

**REPORT TO CONGRESS
ON THE ACTIVITIES AND OPERATIONS
OF THE
PUBLIC INTEGRITY SECTION
FOR 2003**



**Public Integrity Section
Criminal Division
United States Department of Justice**

**Submitted Pursuant to
Section 603 of the Ethics in Government Act of 1978**

INTRODUCTION

This Report to Congress is submitted pursuant to the Ethics in Government Act of 1978, which requires the Attorney General to report annually to Congress on the operations and activities of the Justice Department's Public Integrity Section. The Report describes the activities of the Public Integrity Section during 2003. It also provides statistics on the nationwide federal effort against public corruption during 2003 and over the previous two decades.

The Public Integrity Section was created in 1976 in order to consolidate in one unit of the Criminal Division the Department's oversight responsibilities for the prosecution of criminal abuses of the public trust by government officials. Section attorneys prosecute selected cases involving federal, state, or local officials, and also provide advice and assistance to prosecutors and agents in the field regarding the handling of public corruption cases. In addition, the Section serves as the Justice Department's center for handling various issues that arise regarding public corruption statutes and cases.

An Election Crimes Branch was created within the Section in 1980 to supervise the Department's nationwide response to election crimes, such as ballot fraud and campaign-financing offenses. The Branch reviews all major election crime investigations throughout the country and all proposed criminal charges relating to election crime.

On June 1, 2003, Noel L. Hillman, the Section's Acting Chief, was named Chief of the Section by the Assistant Attorney General, Criminal Division. During the year the Section maintained a staff of approximately 25 attorneys, including experts in extortion, bribery, election crimes, and criminal conflicts of interest.

Part I of the Report discusses the operations of the Public Integrity Section and highlights its major activities in 2003. Part II describes the cases prosecuted by the Section in 2003. Part III presents nationwide data based on the Section's annual surveys of United States Attorneys regarding the national federal effort to combat public corruption from 1984 through 2003.

TABLE OF CONTENTS

PART I

OPERATIONAL RESPONSIBILITIES OF THE PUBLIC INTEGRITY SECTION

A.	RESPONSIBILITY FOR LITIGATION	1
1.	Recusals by United States Attorneys' Offices	1
2.	Sensitive and Multi-District Cases	2
3.	Federal Agency Referrals	3
4.	Requests for Assistance; Shared Cases	4
B.	SPECIAL SECTION PRIORITIES	5
1.	Election Crimes	5
2.	Conflicts of Interest Crimes	8
3.	Special Counsel Matters	9
C.	LEGAL AND TECHNICAL ASSISTANCE	10
1.	Training and Advice	10
2.	Advisor to the Integrity Committee of the President's Council on Integrity and Efficiency	10
3.	Legislative Activities	11
4.	Case Supervision and General Assistance	12
5.	International Advisory Responsibilities	12

PART II

PUBLIC INTEGRITY SECTION INDICTMENTS, PROSECUTIONS, AND APPEALS IN 2003

INTRODUCTION	14
FEDERAL JUDICIAL BRANCH	14
FEDERAL LEGISLATIVE BRANCH	16
FEDERAL EXECUTIVE BRANCH	16
STATE AND LOCAL GOVERNMENT	41
ELECTION CRIMES	48

PART III

**NATIONWIDE FEDERAL PROSECUTIONS
OF CORRUPT PUBLIC OFFICIALS**

INTRODUCTION 57

LIST OF TABLES 57

TABLE I: Nationwide Federal Prosecutions of Corrupt Public Officials
in 2003 58

TABLE II: Progress Over the Past Two Decades:
Nationwide Federal Prosecutions of Corrupt Public Officials 59

TABLE III: Federal Public Corruption Convictions by District
Over the Past Decade 61

PART I

OPERATIONAL RESPONSIBILITIES OF THE PUBLIC INTEGRITY SECTION

A. RESPONSIBILITY FOR LITIGATION

The work of the Public Integrity Section focuses on public corruption, that is, crimes involving abuses of the public trust by government officials. Most of the Section's resources are devoted to the supervision of investigations involving alleged corruption by government officials and to prosecutions resulting from these investigations. Decisions to undertake particular matters are made on a case-by-case basis, based on Section resources, the type and seriousness of the allegation, the sufficiency of factual predication reflecting criminal conduct, and the availability of federal prosecutive theories to reach the conduct.

Cases handled by the Section generally fall into one of the following categories: recusals by United States Attorneys' Offices, sensitive cases, multi-district cases, referrals from federal agencies, and shared cases. These categories are discussed below, and examples of cases handled by the Section in 2003 under the categories are noted. The examples are described, along with the Section's other 2003 casework, in Part II.

1. Recusals by United States Attorneys' Offices

The vast majority of federal corruption prosecutions are handled by the local United States Attorney's Office for the geographic district where the crime occurred, a fact demonstrated by the statistical charts in Part III of this Report. At times, however, it may be inappropriate for the local United States Attorney's Office to handle a particular corruption case.

Public corruption cases tend to raise unique problems of public perception that are generally absent in more routine criminal cases. An investigation of alleged corruption by a government official, whether at the federal, state, or local level, or someone associated with such officials, always has the potential to be high-profile, simply because its focus is on the conduct of a public official. In addition, these cases are often politically sensitive, because their ultimate targets tend to be politicians or government officials appointed by politicians.

A successful public corruption prosecution requires both the appearance and the reality of fairness and impartiality. This means that a successful corruption case includes not just a conviction, but public perception that the conviction was warranted, not the result of improper motivation by the prosecutor, and free of conflicts of interest. In cases where the local conflict of interest is substantial, the local office is removed from the case by a procedure called recusal. Recusal occurs when the local office either asks to step aside, or is asked to step aside by Department Headquarters, as primary prosecutor. Federal cases involving corruption allegations in which the conflict is substantial are usually referred to the Public Integrity Section either for prosecution or direct operational supervision.

Allegations involving possible crimes by federal judges almost always require recusal of the local office, for significant policy as well as practical reasons. Having the case handled outside the local office eliminates the possible appearance of bias, as well as the practical difficulties and awkwardness that would arise if an office investigating a judge were to appear before the judge on other matters. Thus, as a matter of established Department practice, federal judicial corruption cases generally are handled by the Public Integrity Section.

Similar concerns regarding the appearance of bias also arise when the target of an investigation is a federal prosecutor, a federal investigator, or other employee assigned to work in or closely with a particular United States Attorney's Office. Thus, cases involving United States Attorneys, AUSAs, or federal investigators or employees working with AUSAs in the field generally result in a recusal of the local office. These cases are typically referred to the Public Integrity Section, where they constitute a significant portion of its caseload, as can be seen from a review of the cases described in Part II.

During 2003 the Section handled a number of significant prosecutions as a result of recusals. First, five former officials of the General Services Administration (GSA) and nine government contractors in Chicago were charged with bribery and false claims. The contractors paid thousands of dollars in cash and other things of value to GSA officials in exchange for contracts between 1995 and 2002. Second, a former Special Agent with the Federal Bureau of Investigation in Texas pled guilty to making false statements to federal investigators during an internal investigation. In a final example of a 2003 recusal case, two private attorneys in Texas were indicted on charges of filing and conspiring to file false tax returns from 1994 through 1997. The indictment alleges that the attorneys routinely accepted cash fees from clients, provided false information to their accountant, and under-reported their income with the Internal Revenue Service.

2. Sensitive and Multi-District Cases

In addition to recusals, the Public Integrity Section handles other special categories of cases. At the request of the Assistant Attorney General of the Criminal Division, the Section handles cases that are highly sensitive and cases that involve the jurisdiction of more than one United States Attorney's Office.

Cases may be sensitive for a number of reasons. Because of its importance, a particular case may require close coordination with high-level Department officials. Alternatively, it may require substantial coordination with other federal agencies in Washington. The latter includes cases involving classified information, which require careful coordination with the intelligence agencies. Sensitive cases may also include those that are so politically controversial on a local level that they are most appropriately handled out of Washington.

In addition to sensitive cases, this category encompasses multi-district cases, or cases that involve allegations that cross judicial district lines and hence fall under the jurisdiction of two or more United States Attorneys' Offices. In these cases the Section is occasionally asked to coordinate the investigation among the various United States Attorneys' Offices, to handle a case jointly with one or more United States Attorneys' Offices, or, when appropriate, to assume operational responsibility for the entire case.

The Section handled a number of sensitive and multi-district cases in 2003. For example, the Section handled the investigation and prosecution of a bribery scheme involving a Houston corporation and two of its

officers, along with a former member of the New Orleans Sewerage and Water Board. The investigation involved more than one district, and the defendants were ultimately tried, convicted and sentenced to prison in Houston, Texas. In another case, a former Oklahoma State Senator pled guilty to perjury, conspiracy to obstruct a Federal Election Commission investigation and conspiracy to violate the Federal Election Campaign Act. That case involved substantial investigation in Oklahoma, and the charges were ultimately brought in the District of Columbia. Also, a Puerto Rico doctor and lawyer were convicted by a jury and sentenced to prison for conspiring to obstruct justice, commit perjury and suborn perjury in connection with a high profile federal grand jury investigation and criminal trial in Puerto Rico.

3. Federal Agency Referrals

In another area of major responsibility, the Section handles matters referred to it directly by federal agencies concerning possible federal crimes by agency employees. The Section reviews these allegations to determine whether an investigation of the matter is warranted and, ultimately, whether the matter should be prosecuted.

Agency referrals of possible employee wrongdoing are an important part of the Section's mission, particularly those cases involving document fraud and other threats to our nation's security. The Section works closely with the Offices of Inspector General (OIG) of the executive branch agencies, as well as with other agency investigative components, such as the Offices of Internal Affairs and the Criminal Investigative Divisions, and also invests substantial time in training agency investigators in the statutes involved in corruption cases and the investigative approaches that work best in these cases. These referrals from the various agencies require close consultation with the referring agency's investigative component and prompt prosecutive evaluation.

As in previous years, the Section handled numerous referrals from federal agencies in 2003, including a referral from the Department of State and the Department of Agriculture, Office of the Inspector General, concerning a former agricultural economist who engaged in a visa fraud scheme involving Chinese nationals who were willing to pay for visas. The State Department also referred a bribery and visa fraud case involving a United States consular officer in the Czech Republic, and the Department of Justice, Office of the Inspector General, referred a matter involving a leak of sensitive information regarding federal narcotics investigations from the Federal Bureau of Investigation's computer system.

4. Requests for Assistance; Shared Cases

The final category of cases in which the Section becomes involved are cases that are handled jointly by the Section and a United States Attorney's Office or other component of the Department.

At times the available prosecutorial resources in a United States Attorney's Office may be insufficient to undertake sole responsibility for a significant corruption case. In these cases the local office may request the assistance of an experienced Section prosecutor to share responsibility for prosecuting the case. In addition, on occasion the Section may be asked to provide operational assistance or to assume supervisory responsibility for a case due to a partial recusal of the local office. Finally, the Public Integrity Section may be assigned to supervise or assist with a case initially assigned to another Department component.

In 2003 the Section shared operational responsibility in a number of significant corruption cases. One example was a bribery, honest services fraud, and tax case handled by the Section and the United States Attorney's Office for the Middle District of Alabama, which resulted in guilty pleas by the former Acting Director of the Alabama Department of Economic and Community Affairs, a businessman, and an architect. In another example of a 2003 shared case, the Section and the United States Attorney's Office for the Eastern District of California indicted two State Department employees and seven private citizens for a visa fraud scheme in Sri Lanka. In a final example, the Section and the United States Attorney's Office for the Southern District of Mississippi indicted a prominent attorney, a justice on the Mississippi Supreme Court, his wife, a former Circuit Court Judge, and a former Mississippi Chancery Court judge for racketeering, honest services fraud, and bribery.

B. SPECIAL SECTION PRIORITIES

In addition to the general responsibilities discussed above, in 2003 the Public Integrity Section continued its involvement in a number of additional priority areas of criminal law enforcement.

1. Election Crimes

One of the Section's law enforcement priorities is its supervision of the Justice Department's nationwide response to election crimes. The purpose of Headquarters' oversight of election crime matters is to ensure that the Department's nationwide response to election crime is uniform, impartial, and effective. An Election Crimes Branch, headed by a Director and staffed by Section attorneys on a case-by-case basis, was created within the Section in 1980 to handle this supervisory responsibility.

The Election Crimes Branch oversees the Department's handling of all election crime allegations other than those involving civil rights violations, which are supervised by the Voting Section of the Civil Rights Division. Specifically, the Branch supervises three types of election crime cases: crimes that involve the voting process, crimes involving the financing of federal election campaigns, and crimes relating to political shakedowns and other patronage abuses.¹ Vote frauds and campaign-financing offenses are the most significant and also the most common types of election crimes.

The election-related work of the Section and its Election Crimes Branch falls into the following categories:

a. Consultation and Field Support. Under long-established Department procedures, the Section's Election Crimes Branch reviews all major election crime investigations, including all grand jury investigations and FBI full field investigations, and all election crime charges proposed by the various United States Attorneys' Offices for legal and factual sufficiency, United States Attorney's Manual 9-85.210. In addition, the Branch reviews all proposed investigations concerning alleged violations of the Federal Election Campaign Act (FECA), 2 U.S.C. §§ 431-455, including all preliminary investigations. The increased coordination with the Section on FECA

¹ Prior to November 2, 2002, the Branch also supervised cases involving illegal lobbying with appropriated funds in violation of 18 U.S.C. § 1913. On November 2, 2002, section 1913's criminal penalties were replaced with a civil penalty and the scope of the statute was expanded. Overseeing enforcement of the revised statute is now the responsibility of the Civil Division.

matters is the result of both the complexity of the campaign financing statutes and the Department's shared jurisdiction over willful violations of these statutes with another federal agency, the Federal Election Commission (FEC). It also facilitates compliance with the existing Memorandum of Understanding (MOU) between the FEC and the Department, as described below, which governs the Department's shared jurisdiction with the FEC.

The Section's consultation responsibility for election matters includes providing advice to prosecutors and investigators regarding the application of federal criminal laws to election fraud and campaign-financing abuses, and the most effective investigative techniques for particular types of election offenses. It also includes supervising the Department's use of the federal conspiracy and false statements statutes (18 U.S.C. § 371 and § 1001) to address schemes to subvert the campaign financing laws. In addition, the Election Crimes Branch helps draft election crime charges and other pleadings when requested.

Vote frauds. During 2003 the Branch assisted United States Attorneys' Offices in Alabama, Arkansas, California, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maryland, Michigan, Minnesota, Mississippi, Missouri, New Jersey, Nevada, North Carolina, Ohio, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Texas, Virgin Islands, West Virginia, and Wisconsin in handling vote fraud matters that occurred in their respective districts. This assistance included providing expertise in the evaluation of allegations to determine whether investigation would produce prosecutable federal criminal cases, helping to structure investigations, providing legal assistance with respect to the formulation of charges, and assisting in establishing task force teams of federal and state law enforcement officials to investigate vote fraud matters.

