

# ***NEWS RELEASE***

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## ***OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA***

*San Diego, California*

*United States Attorney  
Carol C. Lam*

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*For Further Information, Contact: Assistant U.S. Attorneys Sanjay Bhandari (619) 557-7042,  
Jason A. Forge (619) 557-7463, and Phillip L.B. Halpern (619) 557-5165*

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*For Immediate Release*

### **FORMER CONGRESSMAN CUNNINGHAM SENTENCED TO MORE THAN 8 YEARS IN PRISON**

**NEWS RELEASE SUMMARY** - March 3, 2006

United States Attorney Carol C. Lam announced that today former Congressman Randall “Duke” Cunningham was sentenced in United States District Court in San Diego by the Honorable Larry A. Burns to serve 100 months in custody, followed by 3 years’ supervised release, based on his convictions for conspiring to commit Bribery, Honest Services Fraud, and Tax Evasion, and for a substantive count of Tax Evasion involving more than \$1 million of unreported income. Cunningham also was ordered to pay \$1,804,031.50 in restitution for back taxes, penalties and interest owed to the government. In addition, the Court ordered Cunningham to forfeit an additional \$1,851,508 in U.S. currency, based upon cash payments he received during the conspiracy. Finally, Mr. Cunningham has forfeited his entire interest in the following property: Cunningham’s Rancho Santa Fe residence and more than a dozen pieces of antiques, furniture, and Persian-style rugs. The Court ordered Cunningham immediately into custody to begin serving his sentence.

According to Assistant U.S. Attorneys Sanjay Bhandari, Jason A. Forge and Phillip L.B. Halpern, who prosecuted the case, Cunningham pled guilty on November 28, 2005, to a two-count Information. In pleading guilty, Mr. Cunningham, who was elected to represent the 50<sup>th</sup> Congressional District in San Diego for eight terms, admitted that he received at least \$2.4 million in bribes. These bribes were paid to Cunningham by several coconspirators through a variety of methods, including checks totaling over \$1 million, cash, rugs, antiques, furniture, yacht club fees, boat repairs, moving costs, and vacation expenses. The bribery, fraud, and tax evasion conspiracy described in the Information included: the purchase of Cunningham's home in Del Mar, California, at an artificially inflated price by a defense contractor; the subsequent payoff of the mortgage on Cunningham's new, multi-million dollar home in Rancho Santa Fe by another defense contractor; a \$200,000 down payment by a third coconspirator to enable Cunningham to purchase a condominium in Arlington, Virginia; the payment of the capital gains tax by the purchaser of Cunningham's Del Mar home; the purchase and maintenance by a defense contractor of a yacht (the "Duke-Stir") and a Rolls Royce for Cunningham; as well as payments by a defense contractor for a graduation party for Cunningham's daughter, jewelry, home furnishings, and travel and hotel expenses. Cunningham failed to disclose any of the benefits on his Financial Disclosure Statements to the U.S. House of Representatives or on his federal tax return. Cunningham further admitted that in return for these bribes he used his public office and took other official action to influence the appropriations of funds and the execution of government contracts in ways that would benefit two of the coconspirators, who were the majority owners of defense contracting companies.

United States Attorney Lam said, "No one can serve the public and his own greed at the same time. Mr. Cunningham failed his office, his colleagues, and his nation."

FBI Special Agent-in-Charge Daniel R. Dzwilewski commented, "Today brings to a close a sad chapter regarding the corrupt actions of a member of the U.S. Congress. Through this on-going investigation and others, the FBI will continue its efforts to combat corruption at all levels of government."

Kenneth J. Hines, IRS Criminal Investigation Special Agent-in-Charge for San Diego stated, "Today's sentencing demonstrates that power is thought to be associated with wealth and that wealth is sometimes obtained through greed and not earned. IRS Criminal Investigation will aggressively follow the money trail and pursue those elected officials who disregard their oath of office. The message is clear - Congress belongs to the people and can't be bought."

Rick Gwin, Defense Criminal Investigative Service (DCIS), Western Field Office, stated, "This is one of the most blatant examples of corruption I have seen. Moreover, it's an elected official's betrayal of the trust of his constituents, the American people, and our soldiers, sailors, airmen and Marines. Let me make one thing very clear - the safety and welfare of our warfighters, the young men and women who must go in harm's way, are not for sale. They deserve only the best, and I can assure you that the special agents and prosecutors who worked so hard on this case are going to continue to make every effort to ensure that the procurement process our warfighters rely upon to provide them the best tools essential to their survival is not compromised by greed."

This case is the result of an investigation by Special Agents of the Federal Bureau of Investigation (FBI), Internal Revenue Service - Criminal Investigation Division (IRS-CI), and Defense Criminal Investigative Service (DCIS), with the assistance of prosecutors and federal agents in Washington, D.C., Eastern District of Virginia, and the Eastern District of New York.

**DEFENDANT**

Randall Harold Cunningham

**SUMMARY OF CHARGES AND MAXIMUM PENALTIES:**

- COUNT 1      Conspiracy to commit Bribery, Honest Services Fraud, and Tax Evasion, in violation of Title 18, United States Code, Section 371, which is punishable by 5 years in prison and/or a \$250,000 fine.
  
- COUNT 2      Tax Evasion, in violation of Title 26, United States Code, Section 7201, which is punishable by 5 years in prison and/or a \$100,000 fine.

**INVESTIGATING AGENCIES**

Federal Bureau of Investigation  
Internal Revenue Service - Criminal Investigation Division  
Defense Criminal Investigative Service