

Local

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Insurance may not cover suit Hollywood advised on worst case vs. Chabad

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The City of Hollywood could have to dip into taxpayer funds if a federal court determines officials discriminated against a group of Hasidic Jews by ordering them out of a house they converted into a synagogue.

City attorneys have repeatedly said they are confident the city's insurance company would cover any judgment should they lose a federal civil lawsuit filed by the Hollywood Community Synagogue Chabad Lubavitch and the U.S. Department of Justice.

But in a March 23 letter from the city's insurer, AIG Domestic Claims Inc., the city was warned that under Florida law, Hollywood would not be covered if the court determines there was intentional discrimination.

The letter also stated that the company would pay only up to \$50,000 if punitive damages were assessed against Commissioner Sal Oliveri, who is personally named in the lawsuit.

The insurance will pay nothing if the court determines Oliveri intentionally discriminated against the Chabad.

"These damages would be uninsurable as a matter of public policy," the letter indicated.

Lawyers for the city and Oliveri have referred all questions about the lawsuit to City Attorney Dan Abbott, who on Thursday characterized the dispute as a land-use issue and not a discrimination case.

"We are not being charged with intentional discrimination," he said. "What they are claiming is that our land-use regulations happen to discriminate. They were not written intentionally to discriminate."

While confident the city will prevail in the lawsuit, Abbott said that in a worst-case scenario, the city would have to tap into its self-insurance fund, currently valued at \$11 million. The fund, supported by taxpayers, is set aside each year to fight cases filed against the city.

But Commissioner Cathy Ander-

son, who voted against yanking the Chabad's permit, is among city officials who worry that the city will not win the case. She said Thursday she would like the city to hire an attorney to examine the insurance coverage.

The city's insurance company has been paying for Hollywood's legal bills since the city reached its \$100,000 deductible last year during its defense against the Chabad's lawsuit.

The federal civil lawsuit revolves around the city's attempts to oust the group from the single-family home it had converted into a synagogue in Hollywood Hills.

The insurance has also been covering the legal bills of Oliveri, who is personally named in the lawsuit for allegedly ordering the city's code enforcement office and police to crack down on the synagogue. City officials hired private attorneys to represent the city and Oliveri.

The Chabad's attorney, Franklin Zemel, disagreed with the city's interpretation that the case revolves solely around zoning laws.

"It's another example of how the city is trying to whitewash this civil rights issue," he said.

Zemel has indicated the Chabad is seeking \$5 million from the city for damages and \$1 million from Oliveri.

A zoning review board granted the Chabad a permanent permit in 2003 to operate in the Hollywood Hills neighborhood on the condition the synagogue complied with a number of code requirements within 180 days. However, after 53 days, city commissioners voted 4-3 to yank the special permit.

A federal judge this week told attorneys she plans to rule the zoning laws granting the special permit are too vague.

Hollywood Mayor Mara Guilianti said on Thursday that the city has never had an issue with the Chabad's religion. She said a majority of the commissioners decided that operating a synagogue on 46th Avenue just south of Sheridan Street was not consistent with the area's residential zoning laws.

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