Campaign-financing crimes. During 2003 the Branch also continued its assistance in the implementation of the Department's nationwide enforcement strategy for criminal violations of the FECA. As part of this effort, the Branch assisted United States Attorneys in California, Colorado, Connecticut, Delaware, the District of Columbia, Florida, Hawaii, Massachusetts, Michigan, Minnesota, New Jersey, New York, Ohio, Pennsylvania, and Texas in applying this strategy to campaign-financing cases in their respective districts.

b. Litigation. The Branch Director or Section attorneys also prosecute selected election crimes, either by assuming total operational responsibility for the case or by handling the case jointly with a United States Attorney's Office. The Section also may be asked to supervise the handling of a case in the event of a partial recusal of the local office. For example, in 2003 the Branch continued to supervise the prosecution of a sheriff and his election attorney for using data from the National Crime Information Center regarding voters' criminal histories to wage an election contest.

c. District Election Officer Program. The Branch also assists in implementing the Department's long-standing District Election Officer (DEO) Program. This Program is designed to ensure that each of the 93 United States Attorneys' Offices has a trained prosecutor available to oversee the handling of election crime matters within the district and to coordinate district responses with Headquarters regarding these matters.

The DEO Program involves the appointment of an Assistant United States Attorney in each federal district to serve a two-year term as a District Election Officer; the training of these prosecutors in the investigation and prosecution of election crimes; and the coordination of election-related initiatives and other law enforcement activities between Headquarters and the field. In addition, the DEO Program is a crucial feature of the

Department's nationwide Election Day Program, which occurs in connection with the federal general elections held in November of even-numbered years. The Election Day Program ensures that federal prosecutors and investigators are available both at the Department's Headquarters in Washington and in each district to receive and handle complaints of election irregularities from the public while the polls are open and that the public is aware of how these individuals can be contacted on election day. In 2002 the Department enhanced the DEO Program by establishing a Ballot Access and Voting Integrity Initiative.

d. Ballot Access and Voting Integrity Initiative. Beginning in 2002, the Public Integrity Section, acting at the request of the Attorney General, assisted in the implementation of a Ballot Access and Voting Integrity Initiative for the 2002 general election and subsequent elections. This initiative included increasing the law enforcement priority the Department gives to election crimes; holding a special yearly training event in Washington, DC, for DEOs and other representatives of the 93 United States Attorneys' Offices; publicizing the identities and telephone numbers of the DEOs through press releases issued shortly before the November elections; and directing the 93 United States Attorneys to communicate the enhanced federal prioritization of election crime matters to, and coordinate enforcement efforts with, state and local election officials and law enforcement authorities.

As part of Ballot Access and Voting Integrity Initiative, on September 23 and 24, 2003, the Public Integrity Section and the Voting Rights Section of the Department's Civil Rights Division co-sponsored a two-day Symposium for DEOs representing each of the 93 federal judicial districts. Topics discussed included the types of conduct that are prosecutable as federal election crimes and the federal statutes used to prosecute such cases. Assistant Attorney General of the Civil Rights Division Alexander Acosta and Assistant Attorney General of the Criminal Division Christopher A. Wray delivered the keynote addresses on the importance of protecting voting rights and the prosecution of election cases.

e. Inter-Agency Liaison. The Election Crimes Branch is the formal liaison between the Justice Department and the FEC, an independent federal agency which shares enforcement jurisdiction with the Department over willful campaign-financing violations. The FEC has exclusive civil jurisdiction over all violations of the FECA; the Justice Department has exclusive criminal jurisdiction over FECA violations. The relationship between the FEC and the Justice Department is defined by a formal Memorandum of Understanding entered into in 1977.

In 2002, Congress passed the Bipartisan Campaign Reform Act (BCRA), which included in its many provisions new and improved criminal penalties under the FECA. In addition, BCRA directed the United States Sentencing Commission (USSC) to consider a new sentencing guideline for campaign financing offenses. In response, the USSC, with the assistance of the Public Integrity Section, promulgated a new sentencing guideline, § 2C1.8, which provides stiff sentences for campaign financing offenses. This new guideline became effective on a temporary basis on January 25, 2003, and became permanent on November 1, 2003. In response to these changes, the Section began negotiations with the FEC in 2003 to modify the existing MOU to ensure the prompt and effective enforcement of the FECA's civil and criminal provisions. Those negotiations are ongoing.

The Branch also serves as the Department's point of contact with the United States Office of Special Counsel (OSC). The OSC has jurisdiction over noncriminal violations of the Hatch Act, 5 U.S.C. §§ 7321-7326, §§ 1501-1508, which may also involve criminal patronage abuses that are within the Department's jurisdiction.

2. Conflicts of Interest Crimes

Conflicts of interest is a wide-ranging and complex area of law, with many layers of administrative and oversight responsibility. Moreover, the federal criminal conflicts of interest laws overlap to some extent with the sometimes broader ethics restrictions imposed by civil statutes, agency standards of conduct, Presidential orders, and, in the case of attorneys, bar association codes of conduct.

The Public Integrity Section's work in the conflicts area falls into the following categories:

a. Criminal Referrals from Federal Agencies and Recusals. The Section's criminal enforcement role comes into play with respect to a narrow group of conflicts of interest matters, namely, those that involve possible misconduct proscribed by one of the federal conflicts of interest statutes, 18 U.S.C. §§ 203-209. These crimes are prosecuted either by a United States Attorney's Office or by the Public Integrity Section. Conflicts of interest matters are often referred to the Section by the various federal agencies. If investigation of a referral is warranted, the Section coordinates the investigation with the Inspector General for the agency concerned, the FBI, or both. If prosecution is warranted, the Section prosecutes the case. In addition, on occasion the Section is asked to handle recusals and special assignments regarding conflicts matters.

b. Civil Enforcement for Conflicts of Interest. During 2003 the Section continued implementing an enforcement strategy for conflicts matters that is designed to accomplish the objectives of criminal enforcement while conserving prosecutorial and government resources. Under the federal criminal code, violations of the criminal conflicts of interest statutes may be addressed through civil sanctions as well as criminal prosecution. 18 U.S.C. § 216. The tiered remedies for conflicts violations reflect congressional recognition that many conflicts violations do not warrant criminal prosecution, yet nevertheless raise serious public policy and law enforcement concerns. In addition, the civil enforcement option for conflicts matters is particularly useful in those cases where proof of the requisite criminal intent to support criminal prosecution is difficult to establish beyond a reasonable doubt. The goal of this strategy is to encourage compliance with the law by achieving timely, predictable, and appropriate resolution of conflicts allegations while at the same time making it clear that violations are not tolerated.

c. Coordination. The Public Integrity Section works closely with the United States Office of Government Ethics (OGE), in order to coordinate conflicts of interest issues with OGE and other executive branch agencies and offices. The purpose of this coordination is to ensure that the Administration's overall legislative and enforcement efforts in this area are both complementary and consistent. OGE has broad jurisdiction over noncriminal conduct by executive branch personnel, as well as the authority to provide guidance concerning the coverage of the federal criminal conflicts of interest statutes. The Section's coordination with OGE ensures that consistent guidance is provided with respect to the overlapping criminal, civil, and administrative interests implicated by the statutory and regulatory restrictions on federal personnel.

3. Special Counsel Matters

When the Independent Counsel Act expired in June 1999, the Attorney General adopted regulations to replace the Act. The regulations, set forth in Part 600 of Title 28 of the Code of Federal Regulations, describe the Attorney General's discretionary authority to appoint an outside Special Counsel when the Attorney General

concludes that a conflict of interest or other extraordinary circumstances exist such that the public interest would be served by removing a large degree of responsibility for a matter from the Department of Justice. The regulations provide for the appointment by the Attorney General of an outside Special Counsel to handle the matter, free from day-to-day oversight of his or her decision making. Drawing upon the Department's experience with the Independent Counsel Act, the Section is available to review matters that may raise issues under the regulations and provide recommendations and advice to senior Department officials regarding these matters.

C. LEGAL AND TECHNICAL ASSISTANCE

In addition to its litigation and oversight responsibilities, the Public Integrity Section provides legal and technical assistance to various federal, state, and local law enforcement agencies, as well as to other Departments and international organizations, on public corruption issues. The Section's assistance falls into the following general areas:

1. Training and Advice

The Public Integrity Section is staffed with specialists who have considerable experience investigating and prosecuting corruption cases. Section attorneys participate in a wide range of formal training events for federal prosecutors and investigators. They are also available to provide informal advice on investigative methods, charging decisions, and trial strategy in specific cases.

The Section helps plan and staff the annual public corruption seminar sponsored by the Attorney General's Advocacy Institute. Speakers at this seminar typically include both the Section's senior prosecutors and Assistant United States Attorneys from the field who have handled significant corruption cases. The seminars provide training for federal prosecutors and FBI agents in the statutes most commonly used in corruption cases, guidance in the use of the complex and difficult investigative techniques necessary to investigate government corruption, and advice from experienced prosecutors on conducting corruption trials. In 2003 the Chief, Principal Deputy, Director of the Election Crimes Branch, and a senior prosecutor addressed attendees on the federal laws and prosecutive theories relating to corruption, the use of covert investigations, and the prosecution of campaign financing crimes.

2. Advisor to President's Council on Integrity and Efficiency and Executive Council on Integrity and Efficiency

The Public Integrity Section serves, pursuant to Executive Order 12993 (Mar. 21, 1996), as a legal advisor to the Integrity Committee of the President's Council on Integrity and Efficiency (PCIE) and the Executive Council on Integrity and Efficiency (ECIE). The PCIE/ECIE is a body composed of the Inspectors General of the various agencies of the executive branch of the federal government. The Integrity Committee of the PCIE/ECIE is charged by the Executive Order with handling allegations against Inspectors General and senior members of their staff.

In addition, the Integrity Committee is charged by the Executive Order with establishing policies and procedures to ensure consistency in conducting administrative investigations. The Committee's procedures, drafted with the assistance of the Public Integrity Section, provide a framework for the investigative function of the Committee. Allegations of wrongdoing by Inspectors General and their senior staff are initially reviewed by the Public Integrity Section for potential criminal prosecution. In noncriminal matters, the procedures guide the Committee's discretion to investigate the alleged misconduct and to report on its findings. The Public Integrity Section also advises the Integrity Committee on matters of law and policy relating to its investigations.

3. Legislative Activities

An important responsibility of the Public Integrity Section is the review of proposed legislation that may affect, directly or indirectly, the investigation and prosecution of public officials. The Section is often called upon to comment on legislation proposed by Congress, by the Administration, or by other departments of the executive branch; to draft or review testimony for congressional hearings; and to respond to congressional inquiries concerning legislative proposals. In addition, on occasion the Section drafts legislative proposals relating to various corruption matters. For example, as described above, in 2003 the Section provided comments and recommendations on a new sentencing guideline for campaign financing offenses proposed by the United States Sentencing Commission in response to the Bipartisan Campaign Reform Act of 2003. Many of the Section's recommendations were ultimately adopted by the Commission, and are now included in the campaign financing guideline, United States Sentencing Guideline § 2C1.8. The Section also provided comments and recommendations in 2003 on proposals to amend the public corruption sentencing guidelines.

Also during the year, the Section reviewed and commented on legislative proposals relating to, among other things, the exchange of employees between the public and private sectors; criminal conflicts of interest statutes; homeland security; codification of various common law privileges; the anti-lobbying statute; complaints against federal judges; presidential gifts; and disclosure of confidential information.

4. Case Supervision and General Assistance

Public corruption cases are often controversial, complex, and highly visible. These factors may warrant Departmental supervision and review of a particular case. On occasion Section attorneys are called upon to conduct a careful review of a sensitive public corruption case, evaluating the quality of the investigative work and the adequacy of any proposed indictments. Based on its experience in this area, the Section can often identify tactical or evidentiary problems early on and either provide needed assistance or, if necessary, assume operational responsibility for the prosecution.

The Section also has considerable expertise in the supervision of the use of undercover operations in serious corruption cases. The Section's Chief serves as a permanent member of the FBI's Criminal Undercover Operations Review Committee. Additionally, a number of the Section's senior prosecutors have experience in the practical and legal problems involved in such operations, and have the expertise to employ effectively this sensitive investigative technique and to advise law enforcement personnel on its use.

5. International Advisory Responsibilities

The Section's responsibilities in the area of international law enforcement have increased dramatically over the past few years, as the Justice Department's international law enforcement efforts have increasingly expanded. In addition to its routine briefings of foreign delegations on United States public corruption issues, the Section has become increasingly involved in supporting the United States' efforts to assist the international community in its efforts to combat public corruption in foreign countries and at the international level. This work included both participation in international proceedings and coordination with other components of the Justice Department and the State Department on the Administration's position in this area.

In 2003 the Chief of the Section and other Section prosecutors served as delegates and delegation experts in Vienna, Austria during the negotiations of the United Nations Convention Against Corruption (the "Convention"). On October 31, 2003, the United Nations General Assembly adopted the Convention, the first global treaty to address the problem of corruption as a matter of prevention, law enforcement, and mutual assistance. In December 2003, the Chief traveled with other senior Department officials to Merida, Mexico where Attorney General Ashcroft addressed the assembly and signed the Convention, now known as the Merida Convention, on behalf of the United States.

As noted above, Section experts also routinely address visiting foreign officials in connection with the detection and prosecution of public corruption offenses and continued to do so throughout 2003. These presentations are generally conducted under the auspices of the State Department's Foreign Visitor Program and the Justice Department's Office of Overseas Prosecutorial Development Assistance and Training. During 2003 the Section made presentations on corruption topics to officials from Austria, Bhutan, Columbia, Hungary, Moldova, Naples, Kyrgyzstan, Thailand and Vanuatu. Also during the year the Section's Election Crimes Director addressed visiting foreign lawmakers and election officials from West Africa, China, Egypt, Latvia, Mongolia, Pakistan, Peru and Romania on United States election crime statutes and their enforcement.

PART II

**PUBLIC INTEGRITY SECTION
INDICTMENTS, PROSECUTIONS, AND APPEALS
IN 2003**

INTRODUCTION

As described in Part I, the Public Integrity Section's role in the prosecution of public corruption cases ranges from sole responsibility for the entire case to approving an indictment or providing advice on the drafting of charges. This portion of the Report describes each corruption case for which the Section had either sole or shared operational responsibility during 2003. These cases are also included in the nationwide statistics provided in Part III, which reflect the total number of public corruption cases brought by the Justice Department in 2003 and over the previous two decades. Part II also provides statistics on the number of matters closed by the Section without prosecution during 2003 and the number of matters pending at the end of the year. A "case" involves a

person who has been charged by indictment or information; a “matter” is an investigation that has not resulted in a criminal charge.

The Section’s corruption cases for calendar year 2003 are separated into categories, based on the branch or level of government affected by the corruption. Election crime cases are grouped separately. Related cases are grouped together; unrelated cases are separated by double lines. In those cases where a conviction but not a sentence is reported, the sentencing occurred in a later year and will be included in that year’s report.

