

Brothel details emerge

Crime & Criminals -

By MAY WONG
and KATHY KREIGER
Sentinel staff writers

1940-1999

1-13-96

SOQUEL — Nobody's answering the doorbell anymore at 2541 South Rodeo Gulch Road, Unit 1.

For years, according to authorities and neighbors, men in business suits rang that bell.

They would drive around the block a few times first, park a safe distance away, then nervously and as discreetly as possible, walk up to that button.

The door would open and a woman from behind a locked screen door would speak for a few moments. She would let the man in, then step outside to push forward the hands of a cardboard clock hanging by the doorbell.

Like clockwork, the man would step out of the windowless building a half hour or hour later.

But men who rang that bell Friday got no answer.

On Wednesday, sheriff's deputies raided the business, called Soquel Lomee. The massage parlor was a front for prostitution, they alleged.

Fifteen men were cited and released on suspicion of soliciting prostitution, and two women were arrested on suspicion of prostitution. Authorities did not release their names, citing an ongoing investigation.

William E. Grace, a retired 73-year-old Santa Cruz fireman and local conservative political activist who owned the property and business along with Valerie A. Knight, was also arrested.

Armed with a temporary court order declaring it a public nuisance, deputies shut the business, which advertised in the phone book as offering Swedish massage and stress reduction.

The two owners "had full knowledge" of the illegal activities inside, according to detectives' reports in court records.

They were warned by authorities in 1987 to stop using the business as a house of prostitution.

At that time, the business was called Aquarius. It was one of seven local massage parlors nailed in a four-month red-light abatement program.

But it appears the owners ignored that warning, detectives stated.

The owners changed the name, but not the business, detectives say.



Conservative activist Bill Grace faces pandering and other charges.

Friends shocked by arrest

By KATHY KREIGER
Sentinel staff writer

SANTA CRUZ — Bill Grace has never been bashful about letting anyone know his politics. As a conservative activist and tax critic, he's the kind of guy who doesn't hesitate to show up and heckle at progressive events where he's outnumbered 50 to one.

But those who have worked closest with him politically were shocked to learn about an alleged side that the 73-year-old retired firefighter, native Santa Cruz resident, Santa Cruz High School grad and former long-boarder had kept much quieter: part-owner of a massage parlor that was shut this week on charges it was a front for prostitution.

Grace faces charges of pandering, interfering with the duties of a police officer and destroying or concealing documentary evidence.

"We've done a lot of political things together," said Carolyn Busenhardt, Grace's fellow critic of local government and progressive politicians. "Little did I know."

Busenhardt said her mouth dropped open when she read the news of Grace's arrest Friday.

Authorities said they also are seeking an arrest warrant for co-owner Valerie A. Knight, 49.

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"It's really sad," she said. "Here's this little unassuming guy. If anybody had ever described what the owner of a brothel would look like, I would never think of him."

She wondered why someone in that kind of a business would take such a public role politically.

"Why would he make himself so visible?" she said. "It's just really bizarre."

Doug McConnell of Aptos took a different view.

"This absolutely is not true, that he has anything to do with the brothel," said McConnell, who is a fellow member with Grace in the Coalition of Labor, Agriculture and Business, which holds monthly luncheons to discuss various political issues. McConnell said he visited Grace on Friday afternoon at the modest, rose-edged East Santa Cruz home Grace built for his family nearly 40 years ago.

"He and this gal, he's known her for 30, 40 years, and it is true they have an ownership to the building. ... That's all he knows. ... (Grace) says as far as he knows, it's 100 percent legitimate. He even went and had a massage there."

Grace has consulted lawyer Ben Rice, and suspects that "somebody is out to get Bill," McConnell said.

"I've known Bill for 10 years," he said. "Oh God, I just absolutely, just don't believe the story at all."

A highly vocal critic of the county Planning Department said that's exactly where she ran into Grace on Friday morning — on the fourth floor of the county building.

"He had real big huge bruises on both forearms," said Jeanell Montero. "He said it happened when he was arrested. They called him something, a pimp or something. He seemed surprised and kind of almost laughing about it — sort of 'Can you believe it happened to me?'" she said.

Still, it won't alter her opinion of Grace, she said. "I'm pretty accepting of people, of any extreme, except if it really involves the rights of other people. This might be a victimless crime."

More typical of the reaction among Grace's political buddies, however, were comments by Steve Hartman.

