



# PALS CALL 'AIDS THIEF' SAINT JOHN

By LAURA ITALIANO  
and WILLIAM J. GORTA

They say he paid for their AIDS medications and hospital stays. He promoted their careers. When eviction notices were tacked to their doors, he footed the tab for their back rent and lawyers.

Friends of accused embezzler John Loan, some of them in tears, rushed to his defense yesterday as Loan sat in a Manhattan jail charged with plundering \$3 million from the Midtown money-management firm where he worked.

The friends called him a modern-day "Robin Hood" who used his fortune to help them and numerous AIDS and theater-related charities.

But there's nothing to indicate he was anything more than a "peripheral" donor to the five charities they say he funded.

One of them, the Gay Men's Health Crisis, couldn't find any contributions in Loan's name, or under an alias he sometimes used, John Jerome.

The Genesis Guild, a not-for-profit theater group, described him as a minor giver.

The remaining charities, the Gay and Lesbian Community Center, Broadway Cares/Equity Fights AIDS and the Manhattan Association of Cabaret, had no comment.

"I'd do anything for this man. I owe him my life," sobbing friend Diane Palmer, 55, a Manhattan secretary said yesterday. Loan paid for her quadruple bypass at New York Hospital in 2000, she said — at a cost of tens of thousands of dollars.

"He would bend over backwards to help people," agreed ex-beau Kristopher McDowell, 23, an actor and singer for whom Loan, 41, paid to produce a CD of pop vocals and theater music.



**JOHN LOAN**

Allegedly stole \$3 million.

Loan, jailed in lieu of \$1 million bail, is due back in court tomorrow on charges that during his last four years working as events manager for Alliance Capital Management at Sixth Avenue and 55th Street, he pocketed a small fortune.

Prosecutors say Loan siphoned off the loot by writing checks to his bogus company, Beautiful Parties.

The alleged looting began within a year of the death of his long-term partner, hairdresser Jamie Nesky, who died of AIDS at St. Vincents Hospital in May 1997 at age 48.

Loan had paid all medical expenses for his dear friend, and the bills "were astronomical," said publisher Nancy McCarthy, a friend of Loan's for 20 years.

Loan's friends said yesterday that they had no idea where he got the money he lavished on them and on expensive networking parties for struggling actors, recording artists and cabaret singers.

But Loan always suggested that his bosses at Alliance gave him an unlimited expense account on top of his \$225,000 annual earnings, they said.

**PEACH OF A GUY:** The production of singer Kristopher McDowell's CD was paid for by John Loan.  
N.Y. Post: Tamara Beckwith

# BACKSTAGE

## In Focus

# Loan Pleads 'Not Guilty'

### Attorney Aidala and Cabaret Artist McDowell Go On Record

By Leonard Jacobs

In a courtroom containing few journalists and no apparent friends and family, fallen cabaret and CD producer John Loan, a.k.a. John Jerome, entered a plea of not guilty last week to charges of grand larceny in the first degree. He is accused of embezzling over \$3 million from his former employer, Alliance Capital Management, a venture capital firm.

In *The People of the State of New York vs. John Loan*, it is alleged that Loan, formerly the chief events planner for the firm, siphoned funds from the company and directed them toward Beautiful Parties. That latter entity, prosecutors contend, was a fictitious organization created by Loan in order to receive those funds, and which, if supplementary materials contained in the indictment are to be believed, enabled Loan to create Jerome Records. By doing so—and by becoming, if for a short time, one of the greatest cheerleaders the cabaret industry has known—Loan established himself inside and outside the entertainment industry as a philanthropist, benefactor, and friend to

performing artists.

According to the text of the indictment, in a statement given to Detective Kevin Holman of the Midtown North Detective Squad, Loan first "stated in substance that he didn't know what the detective was talking about" then "stated two to three times that Beautiful Parties never performed any services for Alliance Capital."

The statement then continues: "Upon being confronted with checks by the detective, the defendant stated in substance that the checks were for nothing. The defendant had a box at a Mail Boxes Etc. location... that he donated the checks. The defendant stated... that he donated the money to charities, tried starting an acting school, and then started Jerome Records about one year ago." Finally, at the end of the statement, comes a remarkable sentence: "The defendant stated in substance that he was surprised he didn't get caught earlier."