FEDERAL JUDICIAL BRANCH

As of December 31, 2003, three matters involving allegations of corruption affecting the federal judicial branch were pending in the Public Integrity Section. During 2003 the Section closed three such matters. Also during 2003, the Section handled the following cases involving crimes affecting the judicial branch:

United States v. Marquez and Pagan, District of Puerto Rico

On June 2, 2003, following a five-week trial, Rafael Pagan Santini and Hector Luis Marquez-Figueroa were convicted by a jury of conspiring to obstruct justice, commit perjury, and suborn perjury in connection with a federal grand jury investigation and the subsequent criminal trial of United States v. Yamil Kouri-Perez, et al. The Kouri-Perez case involved allegations of theft of \$1.4 million in government funds from the San Juan AIDS Institute to pay, among other things, bribes to public officials. The original Kouri-Perez case was investigated and tried in San Juan by Assistant United States Attorneys in the United States Attorney’s Office in Puerto Rico in 1999.

Pagan Santini, a doctor licensed to practice medicine in Mexico, was a defense witness in the Kouri trial and participated in various aspects of the defense, including transporting evidence which had been fabricated in Mexico for introduction by the defense at trial and preparing other witnesses to testify falsely. In addition to the conspiracy charge, Pagan Santini was convicted of substantive charges of obstruction, giving perjurious testimony, and suborning the perjury of another trial witness.

Marquez-Figueroa, a lawyer licensed to practice in Puerto Rico, was employed as general counsel in a multi-national health care business Kouri-Perez owned and controlled. In addition to the conspiracy charge for which he was convicted, the government charged Marquez Figueroa with falsely denying before the federal grand jury that he prepared fictitious, backdated contracts used to cover up the stolen funds, and with assisting in the

preparation of other fabricated documents and the false testimony of defense witnesses. The jury acquitted Marquez of the substantive counts of perjury, obstruction, and subornation of perjury.

On October 16, 2003, Pagan Santini was sentenced to 18 months of incarceration and three years of supervised release. On December 4, 2003, Marquez-Fegueroa was also sentenced to a term of 18 months incarceration to be followed by three years supervised release and was ordered to pay a fine of \$3,500.

The United States Attorney's Office in Puerto Rico was recused from this matter.

United States v. Ramirez Lugo, District of Puerto Rico

On July 15, 2003, Dr. Hector Ramirez Lugo was sentenced to seven months of incarceration, which he had already served. Ramirez Lugo pleaded guilty in December 1999 to one count of perjury for his false testimony in the trial of United States v. Yamil Kouri, et al., which was tried by the United States Attorney's Office for the District of Puerto Rico. Ramirez Lugo was originally facing a sentence of 12 to 18 months incarceration. After serving approximately seven months of his sentence, Ramirez, a Mexican national, was released on bond to serve as a resident volunteer at a home for children diagnosed with HIV/AIDS pending completion of his cooperation.

Ramirez Lugo cooperated in the investigation of perjury and obstruction of justice by others during the course of the grand jury's investigation and the subsequent trial of Kouri-Perez and his co-defendants on charges of theft of government funds, money laundering, and conspiracy. Ramirez Lugo also gave important testimony in the trial of United States v. Hector Marquez, et al., in which both defendants were convicted in June 2003. The perjury and obstruction investigation was conducted by the Public Integrity Section.

FEDERAL LEGISLATIVE BRANCH

As of December 31, 2003, four matters involving allegations of corruption in or affecting the federal legislative branch were pending in the Public Integrity Section. During 2003 the Section closed no such matters and handled no cases involving the federal legislative branch.

FEDERAL EXECUTIVE BRANCH

As of December 31, 2003, 62 matters involving allegations of corruption within the federal executive branch were pending in the Public Integrity Section. During 2003 the Section closed 60 such matters. Also during 2003, the Section handled the following cases involving executive branch corruption:

United States v. Adebile, Southern District of Ohio

On May 30, 2003, Isaiah O. Adebile, a former official with the Dayton, Ohio Office of the Census Bureau, U.S. Department of Commerce, was sentenced to four months of home confinement and a \$1,000 fine. Adebile previously pled guilty to one count of accepting a gratuity.

Adebile, formerly a Census Bureau Community Partnership Specialist, worked in community outreach and promotion of the Census 2000 campaign. He was authorized to purchase promotional goods from local vendors -- T-shirts, rulers, mugs, etc. -- advertising Census 2000. An undercover investigation determined that between Fall 1999 and Spring 2000, Adebile misused his Census position to solicit and receive at least \$1,750 in secret cash payments from four Dayton vendors, in exchange for agreeing to purchase Census 2000 promotional goods from the vendors.

United States v. Aguilar and Ocampo, District of Minnesota

On January 14, 2003, a federal grand jury handed up a two-count indictment against Antonio Cedillo Aguilar and Arturo Reyes Ocampo charging them with conspiracy to distribute and possess with the intent to distribute more than 1 kilogram of cocaine, and aiding and abetting possession with intent to distribute.

The indictment alleges the defendants' involvement in a cocaine distribution conspiracy operating in the Minneapolis metropolitan area between September 2001 and September of 2002. On February 11, 2003, defendants Aguilar and Ocampo were charged by a superseding indictment. The superseding indictment expanded the beginning of the conspiracy to June 2001 and also added the distribution of methamphetamine to the cocaine distribution charges.

This case is part of an ongoing investigation into allegations of corruption in Minnesota.

United States v. Nunez, District of Minnesota

On January 10, 2003, Enrique Nunez pled guilty to a one-count information charging him with conspiracy to distribute and possess with the intent to distribute more than one kilogram of cocaine. Nunez is cooperating in the prosecution of Antonio Cedillo Aguilar and Arturo Reyes Ocampo.

United States v. Alarcon, Galvan, Morales and Partida, Southern District of Texas

On March 20, 2003, Miguel Partida, Sergio Genaro Ochoa Alarcon, Ramon Alberto Torres Galvan and Benjamin Antonio Ayala Morales each pled guilty to a one-count information charging them with conspiracy to commit visa fraud.

From January 2002 until January 2003, Partida, a former visa adjudicator and Ochoa, Torres and Ayala, former visa clerks at the United States Consulate in Nuevo Laredo, Mexico, participated in a scheme with other employees of the Consulate in which Partida was paid money in exchange for issuing visas. The money was collected by a visa broker and then funneled to Partida by several Foreign Service Nationals who worked with Partida at the Consulate.

These prosecutions, as well as the one listed below, are being handled jointly by the Public Integrity Section, the Justice Department's Domestic Security Section, and the United States Attorney's Office for the Southern District of Texas.

United States v. Ramirez, Southern District of Texas

On April 11, 2003, Marga Martinez Ramirez pled guilty to a one-count information charging her with conspiracy to commit visa fraud.

Ramirez was the fifth person to plead guilty as a result of the seven-month investigation that ultimately resulted in the January 29, 2003, closure of the U.S. Consulate office in Nuevo Laredo, Mexico.

United States v. Brown, District of Columbia

On January 13, 2003, James W. Brown, Jr. pled guilty to a one-count information charging him with bribery.

Brown, who worked as a General Supply Specialist at the United States Department of Energy (DOE), was responsible for awarding contracts for carpet cleaning at various DOE facilities. For contracts worth less than \$25,000, Brown was authorized to select the most qualified bidder and to issue payment on a government-issued purchase card. Between late 1996 and early 1998, a carpet cleaning contractor paid Brown cash in exchange for being awarded various carpet cleaning contracts. On at least one occasion, Brown provided the carpet cleaning contractor a copy of the price list of a competitor, so that the contractor could place the lowest bid.

On June 5, 2003, Brown was sentenced to one year of incarceration, split between six months in jail and six months of home detention with electronic monitoring, and a \$5,000 fine. In sentencing defendant Brown, the Court found that the defendant accepted bribes on multiple occasions, and that the amount of the bribes was between \$5,000 and \$10,000.

United States v. Clark, Eastern District of Virginia

On February 11, 2003, Kimberlee L. Clark was sentenced to 20 days of incarceration during one year of supervised probation, followed by four years of unsupervised probation, and restitution of \$5,930. Clark previously pled guilty to one-count of theft of government money.

Clark is a former personnel assistant at the United States Patent and Trademark Office in Crystal City, Virginia (“PTO”). The charges arise from Clark’s service as timekeeper for her office unit. Among Clark’s responsibilities were the collection and compilation of time and attendance data for herself and fellow employees, and the preparation of such information for transmission to the National Finance Center in New Orleans, Louisiana. Clark was paid for more hours than those which were confirmed and certified in each of fourteen separate pay periods in 1999 and 2000. The total unearned salary paid to Clark over a nine-month period was approximately \$5,930.

United States v. Cressey, District of Columbia

On April 4, 2003, Roger Cressey, the former Chief of Staff for the President’s Critical Infrastructure Protection Board (PCIPB), within the Office of Homeland Security, Executive Office of the President, agreed to pay a \$5,000 civil settlement to resolve allegations that he violated federal conflict of interest restrictions. The settlement was made pursuant to the conflicts penalty provision, which authorizes civil as well as criminal remedies for conflict of interest violations.

As Chief of Staff for the PCIPB, Cressey was responsible for the establishment and management of the PCIPB, including matters of personnel, budget, and administration. Beginning in December 2001, and continuing through July 2002, Cressey recommended and participated in the proposed procurement of a support contract for the PCIPB in the amount of approximately \$600,000 through a competitive bid process under GSA’s Safeguard Program. Cressey hoped that a certain company (“the Company”) would bid on the proposed support contract. Cressey continued to make efforts to implement the decision to procure the contract while at the same time negotiating for employment with the Company. Cressey wrongly believed that he needed to recuse himself from matters relating to a prospective employer only when he began discussing the details of a specific job with the employer, and not when he began general employment discussions.

United States v. Davis and Perez-Davis, Northern District of Georgia

On April 3, 2003, Darla K. Davis and Frank Perez-Davis, two former supervisory federal police officers assigned to the Atlanta, Georgia zone office of the Federal Protective Service (“FPS”), were sentenced for crimes committed during a 1997 Office of Personnel Management (“OPM”) audit. Davis, the former FPS Atlanta Zone Office Commander, received a sentence of five months of imprisonment, and five months of home confinement, and two years of supervised release. Perez-Davis, a former Acting Sergeant under Davis, received a sentence of six months of home confinement and three years of probation.

The defendants directed several subordinate FPS officers in February 1997 to alter and falsify police reports provided to OPM auditors, who were reviewing the officers’ 1996 workload to determine the propriety of a General Services Administration (“GSA”) decision to increase the officers’ salary nationwide. To retain the increase, Davis and Perez-Davis conspired to defraud OPM and GSA by representing that the fraudulent police reports accurately reflected an increase in the number and type of complex criminal investigations their office handled in 1996.

Davis and Perez-Davis were indicted jointly in April 2000 for conspiracy to defraud the United States, false statements, and concealing public records. Following a mistrial in November 2001, the defendant’s cases were severed for trial. On April 19, 2002, the eve of his trial, Perez-Davis pled guilty to one count of concealing public records and later testified against Davis in her trial. Davis was thereafter convicted by a jury on May 1, 2002 of conspiracy to defraud OPM and GSA. At the time of her conviction, she was acquitted on the false statements and concealing public records charges.

United States v. Diaz and Hernandez, Western District of Texas

On July 1-3, 2003, United States Customs Special Agent David Diaz and El Paso Police Officer Frank Hernandez were tried before a United States Magistrate on charges of searching a house without a warrant or consent and conspiring to do so. The defendants were charged with breaking into a house in El Paso, Texas, pounding holes in the walls, and leaving the house in a condition in which it could not be locked. The defendants were charged with violating federal law in two ways, by searching a “dwelling used and occupied as such” without reasonable cause or a warrant, and by searching a building maliciously and without reasonable cause and a warrant.

The Judge acquitted the defendants on both counts. He offered by way of explanation that he found that both agents were enforcing federal law, that they entered the dwelling without consent, probable cause, or a warrant, and searched it. However, he found that the house was not a “dwelling used and occupied as such” because, at the time of the search, the owners had left the house, which was being remodeled, and were considering selling it. He also found that the government failed to prove that the agents’ actions were malicious.

This case was part of a larger investigation into misconduct by law enforcement officers assigned to a Customs Task Force in El Paso, Texas. Through this investigation, the Customs Supervisory Special Agent of

the Task Force, a Border Patrol Agent, and a Customs Special Agent assigned to the Task Force were prosecuted and convicted, along with two informants and another narcotics trafficker. Administrative sanctions have been imposed or are pending against other Customs Agents. Two resigned while under investigation.

United States v. Dobbs, District of Columbia

On June 23, 2003, Brenda Dobbs pled guilty to a one-count information charging her with theft of government property.

Dobbs was a secretary and then a program support assistant employed by the National Oceanic and Atmospheric Administration's ("NOAA") Office of General Counsel for Natural Resources. The Office is part of the United States Department of Commerce and is located in Silver Spring, Maryland. Dobbs was the time and attendance keeper for her office.

From October 1996 through December 2001, Dobbs made false representations on her time and attendance reports, causing her to be paid \$18,564.91 for work that she did not perform. The government paid her by mailing checks to her Washington, DC home. Dobbs also obtained cellular telephones from Sprint and Verizon using a NOAA account number and used the telephones to make personal calls, without authorization. As a result, the government paid Sprint and Verizon \$3,152 for Dobbs's unauthorized personal telephone usage.

On September 4, 2003, Dobbs was sentenced to three years of probation and ordered to pay \$21,716.67 in restitution.

United States v. Ferguson, District of Columbia

On July 18, 2003, Charelle Ferguson, former timekeeper for the Defense Intelligence Agency, pled guilty to a one-count information charging theft of government property.

Between December 2000 and June 2002, Ferguson knowingly and falsely claimed 337.3 hours of overtime which she did not work, and was paid \$10,169.31 for those hours.

On October 1, 2003, Ferguson was sentenced to three years of probation, 10 hours of community service, and was ordered to pay restitution in the amount of \$10,169.31.

United States v. Speight, District of Columbia

On July 23, 2003, Angelique Speight, former timekeeper for the Defense Intelligence Agency, pled guilty to a one-count information charging theft of government property.

Between December 2000 and June 2002, Speight knowingly and falsely claimed 336.27 hours of overtime which she did not work, and was paid \$10,444.56 for those hours.

On October 3, 2003, Speight was sentenced to two years of probation, 10 hours of community service, and was ordered to pay restitution in the amount of \$10,444.56.

United States v. Green, District of Columbia

On January 22, 2003, Crystal N. Green, a former U.S. Department of State (DOS) contract employee, was sentenced to a 12-month split sentence of 6 months imprisonment and 6 months of home confinement with electronic monitoring. Green previously pled guilty to conspiracy to commit wire fraud.

Green's duties at DOS included processing paperwork concerning DOS employees' government credit cards, and obtaining credit card numbers and identifying information of other employees. In 2001, Green and her three co-conspirators called Western Union on numerous occasions, provided Western Union with the credit card numbers and identifying information for State Department employees that Green stole in the course of her official duties, and requested that money be paid from those credit cards to themselves, without the employees' authorization. Green made additional purchases with DOS employees' personal credit cards. In a one-month period, the scheme resulted in the theft of more than \$4,600 from DOS employees, and the attempted theft of more than \$7,600.

