes to Phillips, according to the indictment, was William Neiheiser of Gates Mills. In November of last year, Neiheiser, 62, who owns Reliance Mechanical, a heating and cooling business, plead guilty to four counts that include bribery in the Cuyahoga County corruption probe.

Federal prosecutors alleged Neiheiser did free or discounted work at several homes, including Phillips, in an attempt to obtain Cuyahoga County business for Reliance Mechanical.

Phillips-Olivier, who earns more than $191,000 a year, asked Vecchiarelli for a court-appointed attorney. Richard Blake, who has represented Phillips-Olivier for the past two and a half years, said he expects CMHA to place his client on leave without pay and, as a result, Phillips-Olivier will not be able to afford his own defense.

Vecchiarelli denied the request, but said she would reconsider if Phillips-Olivier provided information to justify it.

It was just four months ago that local, state and federal investigators removed boxes of records from CHMA's housing voucher office on Hamilton Avenue and computers and a server from the agency's headquarters on West 25th Street .

Indicted with Phillips-Olivier was Michael McMichael, 53, an official of Siemens Building Technologies. McMichael and fellow contractor William Neiheiser conspired to bribe Phillips-Olivier in exchange for lucrative energy efficiency contracts, according to the indictment.

Neiheiser pleaded guilty to the scheme in November and is awaiting sentencing. Court documents include wiretapped conversations between the defendants, some of which occurred after federal agents raided homes and offices on July 28, 2008, as part of their probe into public corruption.

Johnson, the CMHA board chairman, said the contracts that Neihesier and McMichael were trying to obtain were never awarded.

Prosecutors also charged Phillips-Olivier with lying after they went to his house to talk with him about their investigation. They claim he was not being truthful when he said Neiheiser did not give him a ticket to the 2008 Bridgestone Invitational golf tournament at Firestone Country Club and that he did not attend the tournament.

They also claim he lied when he said he paid for air conditioning work that Reliance Mechanical performed on his house.

When investigators searched Phillips-Olivier's home and office, they also sought documents related to energy-efficiency work being done at the Beachcrest Towers and Lakeview Terrace housing complexes.

Agents also looked for documents related to a controversial land deal at East 80th Street and Kinsman Road
in 2005, in which CMHA paid $150,000 an acre despite one appraisal that valued the land at $46,000 an acres.

No charges have stemmed from that investigation, Johnson said, and CMHA is primed to start moving its headquarters there starting in June.