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To End Inquiry, Suffolk Leader Exits Race

By **DAVID M. HALBFINGER**

Steve Levy, the Suffolk County executive who switched parties to seek the Republican nomination for governor last year, abruptly ended his bid for a third term on Thursday in a deal to end a 16-month criminal investigation of his political fund-raising.

His exit from the election this year drew a crashing halt to a political career that had taken him from near-outcast among Democrats for his incendiary rhetoric on [immigration](#) and fiscal tightfistedness to a near-hero among many New York Republicans, who saw him as their only hope to deny [Andrew M. Cuomo](#) the governor's office.

In an extraordinary statement, the Suffolk County district attorney, Thomas J. Spota, a Democrat, implied that he declined to prosecute at least partly to spare the county a leadership crisis at a time when it can ill afford one. "The decision to allow Mr. Levy to complete his term was carefully considered and involved weighing his conduct, the need for stability in government in these difficult economic times while affording a smooth transition after the 2011 elections," Mr. Spota wrote.

The murky facts surrounding Mr. Levy's departure came in stark contrast to his squeaky clean reputation. An early advocate for public financing of campaigns, he gained popularity in the 1980s as a Democrat in Republican areas by proposing many good-government reforms.

And as the executive since 2004 of New York's largest suburban county, he won a bipartisan following as a cost-cutter and self-styled champion for people upset with their property tax burden. That image was only enhanced by his frequent clashes with lawmakers, both in Suffolk's Legislature and in Albany, and with labor leaders, whom he seemed to take joy in antagonizing.

A year ago, Mr. Levy, a lifelong Democrat, left the party in a failed effort to win the

Republican nomination for governor. He was recruited by some Republican leaders who saw him as tailor-made for the moment, but other party officials snubbed him, viewing his 11th-hour conversion with suspicion.

“You could say it was ambition, you could say it was hubris, you could say it was reaching a little bit beyond his design specs,” said Lawrence C. Levy, no relation, an expert on suburban politics at [Hofstra University](#). “But a lot of people around the state believed Steve Levy was going to be, four years from now, the next Republican candidate for governor, and that if he had been the candidate last fall, Republican candidates throughout the state would have done better than they did.”

Mr. Levy, 51, whose campaign war chest of \$4.1 million had scared away all but one Democratic challenger in the November election, instead agreed to turn over all of that money to the Suffolk district attorney’s office.

In return, Mr. Spota closed an investigation by his government corruption bureau that he said had begun in summer 2009. “You can be assured that if I believed that his actions compromised his ability to govern, I would have sought his resignation,” Mr. Spota said. “Restraint is often more difficult than aggressive action, but in this case I know it is more appropriate.”

Mr. Levy, in a statement, said he accepted responsibility for his actions. Patricia Pileggi, a former prosecutor who was chief of the public integrity section at the United States attorney’s office in Brooklyn, said that when a target of a case accepted responsibility for wrongdoing, it could be a tipping factor in whether to continue an investigation.”

Mr. Levy’s exit upended Suffolk politics. It dealt a devastating blow to the [Republican Party](#), which was counting on his coattails to help it recapture the county’s Legislature. Democrats, meanwhile, had already coalesced behind Steve Bellone, the supervisor of the town of Babylon.

Mr. Spota’s interest in Mr. Levy’s fund-raising from people doing business with the county, and in the use of county workers for his campaign, was an open secret, according to officials who were interviewed by prosecutors.

The investigation surfaced recently, during the trial of a former county lawmaker convicted of grand larceny and insurance fraud, when prosecutors called as a witness a convicted tax evader whom Mr. Levy had recommended for \$85,000 in county title-insurance work. That man, under investigation in a separate fraud case, accused Mr. Levy of trading county

contracts for campaign donations, [Newsday](#) reported.

Mr. Spota said little about what his inquiry had found, while indicating it had turned up no evidence that Mr. Levy had lined his own pockets. “There is no question,” he said, “that while the investigation revealed serious issues with regard to fund-raising and the manner in which it was conducted, including the use of public resources, I am confident that Mr. Levy did not personally profit.”

John Zaher, a Republican political consultant, said he was reeling: “It’s a major blow to anyone who respects good government in Suffolk County. ”

How the news broke on Thursday came as an added rebuke to Mr. Levy. At about 4 p.m., he issued a lengthy statement, saying he had agonized over whether to run and attributing his decision to fatigue after a quarter-century in public life, mentioning “long hours, tough decisions, grueling debates, family sacrifices and a feeling that after a while you’ve accomplished what you set out to do on one level and look to new challenges.”

At the tail end of his statement, Mr. Levy acknowledged, almost as an afterthought, that “questions have been raised concerning fund-raising through my political campaign,” and said he had accepted responsibility and was turning over his campaign balance to the district attorney.

Minutes later, Mr. Spota issued his own statement.