United States v. Lloyd, District of Columbia

On February 21, 2003, Jameil C. Lloyd, a former clerical intern for the United States Department of State, was sentenced to a five-year term of probation and 100 hours of community service, and ordered to pay \$4,645.16 in restitution. Lloyd previously pled guilty to a one-count information charging her with conspiracy to commit conversion by a government employee and she agreed to cooperate with the Government.

Crystal Green, a State Department contract employee who processed paperwork concerning State Department employees' government credit cards, provided Lloyd with credit card numbers and identifying information of other State Department employees. On several occasions, Lloyd called Western Union and accessed the Western Union website, provided Western Union with credit card numbers and identifying information for State Department employees, and requested that money be paid from those credit cards to herself and others, without the employees' authorization.

United States v. Morales, District of Columbia

On February 4, 2003, Jacemyein Morales, a private citizen, was sentenced to a three-year term of probation and ordered to pay \$1,895 restitution. Morales previously pled guilty to a one-count information charging her with conversion by a government employee. She also agreed to cooperate with the ongoing investigation.

In May 2001 Crystal N. Green, a State Department contract employee who processed paperwork concerning State Department employees' government credit cards, obtained credit card numbers and identifying information of other employees, which were in her control as part of her official duties. On numerous occasions, Green and others called Western Union and accessed the Western Union Web site, provided Western Union with credit card numbers and identifying information for State Department employees, and requested that money be paid from those credit cards to Green, Morales and others, without the employees' authorization. Morales, a personal associate of Green's, was listed as the payee and attempted to pick up the money from Western Union locations for most of the fraudulent transactions.

United States v. Hauser, District of Columbia

On January 30, 2003, Nicholas Hauser pled guilty to a one-count information charging him with theft of government property.

Hauser owned and operated Hauser's Coin & Stamp, a coin store in Lakeland, Florida. With the assistance of Barry Hill, Brand Manager of Numismatics for the United States Mint, Hauser stole coin presentation boxes from the Mint. Hauser purchased 12,700 coin boxes directly from Hill and then sent to Hill's home cash or checks payable to Hill. The Mint received no money for the \$14,031 worth of coin boxes that Hill sold to Hauser pursuant to this scheme.

On April 11, 2003, Hauser was sentenced to one year of probation and a \$5,000 fine. The case was handled jointly by the Section and the United States Attorney's Office for the District of Columbia.

United States v. Mangels, District of Columbia

On April 11, 2003, Robert Mangels, Jr., pled guilty to a one-count information charging him with theft of government property.

Mangels was an employee of Golden Eagle Coins and Jewelry, which is located in Laurel, Maryland. With the assistance of Barry Hill, Brand Manager of Numismatics for the United States Mint, Mangels stole coin presentation boxes from the Mint. Mangels purchased 13,700 coin boxes directly from Hill and then gave Hill

cash. The Mint received no money for the \$14,589 worth of coin boxes that Hill sold to Mangels pursuant to this scheme.

On July 21, 2003, Mangels was sentenced to one year of probation and 50 hours of community service.

This case was handled jointly by the Public Integrity Section and the United States Attorney's Office for the District of Columbia.

United States v. Pappas, District of Columbia

On September 17, 2003, James Pappas, was sentenced to six months of home detention, four years of probation, and a \$2,000 fine. Pappas previously pled guilty to conspiracy to steal government property.

Pappas, who is an independent coin dealer, served as a middleman in a scheme to steal and then sell \$95,000 of coin presentation boxes belonging to the United States Mint. Pappas's co-conspirator was Barry Hill, a Brand Manager of Numismatics at the Mint. Hill was in charge of the Mint's sales of coin presentation boxes to coin stores. From October 7, 1998, through January 29, 2001, Hill and Pappas engaged in a scheme in which, at Pappas's request, Hill caused coin boxes to be sent from the Mint's storage facility directly to coin stores. In turn, the coin stores paid Pappas. Pappas paid Hill cash for the ordered coin boxes. The Mint never received payment for these coin boxes.

Pappas cooperated with the government in its investigation, and the government moved for a downward departure from the applicable sentencing guidelines based on this cooperation. This case was handled jointly by the Public Integrity Section and the United States Attorney's Office for the District of Columbia.

United States v. Robinson, District of Columbia

On May 2, 2003, Edward Eugene Robinson pled guilty to a one-count information charging him with theft of government property.

Robinson owns Tidewater Coin & Stamp Company, which he operates from his home. With the assistance of Barry Hill, Brand Manager of Numismatics for the United States Mint, Robinson stole coin presentation boxes from the Mint. Robinson purchased 16,800 coin boxes directly from Hill and then gave Hill cash. The Mint received no money for the \$18,300 worth of coin boxes that Hill sold to Robinson pursuant to this scheme.

On August 18, 2003, Robinson was sentenced to one year of probation and 50 hours of community service.

This case was handled jointly by the Public Integrity Section and the United States Attorney's Office for the District of Columbia.

United States v. Hsu and Wu, District of Columbia

On July 29, 2003, Hsin Hui Hsu, a former agricultural economist for the United States Department of Agriculture, and his wife Jing Ling Wu Hsu, also known as Jenny Wu, both pled guilty in connection with a visa fraud scheme. Hsu pled guilty to a one-count information charging conspiracy to commit visa fraud, and Wu pled guilty to a one-count information charging that she aided and abetted an unlawful conflict of interest.

Hsu's official duties included inviting groups of Chinese nationals with expertise in agriculture to the United States to meet with officials at the USDA. Beginning in late 1999, Hsu conspired with visa brokers based in California and China who would locate Chinese nationals who were willing to pay to come to the United States but who were not eligible to receive visas. These Chinese nationals would pay approximately \$10,000 each to the visa brokers, who then provided their names and bogus biographical information to Hsu. Hsu wrote letters on USDA letterhead to be presented to U.S. consulates in China, stating that the Chinese nationals were agricultural specialists invited to the United States for official meetings. Hsu knew when he drafted the letters that the Chinese nationals in question were not agricultural specialists and that the meetings would not take place.

Also as part of the scheme, Hsu drafted and signed letters from Wu on behalf of her company, Strathmore Enterprises, also purporting to confirm invitations to the Chinese nationals and showed several of these letters to Wu. Wu deposited in Strathmore Enterprises accounts the fees paid to Hsu for his role in the conspiracy. Altogether, Hsu wrote dozens of letters on behalf of hundreds of Chinese nationals, 99 of whom received non-immigrant visas to enter the United States. Hsu and Wu received approximately \$82,000 for their role in the scheme.

On October 22, 2003, Jenny Wu, was sentenced to a two-year term of probation and 100 hours of community service.

United States v. Margetson, District of Columbia

On May 30, 2003, Gary C. Margetson pled guilty to a one-count information charging conspiracy to cause an alien to attempt to enter the United States by willfully false representations.

Margetson works at a casino in Las Vegas, Nevada, and was involved in business ventures with a businessman formerly based in California. From February through September 2001, at the businessman's request and in exchange for payment from the businessman, Margetson wrote letters from fictitious American companies or from fictitious officers of real companies inviting groups of Chinese nationals to come to the United States to discuss potential investments. Margetson understood that these fraudulent letters helped the Chinese nationals to obtain visas to come to the United States when they would otherwise be unable to do so. Margetson obtained a total of approximately \$3,500 from the businessman in connection with this scheme. He agreed to cooperate

with the government's investigation, which focused on many similar letters written by United States Department of Agriculture official Hsin-Hui Hsu and others, in exchange for payment from the businessman and others.

Margetson was sentenced on September 5, 2003, to a one-year term of probation and ordered to pay a \$5,000 fine.

United States v. Johnston, District of Columbia

On January 6, 2003, Christopher T. Johnston, a former auditor employed by the United States Department of Commerce Office of Inspector General, pled guilty to a one-count information charging him with falsely implying that he was communicating on behalf of the Department of Commerce.

Johnston worked for the Department of Commerce until his resignation in June 2000. In July 2000, Johnston began working for a private software company called B2emarkets. In February 2001, Johnston sent a series of emails to one of B2emarket's competitors falsely stating that he was making inquiries on behalf of the Department of Commerce in order to retrieve proprietary information that he believed would benefit B2emarkets.

Johnston was sentenced on April 2, 2003, to two years of probation, fined \$1000, and ordered to perform 50 hours of community service.

United States v. Jones, Western District of Texas

Tonie D. Jones, a former Special Agent with the Federal Bureau of Investigation, pled guilty on April 9, 2003, to making a false statement to federal investigators during the course of an internal investigation.

Jones was a special agent with the FBI from January 1996 through May 2002. In 2001, federal investigators from the FBI Office of Professional Responsibility (FBI-OPR), and, subsequently, the Department of Justice Office of Inspector General (DOJ-OIG), were investigating allegations that certain FBI special agents had surreptitiously audio-taped FBI management, in violation of agency protocols. On three separate occasions between April and August 2001, Jones lied to FBI-OPR and DOJ-OIG investigators about his role in the audio taping. Specifically, Jones categorically denied participating in the audio-taping twice to FBI-OPR and a third time to DOJ-OIG, when he was in fact aware that he and another special agent had surreptitiously recorded a conversation with FBI management.

Jones also admitted that, when he interviewed for a position at the U.S. Food and Drug Administration Office of Criminal Investigations in January 2002, he falsely stated that he had never been the subject of an

internal investigation, when, in fact, Jones knew at the time that he had been the subject of an internal investigation by federal investigators.

Jones was sentenced on August 4, 2003, to one year of probation and a \$1,000 fine.

United States v. Lindsly, Northern District of Georgia

On June 30, 2003, Christopher Lindsly, former Building Manager, General Services Administration (GSA), Toledo, Ohio, pled guilty to a one-count information charging him with theft of government property.

In his position as Building Manager, Lindsly authorized the budgets for repair and maintenance of the Federal Building and the United States Courthouse, as well as the Customhouse and all federal properties located in Toledo, Ohio. From December 1998 through November 1999, Lindsly converted government property, such as carpeting, marble, paint, furniture, wood, and a Unisys desktop computer to his own use to renovate his personal residence. Lindsly converted a total of \$9,999.70 of government property. Since the investigation began, Lindsly became a resident of Atlanta, Georgia, and his plea was entered in the Northern District of Georgia.

Lindsly was sentenced to 5 years of probation, \$9,999.70 in restitution, and 20 hours of community service. Prior to the plea, Lindsly resigned his position with GSA.

United States v. Martinez, Western District of Texas

On August 14, 2003, Juan Martinez, a former U.S. Border Patrol agent, was sentenced to ten months, with five months to be served in prison and five months to be served in home confinement. Martinez previously pled guilty on the day of his trial to one count of concealing a material fact, and agreed to cooperate.

From July 1998 through July 1999, Martinez was assigned to a Customs task force supervised by Customs Supervisory Special Agent Ramon Torrez. During that time, Martinez assisted Torrez in smuggling marijuana from Mexico into the United States on at least eight occasions. At the instruction of Torrez, Martinez repeatedly called the Border Patrol and represented that he and Torrez intended to conduct official controlled deliveries of narcotics at certain times and places along the border between the United States and Mexico. Martinez knew that, based on his requests, the Border Patrol would clear out the Border Patrol agents normally on duty in the area. Martinez then used the key assigned to him by the Border Patrol to open the gates that blocked vehicular traffic to the river to permit large vans to be fully loaded with marijuana. In his government vehicle, Martinez escorted the loads to places where some or all of the load was released and not seized by any law enforcement agents. In this manner, Martinez assisted Torrez in smuggling approximately 13,000 pounds of marijuana into the United States.

Martinez cooperated against Torrez and testified at the trial of United States Customs Special Agent David Diaz and El Paso Police Officer Frank Hernandez, who were charged in a two-count information with searching without a warrant or consent and conspiring to do so.

United States v. Mason, District of Columbia

On May 8, 2003, Camille D. Mason was sentenced to 37 months of imprisonment, three years of supervised release, and restitution in the amount of \$33,832. Mason previously pled guilty to conspiracy to commit bank fraud; and she thereafter repeatedly failed to appear for sentencing and other court dates, resulting in a sentencing enhancement for obstruction of justice.

This case stems from an investigation into two counterfeited checks written on government-controlled accounts. Mason was a member of a loosely-run group of counterfeit check passers that operated in the Washington metropolitan area from about March 1999 until about August 2000. During that time period, the group was responsible for cashing over \$125,000 in counterfeit checks at Washington area banks. They created the checks on personal computers using financial information stolen from a variety of sources. The counterfeited checks, which were created to resemble corporate payroll checks, were typically made payable to the order of names obtained on stolen identification. The leaders of the group drove Mason and other passers to Washington area banks and paid them to go into the banks and cash the counterfeit checks using the stolen identification.

United States v. Robinson, F., District of Columbia

On October 9, 2003, Felicia A. Robinson was sentenced to time served, which was two years of imprisonment, and ordered to pay \$75,130.25 in restitution. Robinson previously pled guilty to one count of conspiracy to commit bank fraud.

This case was part of an investigation into a series of counterfeit checks written on government-controlled accounts and negotiated at various banks in the Washington, DC, metropolitan area. Robinson and one of her co-conspirators created the counterfeit checks on a personal computer using stolen financial information obtained from a variety of sources. The two then paid a number of “check passers” to negotiate the checks using false identification. Between March 1999 and August 2000, Robinson and her co-conspirators were responsible for creating and cashing over \$125,000 in counterfeit checks. In total, six individuals pled guilty in connection with this investigation.

United States v. Meerovich, District of Columbia

On February 6, 2003, Alexander J. Meerovich, a former State Department consular officer, pled guilty to visa fraud.

From August 1999 until July 2002, Meerovich was the Deputy Consul General at the United States Embassy in Prague, Czech Republic. His duties included interviewing applicants for United States visas, reviewing the applications, and approving non-immigrant visas for travel to the United States.

In January 2000, Meerovich entered into a fraudulent scheme with a visa broker in Prague to process visas fraudulently for the broker in exchange for money. Between April 2000 and May 2002, Meerovich arranged for the fraudulent processing of at least 85 visa applications for the broker in exchange for cash payments, which totaled at least \$50,000.

On June 24, 2003, Meerovich was sentenced to 24 months in prison.

United States v. Menyweather, Central District of California

On July 7, 2003, the Ninth Circuit Court of Appeals vacated the sentence imposed by the District Court and remanded the case to the district court for resentencing. This marks the second time the Ninth Circuit has vacated and remanded for resentencing in this case.

Menyweather, a former employee of the United States Attorney's Office for the Central District of California, previously pled guilty to one count of honest services mail fraud in connection with her theft of more than \$430,000 from the United States Attorney's Office. The district court at sentencing departed eight levels downward from Menyweather's adjusted offense level of 16, and sentenced her to forty days incarceration to be served on the weekends, restitution, 3000 hours of community service, and certain reporting requirements. The United States appealed the sentence, and in May 2002 the Ninth Circuit vacated the sentence and remanded to the district court for resentencing, finding that the district court erred by not explaining its reasoning for both the direction and the degree of the departure.

