



## U.S. Department of Justice

*United States Attorney*

*Eastern District of Pennsylvania*

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June 5, 2008

### NEWS RELEASE

United States Attorney Patrick L. Meehan today announced the filing of an Information<sup>1</sup> charging Howard J. Cain with one count of tax evasion, in violation of 26 U.S.C. § 7201. The information alleges that, during the years 1991 through 2006, defendant Cain willfully failed to report any of his income to the IRS, paid no federal income taxes, and filed no individual federal income tax returns. The total amount of unreported income allegedly received by defendant Cain for the years 1997 through 2006 is \$1,618,926, and the unpaid federal taxes owed based on that amount is \$411,303.

It is alleged that defendant Howard Cain was a political campaign strategist and media consultant who, in a career spanning approximately 30 years, has overseen all areas of political campaigns including strategic planning, development and placement of advertising, field organization, and volunteer coordination. Overall, defendant Cain allegedly has been involved in more than eighty campaigns, including races for the United States Senate, state legislatures, county executive posts, and township supervisor positions. It is alleged that Venture Analysis, Inc. ("VAI") was a Pennsylvania corporation formed in 1978 by defendant Cain, its only shareholder. VAI's principal business office was located at the residence of defendant Cain in Wayne, Pennsylvania, and its primary business activities were political campaign consulting and management, and media and press relations.

It is alleged that, during the years relevant to the charges in this case, the single largest source of income that defendant Cain received came from contracts to provide services to the Pennsylvania Senate Democratic Appropriations Committee ("SDAC"). It is alleged that, beginning in 1985, the chairman of the SDAC was Senator Vincent J. Fumo, who is charged in a separate indictment. In approximately 1985, after assisting Senator Vincent J. Fumo in a successful reelection campaign, defendant Cain allegedly received a contract from the

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<sup>1</sup> An Indictment or Information is an accusation. A defendant is presumed innocent unless and until proven guilty.

SDAC, and he continued to receive annual SDAC contracts through 2006. Defendant Cain's SDAC contracts allegedly provided him with substantial annual compensation of between approximately \$73,500 and \$88,000 during each of the years 2000 through 2006.

It is alleged that defendant Howard J. Cain opened and utilized corporate bank accounts at Wachovia Bank (formerly First Union National Bank), PNC Bank, and Commerce Bank in the name of VAI, and directed the clients with whom he contracted to make payments for his services directly to VAI rather than to defendant Cain individually. Defendant Cain allegedly utilized the VAI corporate bank accounts to pay both personal and business expenditures. Although he used the funds deposited into VAI's corporate bank accounts to compensate himself for his consulting work and to pay for all of his personal expenses, it is alleged that defendant Cain deliberately failed to cause VAI to submit to the Internal Revenue Service either a Form 1099 or Form W-2 to reflect the personal income that he received from VAI. In addition, defendant Cain allegedly failed to withhold any federal taxes on any of his income, and paid no payroll or self-employment taxes on any of his income.

Defendant Cain has agreed to plead guilty to the charges filed in this case. A guilty plea memorandum, along with a copy of the signed guilty plea agreement, has been filed today along with the Information. In addition to his agreement to plead guilty to a single count of tax evasion as described in the Information, the plea agreement signed by defendant Cain includes the following stipulation that reflects the fact that he engaged in additional criminal conduct that should be considered by the Court at the time of sentencing:

Other Crimes Stipulation: In addition to the offense of conviction, the parties stipulate and agree that the defendant, in violation of 18 U.S.C. § 371, engaged in a conspiracy with Vincent J. Fumo and others to defraud the Senate of Pennsylvania by submitting false invoices under a contract with the Senate Democratic Appropriations Committee that resulted in payments to the defendant for engaging in political campaign work, in violation of state law, resulting in fraud losses of more than \$200,000. The parties further stipulate and agree that, pursuant to U.S.S.G. §§ 1B1.2 and 1B1.3, this uncharged criminal conduct should be considered in determining the appropriate sentencing guidelines range of imprisonment and fine in this case.

INFORMATION REGARDING THE DEFENDANT

NAME	ADDRESS	AGE
Howard J. Cain	Wayne, Pennsylvania	60

If convicted, the defendant faces a maximum possible sentence of 5 years, a \$250,000 fine, three years of supervised release, and a \$100 special assessment.

The case was investigated by the Federal Bureau of Investigation and Internal Revenue Service Criminal Investigation Division and is being prosecuted by Assistant United States Attorneys John J. Pease and Robert A. Zauzmer.

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