Shortly thereafter, Loan and Detective Holman each signed another statement, effectively a handwritten letter

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# Loan: 'Not Guilty'

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of confession, partly stating "I started Beautiful Parties to get extra money" after Loan's late boyfriend "got fired because...he had AIDS" and "had no insurance." Loan added, "I started drinking and continued billing Alliance." The statement, if authentic, contains an abbreviated chronology of Loan's embezzling activities.

## The Defense on the Offensive

On the face of it, the text of the indictment seems compelling. But Arthur Aidala, Loan's attorney, begs to differ. He suggests that the last thing the defense is apt to do—for now, anyway—is let the criminal justice system simply convict John Loan. Instead, Aidala is coming out swinging, having first advised his client to plead not guilty to the charges and reject the offer of a plea bargain in which his client still would serve jail time, but far less than the 25-odd years he faces if convicted.

"I believe, after hearings are held, that we're going to be able to show that [Loan] requested an attorney and gave the name of an attorney" at the time of his initial interrogation and was "denied access," says Aidala. The lawyer also questions the "voluntary-ness" of the statements that Loan is alleged to have made and signed.

Asked to elaborate, Aidala said, "The accusation is of violating Mr. Loan's right to counsel. Once he was in custody, he requested an attorney to be present [and] was not allowed" to see one.

Loan, he says, was also "consistently badgered with questions, and depending on what evidence comes out in trial" there may be "allegations of physical abuse or at least threats of such abuse" on the part of the police. Aidala declines to specify whether that alleged abuse (or hints thereof) came from Detective Holman or by anyone else within the criminal justice system.

In the meantime, Aidala says he is "preparing motions asking to see whatever evidence the judge considers me to be entitled to see." He says he will be "asking for the suppression" of that handwritten statement in particular, at which time the prosecution will "have an opportunity to reply." The motion will be filed by March 13; Loan's next court date is March 27. Ideally, Aidala is gunning for a "real hearing where I would be questioning the detectives."

## Aidala on the Aftermath

Asked directly about the many cabaret artists who were among those most shocked and distressed by the arrest and indictment of John Loan, Aidala says he's sensitive to their plight. And their plight is no small

checks and cancelled checks. And all I can tell you is there has been an outpouring of support for John Loan, from people wanting to help any way they can."

Of course, one way these unspecified "people" could help Loan is by trying to raise the \$1 million bail required for his release from Riker's Island, a prospect Aidala feels is slim.

"I don't see any conceivable way of raising a million dollars, and I don't see the judge lowering the bail significantly unless there's some drastic change of circumstances, although it's clearly—and criminal-law people feel this way too—excessive. I mean, a million dollars bail for a 46-year-old man who has never been in jail in his life, and who even the district attorney has conceded doesn't have more than a few thousand dollars in the bank, seems excessive."

Loan, Aidala says, is holding up well at Riker's Island, following a stint at The Tombs, the city jail located beside the lower Manhattan courthouse where his trial may commence this summer. "He was appointed the suicide-watch liaison in jail, where he would speak to other inmates and report to the higher-ups so they could seek counseling for that particular inmate. Which goes to the point that John Loan is a caring and special person with a big heart."

As for the possibility of advising Loan to eventually change his plea, Aidala concedes "after we see the evidence, we'll decide." For now, he says, the idea is to sit tight. "Everything is going to be done to make sure he can leave this situation behind and get on with his life."

## McDowell Also Moves On

Kristopher McDowell, the young cabaret sensation whose involvement with John Loan ended a year ago and who "has tried to move on ever since," is among those most personally saddened by the news of his arrest and indictment. Recalling how they first met, McDowell speaks fondly of Loan "coming to see me in a showcase...but he wasn't invited—he just sort of showed up and introduced himself afterward as a producer and an acting coach and asked if he could meet me sometime because he thought I had a great voice. About a month later we met up, and he started talking to me about acting styles and said he had studied acting with Sanford Meisner."

McDowell, now 23, had recently transferred from the American Musical and Dramatic Academy to Fordham University, and was quite taken with Loan, approximately twice his age. McDowell says he knew Loan had started an acting school with "five students—all adults in their 30s and 40s, and pretty serious people. And John."

of it flattering or appealing. For example, "I knew that he knew about insider trading. He would even make recommendations to me. But he took my money and put it into Jerome Records. Yes, it was a bait-and-switch, but now I was with him—living with him—at the time, and he had just spent \$150,000 on my album." While McDowell says he has no first-hand knowledge of this, he believes Loan was also taking money from other friends and associates as well, under the guise of investing in stock tips. "I assume he was giving money—and profits—to some people, and he encouraged my family to do it too."