At resentencing, the district court imposed a sentence identical to the original sentence, but this time adopted written findings of fact and conclusions of law in support of its departure. The United States again appealed the sentence.

The Court of Appeals, without hearing oral argument, held that the district court erred in departing based upon a ground as to which the government did not have notice and in failing to give a reasoned explanation for the extent of its departure. The Court of Appeals reversed and remanded for resentencing, without reaching the question of whether the district court could have reasonably departed based upon its stated grounds, and whether the extent of the departure was reasonable.

On September 22, 2003, Dorothy Menyweather was sentenced again to the same forty days of incarceration to be served on the weekends, restitution, 3000 hours of community service, and certain reporting requirements. The Public Integrity Section's appeal of this sentence is now pending.

United States v. Northart, K., Northart, W., Eastern District of Virginia

On January 24, 2003, Karen Northart, a supervisor at the Central Intelligence Agency, was sentenced to five months imprisonment and five months of home confinement with electronic monitoring. She was also ordered to pay \$33,408 in restitution to a children's swim league and to the U.S. Department of Education. On the same day, Wayne Northart was sentenced to six months of home confinement with electronic monitoring, two years of probation, and \$24,908 in restitution.

Karen Northart admitted that she submitted a false voucher to the CIA. In July of 1996, Northart persuaded the CIA to fund the entire \$27,690 tuition for her to attend a two-year, weekend Masters degree program at American University. Northart then submitted a fraudulent application for federal student loans to the U.S. Department of Education. The loan application misrepresented the amount of employer tuition assistance she was receiving. In consequence, Northart was awarded over \$18,000 in federal student loans, even though the cost for her to attend the program was fully funded by the CIA. Northart continued to apply to the CIA for tuition advances and then submitted false vouchers to the CIA, fraudulently representing that the advances were paid to the University. In truth, her tuition was being covered by wire transfers of loan funds from the Department of Education to the University, and she was pocketing the CIA advances.

The Northarts also admitted to their participation in a scheme to defraud a children's swim league in northern Virginia out of nearly \$25,000 during a three and one-half year period from 1996 to 1999. Karen Northart, who was Treasurer of the swim league, defrauded the league by issuing numerous swim league checks payable to Wayne Northart, to cash, and to herself, which she falsely recorded in the swim league's books as payments to various vendors and suppliers of the league.

United States v. Profera, Western District of Virginia

On January 27, 2003, Benedict A. Profera, the former chief of podiatry and supervisor of the podiatric residency program at the United States Department of Veterans Affairs Medical Center in Salem, Virginia (VAMC), was sentenced for his role in a bribery and honest services wire fraud scheme. Profera was sentenced to 15 months imprisonment and restitution of \$15,407.28.

In June 2002, a jury convicted Profera of bribery, honest service wire fraud, and theft charges in connection with Profera's acceptance of a \$25,000 bribe from a VAMC podiatry resident, Daniel Semko, in exchange for engaging in a scheme to allow Semko to receive a federal salary and credit for participation in the VAMC podiatric residency program. Instead, Semko was actually working full-time in Indiana at the private podiatry business he jointly owned with his wife, Suzanne Haritatos-Semko, who was also enrolled in the residency program under Profera's supervision. To conceal the scheme and Semko's absence from the program, Profera and Haritatos-Semko falsely represented to VAMC employees that Semko was present and participating in the program. Both Semko and Haritatos-Semko were indicted with Profera for their roles in the scheme, but they entered into plea agreements just prior to trial and testified in the government's case against Profera.

United States v. Rock, Eastern District of Virginia

On February 11, 2003, Patsy Ann Rock was sentenced to a one-year term of probation and ordered to pay \$9,387 in restitution. Rock was an administrative secretary for the Defense Security Service until her resignation in October 2002. Rock previously pled guilty to one count of theft of government money.

From September 2000 through June 2001, Rock claimed 346 hours of overtime, which she had not in fact worked and was paid \$9,387 for those hours. Rock's job responsibilities included entering time, attendance, and payroll information into official government systems. Because she was familiar with these systems and she knew the user name and password information for several supervisors, she was able to submit payroll information without obtaining the required approval, which allowed her to conceal her excess overtime.

United States v. Sellers, District of Columbia

On August 6, 2003, Bobbie J. Sellers, a Freight Rate Specialist for the United States Government Printing Office (GPO), pled guilty in the District of Columbia Superior Court to one count of second degree fraud.

Sellers served as a Superior Court grand juror in the District of Columbia from July 16, 2001 through September 5, 2001. On September 4, 2001, Sellers submitted a letter on United States Attorney's Office stationary to her GPO supervisor which falsely stated that Sellers was required to serve two additional grand jury recall dates later that month. Sellers took paid court leave from work for these two days, indicating that she continued to serve on a grand jury, when, in fact, her grand jury service had ended.

Between October 21, 2001 and March 21, 2002, Sellers submitted seven additional letters on United State Attorney's Office stationary to her GPO supervisor, falsely claiming that she was required to serve eleven additional grand jury recall dates, and she took paid court leave from work for each of these days. In total, Sellers

knowingly and falsely claimed 127 hours of court leave to which she knew she was not entitled, and was paid a total of \$2,399.03 for these hours.

Sellers was sentenced on August 6, 2003, to 16 months of probation, and ordered to pay \$800 in restitution to the government.

United States v. Smalls, District of Columbia

On November 17, 2003, Narissa Smalls, a Legal Technician in FBI Headquarters, pled guilty to a one-count information charging her with accessing the FBI's Automated Case Support (ACS) computer system without authorization.

Smalls was assigned to the Freedom of Information and Privacy Act Unit in FBI headquarters, and her duties included searching ACS for information in response to FOIA requests and for other administrative purposes. Between September 2002 and November 2002, Smalls conducted several searches in ACS for information regarding individuals who were subjects of ongoing drug investigations in the FBI's Washington Field Office. In one instance, she printed out the information and took it to her residence. Smalls shared the results of her ACS searches with individuals who were associated with the subjects of the FBI's drug investigations. As part of her plea agreement, Smalls resigned from the FBI.

United States v. Waybright, District of Columbia

On July 9, 2003, Robin R. Waybright, a former timekeeper and senior staff assistant for the Defense Intelligence Agency (DIA), pled guilty to a one-count information charging her with theft of government property.

Between January 2001 and June 2002, Waybright knowingly and falsely claimed hundreds of hours of overtime and compensatory time to which she knew she was not entitled. She was paid over \$20,000 for these hours.

IMPAC Prosecutions Eastern District of Virginia

The following cases are part of an investigation into misuse of government charge cards issued under the "IMPAC" program (International Merchant Purchase Authorization Card). IMPAC cards are used by employees of a variety of government agencies for purchasing supplies and services. Twelve persons were convicted as a result of this investigation.

United States v. Johnson

On September 16, 2003, Demetris Johnson pled guilty to a one-count information charging her with unlawful acceptance of supplementation to her government salary. Johnson is an employee in the administrative office of the United States Department of the Interior's Geological Survey.

Johnson's responsibilities included purchasing office supplies and services using a government-issued credit card. Between October 2000 and March 2001, Johnson received approximately \$500 in retail gift cards from Craig Vinarsky, who provided office supplies to Johnson's office.

United States v. Turner

On October 14, 2003, Shanda Turner pled guilty to a one-count information charging her with unlawful acceptance of supplementation to her government salary. Turner is employed as a purchasing agent in the administrative office of the United States Department of Agriculture.

Turner's responsibilities included purchasing office supplies and services using a government-issued credit card. In July 2000, Turner received a \$500 retail gift card from Craig Vinarsky, who provided office supplies to Turner's office.

United States v. Vinarsky

On June 10, 2003, Craig Vinarsky pled guilty to a one-count information charging him with paying an unlawful gratuity. Vinarsky was formerly a contract seller of office supplies to United States government agencies.

Vinarsky, through his business, sold office supplies to government agency employees, including Department of Defense employee Quintin Swann. From March to May of 2001, Vinarsky offered to Swann retail gift cards, travel to the Virgin Islands, and more than \$2,000 in cash for and because of Swann's purchase of office supplies from Vinarsky.

On September 8, 2003, Vinarsky was sentenced to six-months of home detention and two years of probation. Vinarsky also agreed not to do business with the federal government for a period of 10 years.

The following prosecutions involve a scheme in which individuals working at the United States Embassy in Colombo, Sri Lanka, were paid hundreds of thousands of dollars to issue visas to foreign nationals, including numerous citizens of India and Vietnam. These cases are being handled jointly by the Section and the United States Attorney's Office for the Eastern District of California.

United States v. Bhullar, D., Bhullar, N., Johnson, Lee, Prasad, M., Prasad, V., Singh, Trinh, Virk

On May 1, 2003, a grand jury in the Eastern District of California returned an eighteen-count indictment against two State Department employees, Long N. Lee, a Foreign Service Officer and the administrative officer at the United States Embassy in Colombo, Sri Lanka, and her husband Acey R. Johnson, a former consular associate at the same embassy, as well as seven private citizens, Vinesh Prasad, Minesh Prasad, Narinderjit Singh Bhullar, Phuong-Hien Lam Trinh, Rajwant S. Virk, Rachhpal Singh, and Davinder Singh Bhullar. The indictment included charges of conspiracy to defraud the United States and to commit bribery and visa fraud, as well as substantive charges of honest services wire and mail fraud, bribery, visa fraud, encouraging illegal entry, and illegal structuring. The indictment also includes a forfeiture count.

The allegations are as follows: Long N. Lee is a career Foreign Service Officer, and her husband Acey R. Johnson had been a consular associate who was responsible for processing visa applications. Since at least early 2000, while both were working at the United States Embassy in Colombo, Sri Lanka, they were paid hundreds of thousands of dollars to issue visas to foreign nationals, including numerous citizens of India and Vietnam. Vinesh Prasad, Minesh Prasad, Narinderjit Singh Bhullar, and Rachhpal Singh are visa brokers who reside in the Sacramento, California area; Phuong-Hien Lam Trinh is a visa broker who lives in the area of Gardena, California; Rajwant Virk is a visa broker who resides in northern Virginia; Davinder Singh Bhullar is a visa broker who formerly resided in the Sacramento, California area and now is believed to reside in India, where he is a fugitive from an unrelated federal case in the Eastern District of California. All of them have acted as middlemen between Johnson and Lee, on the one hand, and foreign aliens and their sponsors on the other hand, to facilitate the purchase of visas. The brokers collected substantial sums of money from the purchasing aliens/sponsors and forwarded substantial payments to Johnson and Lee, or to members of Lee's family, for the purchased visas. In addition, Vinesh Prasad and Narinderjit Singh Bhullar structured transactions related to this scheme in order to avoid financial reporting requirements.

United States v. Singh

On September 12, 2003, Rachhpal Singh, a private citizen, pled guilty to conspiracy to defraud the United States and to commit bribery and visa fraud. As part of his plea agreement, Singh agreed to cooperate with the government.

United States v. Virk

On June 6, 2003, Rajwant S. Virk, a private citizen from Virginia, pled guilty to one count of conspiracy to defraud the United States and to commit bribery and visa fraud. Virk agreed to cooperate with the government.

United States v. Jaisingh

On October 2, 2003, a grand jury returned an eighteen-count superseding indictment charging eight individuals including two State Department employees with an international visa fraud scheme. In addition to the charges described above, the superseding indictment added Ramesh Jaisingh, a private citizen, to count one, which charges conspiracy to defraud the United States and to commit bribery and visa fraud, and added several items of money and property to a forfeiture count. On November 14, 2003, Jaisingh pled guilty to conspiracy to defraud the United States and to commit bribery and visa fraud and agreed to cooperate with the government.

**GSA Contract Fraud Prosecutions
Northern District of Illinois**

The following cases are the result of a five-year undercover investigation in which numerous consensual recordings were made of GSA officials and contractors by cooperating GSA employees. These prosecutions are being handled by the Public Integrity Section with the assistance of Assistant United States Attorney Dean Polales of the United States Attorney's Office for the Northern District of Illinois; the remainder of the United States Attorney's Office is recused from this investigation.

United States v. Arias, Barratt, Bravos, Funke, Gibson, Hardy, Ingram, Kramer, Kulick, Lewison, Orr, Pease, Pitt, Pulkrabek, Taylor and Valsamis

On October 2, 2003, five former officials with the General Services Administration (GSA) and nine GSA contractors were charged with bribery and false claims in connection with GSA contracts at the Dirksen Federal Courthouse in Chicago, Illinois.

Glenn Hardy, a former GSA mechanical supervisor who had responsibility in the selection of contractors for the award of GSA supplies and services contracts in the Dirksen Federal Courthouse, was charged with receiving more than \$10,000 in cash from GSA contractors, in addition to plumbing supplies and other equipment, which were falsely billed to GSA, in return for favorable treatment in the award of GSA contracts.

Raletta Ingram, a building manager, was charged with receiving new windows and siding on her private residence, worth approximately \$18,000, in exchange for providing favorable treatment to a GSA contractor.

Arthur Orr, a former GSA pipefitter, was charged with personally receiving plumbing supplies and other equipment from GSA contractors who billed the cost to GSA.

The nine GSA contractors - Carolyn Pease; James Barratt; Scott Arias; Gerasimos Valsamis; John Gibson; Scott Bravos; Barry Lewison; Terrence Kulick; and Charles Funke - were charged with paying thousands of dollars in cash and other things of value in exchange for GSA contracts between 1995 and 2002.

Jerry Taylor and James Kramer, both former GSA supervisors who cooperated with the investigation, were charged with one count of mail fraud and bribery, respectively.

In addition, charges were also filed against Theresa Pitt, a former FBI typist, and Merritt Pulkrabek, a former court security officer, both of whom worked at the Dirksen Federal Courthouse. They are alleged to have leaked information about the investigation to some of its targets, and they were each charged with one count of disclosure of wire and oral communications.

United States v. Arias

On October 8, 2003, Scott Arias, a former GSA contractor, pled guilty to distribution of cocaine for his role in the GSA bribery scheme. Arias supplied cocaine to a GSA employee in exchange for favorable treatment in the award of contracts.

United States v. Barratt

On December 2, 2003, James Barratt, a former GSA contractor, pled guilty to bribery. Barratt admitted to splitting the proceeds of “no-work” contracts with a GSA supervisor who awarded Barratt the work, as well as paying the same supervisor thousands of dollars in exchange for the award of GSA contracts.

United States v. Funke

On October 9, 2003, Charles Funke, a former GSA contractor, pled guilty to bribery. Funke, who eventually cooperated with the government, was charged with providing new windows and siding to the home of a GSA official, in exchange for which the GSA official provided Funke’s company with a lucrative GSA contract.

United States v. Gibson

On December 10, 2003, John Gibson, a former GSA contractor, pled guilty to bribery. Gibson, the owner of a construction and welding company, admitted paying approximately \$3,000 dollars in bribes, over a four to five year time frame, to a GSA building manager in exchange for being awarded GSA contracts.

United States v. Kramer

On November 7, 2003, James Kramer, a former GSA employee, pled guilty to bribery. Kramer, who eventually cooperated with the government, was charged with accepting bribes in exchange for awarding GSA contracts.