"I am flabbergasted," said the veteran opponent of progressives, city taxes and UC Santa Cruz voters. "To tell the truth, I had absolutely no idea. ... I love Bill Grace

but I had absolutely no idea."

Grace's arrest was "the Pearl Harbor" among several recent scandals involving local political figures, Hartman said.

"Certainly I took my shots at J. Robbins from SCAN (who was arrested for soliciting an act of prostitution while riding a bicycle) and I was extremely disappointed in Gordon Poole (a former GOP strategist who suffered serious injuries when he fell off a roof while allegedly trying to take drugs from a neighbor's house)," Hartman said.

Even the arrest of city Planning Director Peter Katzlberger on charges of growing 22 marijuana plants pales in comparison, he said.

"I look at 'those people' and say, 'that figures,'" Hartman said. "... But from my standpoint, Bill is one of the people who has been absolutely dedicated to the Santa Cruz community."

Hartman said he plans to stand by a man who's stood by him in many a political scrap — the failed recall of Santa Cruz City Council members, the recent failed attempt to get district elections in Santa Cruz and two other ballot measures to dump some city taxes.

"He's the nicest old man you'd want to know in your life," he said.

Brothel

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Detectives began to monitor the activities at Soquel Lomee in October after a deputy spotted six men come and go in half-hour increments. The deputy had investigated the location for the prostitution in 1987.

The latest investigation included 20 hours of surveillance and interviews with confidential informants and regular patrons. According to court records, it revealed:

The business operated from 10 a.m. to 2 a.m. Its busiest hours were from noon to 3 p.m. and after 10 p.m.

Patrons were mostly white men between the ages of 35 and 55. Most drove newer model cars and wore business attire. Vehicle registration checks showed that 60 percent were from Santa Clara Valley, according to court records.

"It was generally older girls and an older clientele," said a former neighbor who spoke on condition of anonymity. "Some were definitely in their 70s."

About eight women were employed there, court records said. Normally two or three women worked at a time.

The women were leery of new customers. Usually a new customer needed a reference from an established one. Prices ranged from \$60 for masturbating a customer, \$120 for oral sex and up to \$180 for intercourse.

Methamphetamine also was sold there, detectives were told.

Two employees had outstanding warrants; one was a convicted in-

travenous drug user. The women were not named in the court records, and information about their warrants was unavailable Friday.

Last week, one man reportedly told detectives he'd been a customer there 20 to 30 times in the past nine months. He told them the routine.

He would go in, be directed to take a shower, then go in a room with a table, wearing only a towel.

He would pay the woman. She would undress then perform the paid service. Mutual fondling was allowed.

He would then shower and leave.

Sheriff Mark Tracy said Friday the latest investigation and subsequent raid was not prompted by any complaints.

"It was just in the normal course of our work," Tracy said. "This had reached a priority level with the volume of people going there, and in the scope of things, it was felt it was not the kind of activity that we wanted a proliferation of in Soquel."

Neighbors at the South Rodeo Gulch industrial building said Friday they had a pretty good idea something was going on.

"Whatever they've been doing, they've been discrete," said electrician Phil Allegri. "... They got away with it a long time."

For the most part, neighbors said that Grace and Knight went out of their way to avoid problems.

One time, a neighbor said he was unhappy with one of the business's employees. She hung around outside, he said, scantily clad, smoking and giving him a hard time

about parking in his space.

"I complained, and she was gone," he said. "So they ran a pretty tight ship."

But on the whole, the women who worked there didn't look that different from anyone else, neighbors said.

"Wasn't any Marilyn Monroes working in there," Allegri said.

Like several of the other businesses in the 10-unit complex, Grace and Knight owned their premises in a condominium-style arrangement, and belonged to a warehouse association that was similar to a homeowner's association.

"They were never, ever, late on making their payments," said a neighbor. "And they were pretty supportive, compared to other people. They made themselves not be a problem."

Knight was on the site most of the time, neighbors said, and Grace would generally stop by in the mornings, or anytime something broke. Owner Grace, who is free on his own recognizance, is scheduled to appear in court Jan. 24 on the charges of pandering, interfering with the duties of a police officer and destroying or concealing documentary evidence.

An arrest warrant is also being sought for Knight, 49, authorities said.

When she was convicted in 1993 for drunken driving, she had listed her occupation as a massage therapist at Soquel Lomee.

Neither Grace, nor Knight, who lives in the Pasatiempo area, could be reached for comment.