McDowell admits that he had a drinking problem at the time, and that Loan did as well—something Loan briefly alludes to in his written statement. "I had gone to rehab and stopped drinking completely and I wanted him to do the same thing," he says, "and when that didn't happen, I had to leave the relationship," which he did. He had lived with Loan for a total of nine months.

During the months he was involved with John Loan, McDowell admits that he, like many others in the cabaret community, also wondered where all the money was coming from and going to. It was a pressing question, given the growing number of cabaret CDs going into production, and given Loan's penchant for taking international holidays on top of holding a full-time position providing event planning and catering services back at his day job. "I thought he must be able to get away with it because he reports directly to the CEO, or at least that's what he told everybody," McDowell said. But most of all, McDowell was very concerned that Loan "never had a Jerome Records account. We would have major fights about it. I told him he would have trouble with the IRS."

Yet of all those who knew John Loan, a.k.a. John Jerome, at the height of his alleged activities, McDowell may be in the best position to shed some light on the inner workings of the entire situation. Could there have been, for example, another Alliance Capital employee in on the scheme? McDowell doesn't think so. "I believe John had signing power and signed off on invoices," he says. "Arthur Aidala said John's salary was \$70,000 a year, other newspapers say it was \$225,000 a year; I thought it must be \$300,000 or \$400,000 a year. But all I really remember was that John was constantly under stress, constantly erratic."

Now, McDowell says, it's time for him and everyone who knew John Loan to begin the process of healing, of moving on from an unfortunate episode that has taken the cabaret world for a deeply unfortunate ride. That process, he says, begins with

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now, anyway—is let the criminal justice system simply convict John Loan. Instead, Aidala is coming out swinging, having first advised his client to plead not guilty to the charges and reject the offer of a plea bargain in which his client still would serve jail time, but far less than the 25-odd years he faces if convicted.

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#### **Aidala on the Aftermath**

Asked directly about the many cabaret artists who were among those most shocked and distressed by the arrest and indictment of John Loan, Aidala says he's sensitive to their plight. And their plight is no small thing—tales of unmixer tracks, unpressed CDs, and unmet financial obligations abound throughout the cabaret community.

Yet Aidala's sensitivity level, it would seem, has limits. "I don't even know where or even if there was a location for Jerome Records," he says. "Was it something that was a word-of-mouth thing, a corporate office, a studio? I don't know if any of those things existed." Quickly disassociating himself from Loan's personal dealings entirely, he added, "I'm his criminal attorney and my job is to get him acquitted. My concern is money taken, money spent, that allegedly was not his. My issue is alleged bank records and cleared

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From there, McDowell says, their personal and professional relationship began to intensify. When Loan told McDowell he wanted to start a record label, "I told him I don't know the first thing about it, but he said to me, 'I'm going to produce your record first.' As it turned out, the first album for Jerome Records wasn't actually mine—it was 'Our Heart Sings,' which John put together for the Genesis Guild. Essentially it was a Broadway-level compilation" which, by his estimation, cost tens of thousands of dollars to produce.

McDowell now began learning much more about John Loan, not all

drinking problem at the time, and that Loan did as well—something Loan briefly alludes to in his written statement. "I had gone to rehab and stopped drinking completely and I wanted him to do the same thing," he says, "and when that didn't happen, I had to leave the relationship," which he did. He had lived with Loan for a total of nine months.

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Now, McDowell says, it's time for him and everyone who knew John Loan to begin the process of healing, of moving on from an unfortunate episode that has taken the cabaret world for a deeply unfortunate ride. That process, he says, begins with acceptance and must segue into forgiveness. For even if John Loan did everything he is accused of, McDowell doesn't "think any of it was malicious...I just think it was a psychological problem. I'm sensitive to the fact that he's sitting in a place with hardened criminals and not being treated for whatever it is that he's going through." Asked why he's chosen to disclose the personal details of his involvement with Loan now, rather than at trial, McDowell says it's "part of the process" of moving beyond the "shock" of everything that has happened. "I don't want to sit across the table and answer all the questions," he says. "I want to just move on with my life."