United States v. Kulick

On October 23, 2003, Terrence Kulick, a former GSA contractor, pled guilty to bribery. Kulick was charged with knowingly providing plumbing supplies to GSA employees for their own personal use, and then billing the cost of these supplies to the GSA.

United States v. Lewison

On October 15, 2003, Barry Lewison, a former GSA contractor, pled guilty to bribery. Lewison was charged with providing snowblowers and lawnmowers to a GSA employee for that employee's personal use, and then falsely billing the cost of the items to the GSA.

On December 17, 2003, Lewison was sentenced to two years of probation, two months of home confinement, and a \$5,000 fine.

United States v. Orr

On October 14, 2003, Arthur Orr, a former GSA employee, pled guilty to aiding and abetting a false claim. Orr was charged with personally receiving plumbing supplies and other equipment from GSA contractors who billed the cost to GSA.

On December 10, 2003, Orr was sentenced to one year of probation.

United States v. Pease

_____ On October 17, 2003, Carolyn Pease, a former GSA contractor, pled guilty to bribery.

Pease provided thousands of dollars in cash to a GSA official in exchange for being awarded between \$40,000 and \$70,000 in contracts to change the air filters in the Dirksen Federal Building in Chicago, Illinois.

United States v. Pitt

On October 15, 2003, Theresa Pitt, a former clerk/typist employed by the Federal Bureau of Investigation in the Chicago Field Office, pled guilty to disclosure of oral and wire communications.

Pitt worked as a clerk/typist in the Chicago Field Office of the FBI, which is located in the Dirksen Federal Building. As part of her job, Pitt was tasked with transcribing the undercover recordings and learned that several individuals in the building with whom she was friendly had been targeted in the investigation. Pitt then told a court security officer that she had learned through her work that these individuals had been targeted by the FBI and that the court security officer, who also knew the potential targets, should warn them to be careful about what they say and do. The court security officer then warned the potential targets to “be careful.”

United States v. Pulkrabek

On October 10, 2003, Merritt Pulkrabek, a former court security officer at the Dirksen Federal Building in Chicago, pled guilty to aiding and abetting the disclosure of oral and wire communications.

Pulkrabek worked as a court security officer deputized as a Special Deputy United States Marshal assigned to the Dirksen Federal Building. FBI clerk/typist Theresa Pitt told Pulkrabek that she had been transcribing undercover recordings and learned that several associates of Pulkrabek’s in the building had been targeted in the investigation. The clerk/typist suggested that Pulkrabek warn these individuals to be careful about what they did and said. Pulkrabek, acting on this information, did in fact warn the targets of the investigation, advising them that the FBI was listening in on their phone calls.

United States v. Taylor

On October 23, 2003, Jerry Taylor, a former GSA employee, pled guilty to honest services mail fraud. Taylor, who eventually cooperated with the government, had been charged with accepting bribes in exchange for awarding GSA contracts.

STATE AND LOCAL GOVERNMENT

At the end of 2003, 11 matters of alleged corruption involving state or local government were open in the Public Integrity Section. In 2003 the Section closed three such investigations. Also during 2003, the Section prosecuted the following cases involving state or local corruption:

United States v. Bailey, Kirsch, and Young, Middle District of Alabama

On June 24, 2003, the former acting director of the Alabama Department of Economic and Community Affairs, Nicholas Bailey pled guilty to conspiracy to commit bribery in connection with federal programs and honest services wire fraud, and to filing a false tax return. Alabama businessman and consultant Clayton “Lanny” Young pled guilty to conspiracy to commit bribery and embezzlement in connection with federal programs and honest services mail fraud, as well as filing a false tax return. Alabama architect William “Curtis” Kirsch also pled guilty to conspiracy to commit bribery and embezzlement in connection with federal programs and honest services mail fraud.

The charges against the defendants stem from Bailey’s corrupt arrangement with Young and Kirsch. Bailey admitted to soliciting and receiving over \$100,000 of cash payments and other things of value from Young between January 1996 and April 2001, in exchange for which Bailey used his authority and power, and caused other officials to use their authority and power, to advance Young’s business interests with the State of Alabama. Bailey also admitted that after he resigned from state government in early 1998 to work for a candidate in the Alabama governor’s campaign, Young gave him \$19,000 in so-called consulting fees that Bailey never reported to the Internal Revenue Service.

Bailey also admitted to soliciting and receiving over \$21,000 of cash payments and other things of value from Kirsch between January 1999 and April 2001, in exchange for which Bailey used his authority and power, and caused other officials to use their authority and power, to advance Kirsch’s business interests with the State of Alabama.

Young and Kirsch each admitted that they gave the cash payments and other things of value to Bailey intending to influence him to use his authority and power, and cause other officials to use their authority and power, to advance their business interests with the State of Alabama. Young also admitted that in 1999, as a result of Bailey’s assistance, the Alabama Department of Revenue issued a tax reduction resulting in substantial financial savings to one of Young’s corporate clients, the owner of a large landfill located in Emelle, Alabama. Young was paid \$500,000 by his client for his lobbying effort which he did not report on his 1999 income tax return.

As part of their plea agreements, all three defendants have agreed to cooperate with an ongoing investigation being conducted by the Department of Justice and the Alabama Attorney General’s Office. All of the defendants have also agreed to plead guilty to conflict of interest charges that will be brought by the Alabama Attorney General’s Office.

The case is being prosecuted by the Public Integrity Section and the United States Attorney's Office for the Middle District of Alabama.

United States v. Brown, Alan and Jean, Western District of Texas

On April 2, 2003, Alan and Jean Brown, private attorneys in San Antonio, Texas, were indicted in Austin on charges of filing and conspiring to file false tax returns from 1994 through 1997.

The charges stem from Alan Brown's lucrative criminal defense practice where, the indictment alleges, he routinely accepted cash fees from his clients, without reporting the income on the Browns's joint income tax returns for tax years 1994-1997. The indictment charges that the Browns intentionally under-reported tens of thousands of dollars in cash income received each year and that they concealed the under-reporting by providing false information to their accountants and the Internal Revenue Service. The Browns used the unreported cash to pay household employees and other expenses and took steps to prevent government investigators from discovering the criminal conspiracy.

On July 31, 2003, a unanimous panel of the United States Court of Appeals for the Fifth Circuit vacated an order from the District Court for the Western District of Texas requiring the government to return documents that had been seized pursuant to a search warrant executed at the law office and home of Alan Brown. The government, which seized the documents in August 2000 as part of a tax-fraud investigation of Alan Brown, had appealed the district court's order to the Fifth Circuit.

Prior to any indictment in the case, the district court held a Franks hearing and ruled that the search warrant was invalid, and that the documents should be suppressed and returned to Brown, pursuant to the Federal Rules of Criminal Procedure. The Fifth Circuit held that to be entitled to pre-indictment relief under Rule 41, a party must make a substantial showing of irreparable harm from the government's possession of the seized materials. The Fifth Circuit concluded that Brown had shown no such harm, and vacated the district court's order.

The United States Attorney's Office for the Western District of Texas is recused from this matter.

United States v. Diaz, J., Diaz, O., Minor, Teel and Whitfield, Southern District of Mississippi

On July 25, 2003, a federal grand returned a 16 count indictment charging Paul Minor, a personal injury attorney; Oliver E. Diaz, Jr., a justice on the Mississippi Supreme Court; his wife, Jennifer Diaz; John Whitfield, a former Mississippi Circuit Court judge; and Walter W. "Wes" Teel, a former Mississippi Chancery Court judge, with multiple violations of federal criminal law.

More specifically, Paul Minor was charged with racketeering, the use of the mails and wires to defraud the citizens of the State of Mississippi of the judges' honest services, and bribery in a federally funded program.

Beginning in 1998, the indictment alleges, Minor provided things of value to the judges, including guaranteeing bank loans, providing money to make payments on those loans, and other monetary benefits. In return, Minor sought and received favorable treatment for himself and his clients, including at least one multi-million dollar judgment, in cases pending before the judges.

According to the indictment, Minor and the judges took numerous steps to conceal their financial relationships. The judges failed to disclose their relationship with Minor on reports required under Mississippi law, or to counsel and parties opposite Minor in cases pending before them. For his part, Minor covered-up and concealed his involvement by using intermediaries, making payments in cash, and, in one case, by causing false documents to be created to disguise the source of funds paid on behalf of one of the judges.

Oliver E. Diaz and Walter W. "Wes" Teel were charged with the use of the mails to defraud the citizens of the State of Mississippi of their honest services and bribery in a federally funded program.

John Whitfield was charged with the use of the mails and wires to defraud the citizens of the State of Mississippi of his honest services and bribery in a federally funded program.

Jennifer Diaz was charged with the use of the mails to defraud the citizens of the State of Mississippi of her husband's honest services and aiding and abetting bribery in a federally funded program.

This case is being handled jointly by the Public Integrity Section and the United States Attorney's Office for the Southern District of Mississippi.

United States v. Maraldo and Stump, Southern District of Texas

On September 29, 2003, Michael M. Stump, former president of Houston-based Professional Services Group, Inc. ("PSG") and executive officer of Aqua Alliance Inc., was sentenced to twenty-one months in prison, three years supervised release, and a \$25,000 fine. On the same day Katherine R. Maraldo, former member of the New Orleans Sewerage & Water Board was sentenced to ten months in prison (five months to be served in home confinement), three years supervised release, and a \$5,000 fine.

Previously, following a three-week jury trial, Stump and Maraldo were convicted of one count of conspiracy to violate the Travel Act, and to commit honest services wire and mail fraud and bribery concerning a program receiving federal funds. Stump and Maraldo were also convicted of three counts of honest services wire fraud. Stump and Maraldo were acquitted of the remaining substantive counts separately charged in the indictment.

The May 30, 2001, ten-count indictment charged Stump, Maraldo, and others with concocting and engaging in a scheme from January 1993 through September 1996, to provide legal services and cash payments to then-Board member Maraldo in order to influence and reward her for supporting PSG's business interests with the New Orleans Sewerage & Water Board. Among the benefits was the payment of over \$70,000 in cash to cover her mortgage in a real estate investment. In turn, Maraldo recommended that the Board renew PSG's contract to operate New Orleans' water system for five years rather than the one year called for in the original contract, thereby potentially locking PSG into the lucrative New Orleans market.

Previously, PSG's parent company, Aqua Alliance, Inc., pleaded guilty to one count of bribery in connection with the charged scheme and agreed to cooperate with the government. The company was sentenced to five years of probation, and a \$3 million fine. Another member of the charged bribery scheme, Floyd Hill, a former PSG employee who assisted Stump in making the payments to Maraldo, pled guilty to one count of honest services mail fraud. In exchange for his cooperation with the government in investigating and prosecuting this matter, Hill was sentenced to six months of home confinement, three years of probation, and a \$2,400 fine.

United States v. Moolenaar, District of the Virgin Islands

On September 12, 2003, a federal grand jury returned an indictment against Lucien A. Moolenaar, DDS, former Acting Commissioner of the Department of Health and current Deputy Commissioner of Public Health Services for the Virgin Islands. The indictment charges Moolenaar with stealing \$102,497.85 in government funds. On December 11, 2003, a federal grand jury returned a three-count superseding indictment against Moolenaar. The superseding indictment added a third count charging Moolenaar with giving a false statement to officials within the territorial government of the Virgin Islands who were investigating the overpayments.

Specifically, the indictment alleges that, from July 1995 through September 2000, Moolenaar erroneously received 63 monthly payments from the government in the amount of \$1,626.95. At no time during this five-year period did Moolenaar report these overpayments. Instead, he used the money for his personal benefit. Count one of the indictment charges Moolenaar with conversion of government funds. Count two charges Moolenaar with grand larceny.

The December superseding indictment alleges that Moolenaar made false statements during a voluntary interview by representatives of the Virgin Islands Office of Inspector General and the Office of the Virgin Islands Department of Justice/Office of the Attorney General regarding his erroneous receipt of approximately \$102,497.85 in government funds. During the course of this interview, Moolenaar falsely denied knowing that he was receiving the 63 monthly overpayments at any time during the five-year period.

This case is being handled jointly by the Public Integrity Section and the United States Attorney's Office for the District of the Virgin Islands.

**State Courthouse Investigation
Eastern District of Louisiana**

The following cases are part of a larger investigation resulting from allegations of corruption in the state courthouse in Jefferson Parish. These prosecutions are being handled jointly by the Section and the United States Attorney's Office for the Eastern District of Louisiana.

United States v. Bodenheimer

On March 31, 2003, Ronald D. Bodenheimer, a former State Court Judge, pled guilty to a three count superseding criminal information charging him with one count of conspiracy to distribute and attempt to distribute, and to possess and attempt to possess with the intent to distribute, Oxycodone, a Schedule II narcotic drug controlled substance; one count of defrauding and depriving the citizens of Louisiana of his honest services; and one count of conspiracy to defraud and deprive the citizens of Louisiana of his honest services.

With respect to Count One, Bodenheimer and Curley J. Chewning conspired to plant controlled substances in a vehicle of a neighbor with whom Bodenheimer had a long history of disagreements over various matters. On April 19, 2002, after several weeks of discussing their plan over the telephone and in person, Chewning placed a plastic bag containing Oxycodone in the glove compartment of the neighbor's vehicle.

With respect to Count Two, beginning in early 2000, Bodenheimer presided over a domestic proceeding between a New Orleans businessman and his former spouse. Bodenheimer, along with others, schemed to use Bodenheimer's position as judge to enrich himself by making rulings favorable to the businessman in the domestic proceeding in exchange for things of value, including assistance with quashing unfavorable publicity and assistance in obtaining a lucrative seafood contract. Bodenheimer along with Philip Demma, a reserve deputy sherriff for Jefferson Parish, Louisiana and Bryan White, an attorney, were initially indicted on such charges on February 5, 2003.

With respect to Count Three, Bodenheimer conspired with the owners and employees of a Jefferson Parish bail bonding company to enrich himself by setting, reducing and splitting bonds in various criminal matters pending before him, as well as other judges, on terms most advantageous to the bail bonding company, in exchange for things of value, including meals, trips to resorts, campaign contributions and home improvements.

United States v. Demma

On April 25, 2003, Philip Demma, a reserve deputy sheriff for Jefferson Parish, Louisiana, pled guilty to a two-count superseding criminal information charging him with one count of conspiracy to defraud and deprive

the citizens of Louisiana of a Louisiana District Judge's honest services and State Farm Insurance Company of money and property, and one count of conspiracy to violate civil rights.

With respect to Count One, Demma, along with Ronald D. Bodenheimer, who at the time was a 24th Judicial District Court Judge, used Bodenheimer's position as judge to enrich Demma and to influence 24th Judicial District Court Judge Joan Bengé to make rulings favorable to Demma in a civil personal injury proceeding over which Judge Bengé presided.

With respect to Count Two, beginning in early 2000, Bodenheimer presided over a domestic proceeding between a New Orleans businessman and his former spouse. Demma, along with others, conspired to use Bodenheimer's position as judge to deprive the former spouse of her civil rights by Bodenheimer making rulings favorable to the businessman in the domestic proceeding in exchange for Bodenheimer receiving things of value, including obtaining a lucrative seafood contract.

On September 17, 2003, Demma was sentenced to twenty-four months in prison, three years of supervised release, and a fine of \$8,000.

United States v. White

On February 13, 2003, White pled guilty to a one-count superseding information charging him with misprision of a felony. As part of White's plea, he admitted he had actual knowledge of the conspiracy to deprive the former spouse of a New Orleans businessman of her civil rights by Ronald D. Bodenheimer and Philip Demma and failed to report the conspiracy to a judge or someone in civil authority, and, in fact, concealed the full extent of his knowledge when questioned about it.

On May 21, 2003, White was sentenced to a year and a day in federal prison, a \$10,000 fine, and one year of supervised release.

United States v. Perez

On July 23, 2003, Danny Perez was sentenced to twenty months in prison and three years of supervised release. Perez was ordered to report to prison directly after sentencing. Previously, Perez pled guilty to conspiracy to possess with the intent to distribute Ecstasy.

FEDERAL ELECTION CRIMES

As described in Part I, during 2003 the Public Integrity Section continued its nationwide oversight role regarding the handling of election crime allegations. As part of a general Department effort to increase its effectiveness in this important area, the Section assisted in the planning and execution of the Department's 2002 Ballot Access and Voting Integrity Initiative. The purpose of this ongoing Initiative is to increase the Department's ability to deter, detect, and prosecute election crimes and voting abuses by prioritizing election crime cases. As a result of the Initiative, during 2003 the number of election crime matters opened by federal prosecutors throughout the country increased significantly, as did the Section's active involvement in election crime matters stemming from the Initiative. At the end of 2003, the Section was supervising and providing advice on approximately 43 election crime matters nationwide.

In addition, as of December 31, 2003, 11 matters involving possible election crimes were pending in the Section. During 2003 the Section closed two election crime matters and continued its operational supervision of the following election crime cases:

United States v. Claspill, Eastern District of Missouri

On December 19, 2003, James L. Claspill, pled guilty to a four-count information charging him with filing false reports with the Federal Election Commission (FEC), in violation of the Federal Election Campaign Act.

Claspill announced he was running for Congress in July 1999. Claspill had no public support for his candidacy. To make it appear that he had such support, he filed false reports with the FEC. Claspill created the "Citizens for Claspill Committee." He then filed reports of receipts and disbursements for the Committee with the FEC, which falsely stated that the Committee had received contributions in excess of \$240,000 from various individuals, that Claspill lent the Committee \$200,000, and that the Committee incurred a number of expenditures. Claspill signed the reports using the fictitious name of "Paul Brown" Treasurer of the Committee. In fact, Claspill only received a few contributions, none of which exceeded \$25. He made no loans to the Committee. The Committee did not incur the expenditures described in the reports.

United States v. Jimenez, Southern District of Florida

On August 1, 2003, Mark B. Jimenez pled guilty to two counts of tax evasion, and one count of conspiracy to defraud the United States and commit campaign financing offenses. Jimenez is the final defendant to plead guilty as part of the investigation carried out by the Department's former Campaign Finance Task Force.

Jimenez was formerly the CEO and majority shareholder of Future Tech International, Inc. (FTI), a business that sold computer components to clients in South America. As part of his guilty plea, Jimenez agreed that he owes between \$950,000 and \$1.5 million in personal taxes for 1995 and 1996, and agreed to a sentence of at least 21 months in prison.

The tax charges against Jimenez, which were originally filed in a 47-count superseding indictment in April 1999, stem from Jimenez' creation of Kalisol, S.A., a Uruguayan company, as part of his scheme to transfer approximately \$5 million of income out of the United States without paying income taxes. Jimenez admits that he used Kalisol to create false invoices to FTI for services that Kalisol never performed, and thereafter directed FTI employees to conceal the true nature of the FTI payments to Kalisol from the accountants who prepared his 1995 and 1996 personal income tax returns.

The campaign financing charges stem from Jimenez' conspiracy to defraud the Federal Election Commission (FEC) by making approximately \$41,500 in illegal campaign contributions to various candidates for federal office. Jimenez admits that he, FTI, Mark Vision Holdings (MVH), and certain officers and employees of FTI and MVH made secret, disguised, and illegal campaign contributions, primarily by using various conduits, including employees of FTI and MVH, to violate federal election laws which limit donor sources and amounts. Jimenez further admits that the conduits were reimbursed for their contributions with checks and cash from FTI, MVH, or his personal bank account. As a result, Jimenez caused false information to be submitted to the FEC.

On November 13, 2003, Jimenez was sentenced to 27 months of incarceration and ordered to pay \$1.2 million in restitution. He was also ordered to pay the costs of prosecution and a special assessment fee.

United States v. Plesha, District of Columbia

On September 10, 2003, Adrian Plesha pled guilty to a one-count information charging false statements to the Federal Election Commission (FEC). Plesha was the campaign manager for a Republican congressional candidate who ran in California's Tenth Congressional District during the November 1998 General Election.

Plesha submitted written false statements to the FEC during its investigation of misconduct that occurred during the 1998 election. Prior to Election Day 1998, registered Democrats in the Tenth Congressional District received letters and telephone calls purportedly made by the "East Bay Democratic Committee," a fictitious Democratic organization, urging them not to vote for incumbent Democratic Congresswoman Ellen Tauscher. The letters falsely appeared to be signed and approved by a Democratic Congressman from a neighboring district. Falsely identifying the political affiliations of the individuals or entities sponsoring and/or paying for campaign

letters and phone calls is a criminal violation of the Federal Election Campaign Act (“FECA”). The FEC began investigating those responsible for originating the letters and telephone calls and served written investigative interrogatories, seeking a written response to several questions concerning the creation, review, editing, approval, and financing of the letters and phone calls. Plesha’s written response, signed in October 2000, denied any knowledge of who originated the letters and calls, when in fact Plesha himself was responsible for the letters and phone calls.

United States v. Rahman, District of Columbia

On June 11, 2003, Abdul Rahman pled guilty to one count of making a material false statement and one count of making an illegal campaign contribution by a foreign national.

Rahman, who was indicted by the Office of Independent Counsel Ralph Lancaster in February of 2000, made \$250,000 in illegal campaign contributions to the Democratic National Committee (DNC) and other related Democratic political committees through two United States citizens. Rahman’s conduit campaign contributions caused the DNC to report falsely the names of contributors to the Federal Election Commission.

When Independent Counsel Lancaster concluded his investigation, he referred this matter to the Department of Justice. Rahman was subsequently arrested in Germany on the referenced indictment in October of 2002, and was extradited to the United States in April of 2003.

On October 2, 2003, Rahman was sentenced to three years probation, a \$20,000 fine, and was prohibited from returning to the United States during the term of his probation.

United States v. Woodward and Jordan, Northern District of Alabama

On January 6, 2003, the 11th Circuit Court of Appeals reversed a ruling by the District Court for the Northern District of Alabama dismissing the case because of what the trial judge believed were discovery errors committed by the prosecution. The 11th Circuit reinstated the indictment and remanded the case for a new trial.

The case involves Jimmy Woodward, former Sheriff of Jefferson County, Alabama, and Albert Jordan, an attorney Woodward hired to represent him in an election contest arising out of Woodward’s apparent loss in an election held in 1998. Woodward and Jordan are charged with exceeding authorized access to the National Crime Information Center computer system to obtain information on felony convictions relating to persons voting in the Sheriff election, for use in an election contest Woodward eventually won. They are also charged with theft of

federal property, and with conspiracy to violate federal law and to disrupt and impede the National Crime Information Center program.

This case is being handled jointly by the Public Integrity Section and the United States Attorney's Office for the Northern District of Alabama.

**Roberts Congressional Campaign Investigation
District of Columbia**

The following cases arose from an investigation into the financing for Walter L. Roberts's 1998 congressional campaign:

United States v. Lane

On March 28, 2003, James E. Lane, an aide to Walter L. Roberts during his 1998 congressional campaign in Oklahoma, pled guilty to conspiracy to cause the submission of false statements.

In his plea, Lane admitted that during the campaign he received \$46,980 in checks from Charlene Spears, former Oklahoma State Senator Gene Stipe's personal assistant, which he in turn used to pay campaign expenditures for the Roberts campaign, knowing that these expenditures would never be reported, as legally required, to the Federal Election Commission (FEC). Lane also admitted to committing several violations of the Federal Election Campaign Act (FECA), and to obstructing the FEC investigation of the 1998 campaign by providing false and misleading statements about a \$20,500 campaign contribution.

On July 29, 2003, Lane was sentenced to three years of probation, two months of home detention with electronic monitoring, and a fine of \$5,000.

United States v. Roberts

On March 5, 2003, Walter L. Roberts, a former candidate to represent Oklahoma's Third Congressional District in the 1998 general election, pled guilty to conspiracy to obstruct a FEC investigation, and conspiracy to violate the FECA.

At his plea, Roberts admitted that from March 1998 through November 1998 he conspired with others to funnel over \$150,000 from Gene Stipe, then an Oklahoma State Senator, into his campaign through a variety of schemes. These schemes included: a payment to Roberts for the sale of a stock trailer, when no sale actually occurred; a payment to Roberts from a law firm for work that Roberts never performed; a payment to Roberts supposedly pursuant to an option contract, which was actually a sham; and a payment to Roberts supposedly to purchase cattle, when no such sale occurred. These schemes were designed to disguise the true source of these

contributions, so that the contributions would not be detected by the FEC or by the public. Roberts also admitted that during the course of the investigation he and others repeatedly lied to the FEC in sworn written and oral statements. As part of his plea agreement, Roberts agreed to cooperate with the Public Integrity Section's investigation.

Roberts was sentenced on July 15, 2003, to two years of probation and 200 hours of community service.

United States v. Spears, District of Columbia

On March 21, 2003, Charlene Spears, 62, a secretary at the Stipe Law Firm in McAlester, Oklahoma, and the personal assistant to former Oklahoma State Senator Gene Stipe, pled guilty to felony conspiracy to obstruct a FEC investigation, and conspiracy to violate the FECA.

The charges against Spears stem from her role in Walter L. Roberts's 1998 campaign for the United States House of Representatives to represent Oklahoma's Third District. Spears admitted distributing over \$40,000 to 20 individuals who, at her direction, then contributed that money to the Roberts campaign, thereby causing the Roberts campaign to file numerous FEC reports misidentifying the true source of the funds. Spears also admitted to helping disguise a large contribution to the Roberts campaign through a falsely reported cattle purchase, and to lying in oral and written statements to the FEC during the agency's investigation of the 1998 campaign.

Spears agreed to cooperate with the investigation.

Spears was sentenced on July 15, 2003, to six months of home detention with electronic monitoring, three years of probation, and 200 hours of community service.

United States v. Stipe, District of Columbia

On April 1, 2003, former Oklahoma state senator Gene Stipe, pled guilty to perjury, conspiracy to obstruct a FEC investigation, both felonies, and conspiracy to violate the FECA, a misdemeanor. Stipe is a partner in the Stipe Law Firm, located in McAlester, Oklahoma.

The charges against Stipe stem from his role in Walter L. Roberts's 1998 campaign for the U.S. House of Representatives to represent Oklahoma's Third District. Stipe admitted to funneling illegally \$245,189 to the Roberts campaign through a variety of schemes. The schemes included: the transfer of \$20,500 to the campaign supposedly for the sale of a trailer when, in fact, no sale was completed; the transfer of \$17,000 to the campaign supposedly as payment for advertising services, which no one ever intended to perform; the transfer of \$67,500 to the campaign supposedly for the sale of cattle when, in fact, there was no such cattle sale; the transfer of \$55,000 to the campaign supposedly pursuant to an option contract, which was actually a sham; and the transfer of \$86,689 to 39 individuals who, at the direction of Stipe and others, then contributed that money to the Roberts

campaign, thereby causing the Roberts campaign to file numerous FEC reports misidentifying the true source of the funds.

The FEC investigated these schemes. Stipe admitted that during the course of the investigation, he repeatedly lied to the FEC in sworn written and oral statements.

As part of his plea agreement, the government and Stipe agreed, subject to the approval of the sentencing court, that Stipe would pay \$490,378 to satisfy the fine component of the charge of conspiracy to violate the FECA. Stipe also agreed to surrender his license to practice law in every state in which he holds such a license, and to not seek reinstatement until the termination of any supervised release or term of probation the court may impose.

Vote-Buying Scheme Eastern District of Kentucky

The following cases are the result of an extensive federal investigation into vote-buying in the May 1998 primary election in Knott County, Kentucky, an Appalachian county in the Eastern District of Kentucky. The primary was contested by two slates of candidates. The ballot included the race for the position of Knott County Judge Executive, which controls local government hiring, contracting, and services. The ballot also included a primary contest for the office of United States Senator, conferring federal jurisdiction over vote buying in the election even though the electoral corruption was directed at local races. The following cases are being handled jointly by the Section and the United States Attorney's Office for the Eastern District of Kentucky. In 2003 there were ten defendants indicted in seven separate cases, resulting in five guilty pleas, two convictions at trial, and three acquittals.

United States v. Calhoun

On March 28, 2003, a federal grand jury indicted Jimmy Calhoun on two counts of vote-buying. On August 19, 2003, Calhoun pled guilty to two counts of vote-buying on behalf of a slate of candidates headed by Donnie Newsome, the successful candidate for County Judge Executive in the May 1998 Knott County, Kentucky primary election. Calhoun paid two persons to vote by absentee ballot.

United States v. Conley

On March 28, 2003, a federal grand jury indicted Jimmy Lee Conley on five counts of vote-buying and one count of making a false statement in a matter within federal jurisdiction. Conley was charged with paying five persons to vote by absentee ballot for a slate of candidates headed by Donnie Newsome, the successful candidate for County Judge Executive. During the investigation, Conley allegedly made false statements to an agent of the FBI. A jury acquitted Conley on June 19, 2003.

United States v. Johnson

On April 24, 2003, a federal grand jury indicted Newton Johnson on four counts of vote-buying, one count of making a false statement in a matter within federal jurisdiction, and two counts of obstructing justice. On June 2, 2003, Johnson pled guilty pursuant to a plea agreement to one count of vote-buying, and one count of obstructing justice.

Johnson paid four persons to vote by absentee ballot in the May 1998 Knott County, Kentucky primary election. Johnson paid the voters to vote for a slate of candidates headed by Donnie Newsome, the successful candidate for County Judge Executive. During the investigation of this vote-buying, Johnson made a false statement to an agent of the FBI, and pressured grand jury witnesses to falsely deny that he bought their votes. Pursuant to his plea agreement, Johnson pled guilty to paying one of the voters for her vote, and to endeavoring to obstruct the grand jury investigation by urging her to lie under oath. Johnson agreed to cooperate with the government.

On October 6, 2003, Johnson was sentenced to three years of probation. Johnson had previously testified at the trial of Donnie Newsome to the nature and extent of the broader conspiracy to approach and pay numerous impoverished, handicapped, illiterate, or otherwise impaired persons to vote for the slate of candidates headed by Newsome. Newsome offered Johnson a road improvement and a county job in exchange for participation in the conspiracy. Johnson, who is impoverished, illiterate, and unable to leave his remote mountain hollow without the road improvement, agreed and purchased the votes of four persons. A jury convicted Newsome on all counts.

United States v. Madden

On March 28, 2003, a federal grand jury indicted Patrick Wayne Madden on three counts of vote-buying and one count of making a false statement in a matter within federal jurisdiction. On October 6, 2003, Madden pled guilty to one count of vote-buying. Madden paid three persons to vote by absentee ballot for a slate of candidates headed by Donnie Newsome, the successful candidate for County Judge Executive in the May 1998 Knott County, Kentucky primary election. During the investigation of this vote-buying, Madden made a false statement to an agent of the FBI.

United States v. Newsome, Pigman, and Smith

On April 24, 2003, a federal grand jury indicted sitting County Judge Executive Donnie Newsome and two of his supporters, Willard Smith and Keith Pigman, on one count of conspiracy to commit vote-buying. The grand jury further charged five substantive counts of vote-buying, one count charging Newsome, two counts charging Smith, one count charging Smith and Pigman, and one count charging all three defendants.

On July 8, 2003, Pigman pled guilty pursuant to a plea agreement to conspiracy to commit vote-buying, and one count of vote-buying. Pigman cooperated with the government following his plea, and provided substantial

assistance by testifying against Newsome and Smith. Pigman explained the nature and extent of the broader conspiracy to approach and pay numerous impoverished, handicapped, illiterate, or otherwise impaired persons to vote for the slate of candidates headed by Newsome. Pigman further explained that such voters were purposefully chosen because they would present severe credibility problems for the government in any investigation and prosecution of their conspiracy. Newsome offered and ultimately gave Pigman a county job in exchange for Pigman's participation in the conspiracy. On October 30, 2003, Pigman was sentenced to four months of imprisonment, four months of community confinement, and two years of supervised release.

On October 1, 2003, a jury convicted both Newsome and Smith on all counts. Newsome, while in office as a Kentucky State Representative, became a candidate for County Judge Executive. Newsome, Pigman, and Smith, working together and with other conspirators, approached and paid numerous persons to vote for Newsome and certain other candidates by absentee ballot, resulting in a large increase in the rate of absentee voting, and long lines at the County Clerk's Office. Newsome, who won the primary election and subsequent elections, was ordered detained pending sentencing, together with Smith, in light of threats to government witnesses during the trial.

United States v. Ronnie Slone and Brady Slone

On March 28, 2003, a federal grand jury indicted Ronnie Neal Slone and Brady Warren Slone (who are brothers) on three counts of vote-buying, and on one count each of making a false statement in a matter within federal jurisdiction. The Slones allegedly paid three persons to vote by absentee ballot for a slate of candidates headed by Donnie Newsome. During the investigation of this vote-buying, each of the Slones allegedly made a false statement to an agent of the FBI. On August 15, 2003, a jury acquitted both defendants.

United States v. Phillip Slone

On March 28, 2003, a federal grand jury indicted Phillip Slone (who is not directly related to Ronnie and Brady Slone) on seven counts of vote-buying and one count of making a false statement in a matter within federal jurisdiction. On June 4, 2003, Slone pled guilty pursuant to a plea agreement to one count of vote-buying. Slone paid seven persons to vote for a slate of candidates headed by Homer Sawyer, the unsuccessful incumbent candidate for County Judge Executive in the May 1998 Knott County, Kentucky primary election. During the investigation of this vote-buying, Slone made a false statement to an agent of the FBI. On October 15, 2003, Slone was sentenced to ten months in prison and two years supervised release. Slone appealed his sentence and the district court's jurisdiction, and that appeal is pending.

PART III

NATIONWIDE FEDERAL PROSECUTIONS OF CORRUPT PUBLIC OFFICIALS

INTRODUCTION

The tables in this section of the Report reflect data that is compiled from annual nationwide surveys of the United States Attorneys' Offices by the Public Integrity Section.

As discussed in Part I, most corruption cases are handled by the local United States Attorney's Office in the district where the crime occurred. However, on occasion outside prosecutors are asked either to assist the local office on a corruption case, or to handle the case entirely as a result of recusal of the local office due to a possible conflict of interest. The figures in the following tables include all public corruption prosecutions within each district.

LIST OF TABLES

TABLE I: Nationwide Federal Prosecutions of Corrupt Public Officials in 2003

TABLE II: Progress Over the Past Two Decades:
Nationwide Federal Prosecutions of Corrupt Public Officials

TABLE III: Federal Public Corruption Convictions by District
Over the Past Decade

TABLE I
NATIONWIDE FEDERAL PROSECUTIONS
OF CORRUPT PUBLIC OFFICIALS
IN 2003

Federal Officials

Charged	479
Convicted	421
Awaiting Trial	129

State Officials

Charged	94
Convicted	87
Awaiting Trial	38

Local Officials

Charged	259
Convicted	119
Awaiting Trial	106

Others Involved

Charged	318
Convicted	241
Awaiting Trial	139

Totals

Charged	1,150
Convicted	868
Awaiting Trial	412

TABLE II

**PROGRESS OVER THE LAST TWO DECADES:
NATIONWIDE FEDERAL PROSECUTIONS OF CORRUPT PUBLIC OFFICIALS**

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
FEDERAL OFFICIALS										
Charged	408	563	596	651	629	695	615	803	624	627
Convicted	429	470	523	545	529	610	583	665	532	595
Awaiting Trial as of 12/31	77	90	83	118	86	126	103	149	139	133
STATE OFFICIALS										
Charged	58	79	88	102	66	71	96	115	81	113
Convicted	52	66	71	76	69	54	79	77	92	133
Awaiting Trial as of 12/31	21	20	24	26	14	18	28	42	24	39
LOCAL OFFICIALS										
Charged	203	248	232	246	276	269	257	242	232	309
Convicted	196	221	207	204	229	201	225	180	211	272
Awaiting Trial as of 12/31	74	49	55	89	79	122	98	88	91	132
PRIVATE CITIZENS INVOLVED IN PUBLIC CORRUPTION OFFENSES										
Charged	262	267	292	277	303	313	208	292	252	322
Convicted	257	240	225	256	240	284	197	272	246	362
Awaiting Trial as of 12/31	97	97	84	135	109	109	71	67	126	99
TOTALS										
Charged	931	1,157	1,208	1,276	1,274	1,348	1,176	1,452	1,189	1,371
Convicted	934	997	1,026	1,081	1,067	1,149	1,084	1,194	1,081	1,362

Awaiting Trial as of 12/31	269	256	246	368	288	375	300	346	380	403
----------------------------	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

TABLE II (continued)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Totals
FEDERAL OFFICIALS											
Charged	571	527	456	459	442	480	441	502	478	479	11,046
Convicted	488	438	459	392	414	460	422	414	429	421	9,818
Awaiting Trial as of 12/31	124	120	64	83	85	101	92	131	119	129	2,152
STATE OFFICIALS											
Charged	99	61	109	51	91	115	92	95	110	94	1,786
Convicted	97	61	83	49	58	80	91	61	132	87	1,568
Awaiting Trial as of 12/31	17	23	40	20	37	44	37	75	50	38	637
LOCAL OFFICIALS											
Charged	248	236	219	255	277	237	211	224	299	259	4,979
Convicted	202	191	190	169	264	219	183	184	262	119	4,129
Awaiting Trial as of 12/31	96	89	60	118	90	95	89	110	118	106	1,848
PRIVATE CITIZENS INVOLVED IN PUBLIC CORRUPTION OFFENSES											
Charged	247	227	200	292	364	302	256	266	249	318	5,509
Convicted	182	188	170	243	278	306	242	261	188	241	4,878
Awaiting Trial as of 12/31	95	91	80	106	128	89	109	121	126	139	2,078
TOTALS											
Charged	1,165	1,051	984	1,057	1,174	1,134	1,000	1,087	1,136	1,150	23,320
Convicted	969	878	902	853	1,014	1,065	938	920	1,011	868	20,393
Awaiting Trial as of 12/31	332	323	244	327	340	329	327	437	413	412	6,715

TABLE III

**FEDERAL PUBLIC CORRUPTION CONVICTIONS BY DISTRICT
OVER THE PAST DECADE**

U.S. Attorney's Office	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Totals
------------------------	------	------	------	------	------	------	------	------	------	------	--------

Alabama, Middle	0	1	4	6	4	2	3	9	7	6	42
Alabama, Northern	12	2	4	4	1	17	9	15	11	6	81
Alabama, Southern	11	3	1	9	0	6	0	2	10	2	44
Alaska	0	2	2	3	1	4	16	6	5	0	39
Arizona	10	2	6	8	5	7	8	1	4	10	61
Arkansas, Eastern	2	0	1	4	4	5	7	0	0	18	41
Arkansas, Western	1	0	0	1	1	0	1	0	3	1	8
California, Central	62	94	66	58	39	58	31	33	35	45	521
California, Eastern	19	18	26	17	18	17	18	18	20	20	191
California, Northern	7	25	16	7	14	9	18	3	4	5	108
California, Southern	4	7	16	2	4	4	7	12	5	5	66
Colorado	Not Reported	0	0	0	2	1	3	22	16	7	51
Connecticut	16	8	5	4	6	8	8	14	3	12	84
Delaware	1	0	0	1	4	2	1	8	7	3	27
District of Columbia	80	Not Reported	37	32	72	60	46	43	44	20	434
Florida, Middle	Not Reported	22	24	15	12	24	28	8	9	14	156

TABLE III (continued)

U.S. Attorney's Office	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Totals
Florida, Northern	5	5	7	8	5	4	8	5	5	4	56
Florida, Southern	51	42	29	31	79	106	71	83	38	37	567
Georgia, Middle	17	6	5	6	3	2	2	11	1	8	61
Georgia, Northern	19	19	11	Not Reported	1	6	Not Reported	10	26	12	104
Georgia, Southern	0	7	1	38	6	3	0	3	6	1	65
Guam	9	1	3	7	6	7	19	19	13	16	100
Hawaii	9	6	4	4	6	2	3	2	10	4	50
Idaho	0	7	4	3	7	5	5	4	7	4	46
Illinois, Central	4	10	10	7	8	2	3	2	5	5	56
Illinois, Northern	74	67	71	55	55	53	49	24	19	54	521
Illinois, Southern	2	24	2	2	4	5	7	4	6	1	57
Indiana, Northern	6	7	12	14	3	8	7	4	4	10	75
Indiana, Southern	8	5	5	4	4	1	4	2	2	10	45
Iowa, Northern	3	4	2	1	3	2	0	0	1	1	17
Iowa, Southern	0	0	0	0	1	0	0	0	2	8	11
Kansas	11	3	1	3	3	6	8	5	6	0	46
Kentucky, Eastern	13	9	8	11	8	17	25	15	25	22	153
Kentucky, Western	5	5	11	4	6	8	0	2	2	4	47
Louisiana, Eastern	20	6	30	24	17	19	18	20	19	17	190

TABLE III (continued)

U.S. Attorney's Office	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Totals
Louisiana, Middle	4	6	7	4	13	3	2	6	2	2	49
Louisiana, Western	11	8	11	11	9	2	3	6	9	6	76

Maine	3	1	6	4	0	0	5	2	0	5	26
Maryland	17	0	11	3	5	7	8	8	6	12	77
Massachusetts	12	27	35	12	27	21	6	15	8	22	185
Michigan, Eastern	6	1	4	10	14	18	7	18	14	10	102
Michigan, Western	10	11	14	3	0	8	4	9	10	14	83
Minnesota	5	5	7	1	14	8	4	8	8	3	63
Mississippi, Northern	13	12	6	3	0	42	9	5	7	14	111
Mississippi, Southern	6	3	9	4	8	17	14	19	13	13	93
Missouri, Eastern	17	19	5	7	15	16	3	4	10	3	99
Missouri, Western	9	6	16	18	1	10	9	6	3	7	85
Montana	3	0	0	1	4	5	16	3	13	2	47
Nebraska	1	4	1	1	0	0	0	0	1	2	10
Nevada	1	0	6	1	7	9	6	5	6	6	47
New Hampshire	1	0	0	0	1	1	2	0	5	3	13
New Jersey	23	16	41	21	58	43	28	28	28	41	327
New Mexico	6	0	5	Not Reported	0	Not Reported	7	2	2	2	24
New York, Eastern	20	23	11	39	17	18	21	10	38	7	204

TABLE III (continued)

U.S. Attorney's Office	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Totals
New York, Northern	8	11	22	9	9	9	8	11	5	22	114
New York, Southern	58	39	38	43	61	33	48	34	33	28	415
New York, Western	21	6	11	11	3	7	4	13	6	6	88
North Carolina, Eastern	2	2	5	9	5	4	0	7	4	9	47
North Carolina, Middle	3	1	0	4	8	7	4	5	12	6	50
North Carolina, Western	2	10	1	8	3	3	5	1	3	5	41
North Dakota	8	10	4	5	6	0	2	2	5	16	58
Ohio, Northern	19	19	25	29	90	25	36	34	29	28	334
Ohio, Southern	21	12	13	11	10	29	20	17	21	9	163
Oklahoma, Eastern	1	1	4	3	7	3	2	10	0	0	31

Oklahoma, Northern	0	2	2	4	4	2	3	2	5	3	27
Oklahoma, Western	6	6	1	1	0	7	4	0	2	1	26
Oregon	2	6	0	0	1	3	4	3	1	3	23
Pennsylvania, Eastern	10	24	11	35	25	37	30	36	57	57	322
Pennsylvania, Middle	9	8	8	14	7	12	14	20	9	13	114
Pennsylvania, Western	1	11	10	2	4	8	7	5	6	4	58
Puerto Rico	4	1	4	2	0	13	10	9	101	24	168
Rhode Island	6	6	0	2	1	3	5	2	6	0	31
South Carolina	22	5	4	6	13	11	13	8	5	8	95
South Dakota	1	6	6	7	7	1	2	2	4	3	39

TABLE III (continued)

U.S. Attorney's Office	1994	1995	1996	1997	1998	1999	2000	2001	2002
Tennessee, Eastern	5	7	5	6	Not Reported	4	3	2	9
Tennessee, Middle	6	1	4	1	0	6	0	0	4
Tennessee, Western	16	12	10	13	7	12	8	13	8
Texas, Eastern	Not Reported	31	5	2	9	3	4	14	5
Texas, Northern	2	4	5	26	7	9	6	3	13
Texas, Southern	33	26	26	34	22	31	29	30	10
Texas, Western	7	7	9	2	15	10	5	15	21
Utah	0	0	0	5	2	5	2	2	8
Vermont	1	2	0	0	1	2	2	2	0
Virgin Islands	1	0	Not Reported	5	8	11	6	4	6
Virginia, Eastern	11	13	7	9	32	17	22	22	17
Virginia, Western	3	1	1	2	2	8	7	3	13
Washington, Eastern	2	0	0	1	0	1	1	0	3
Washington, Western	2	17	8	6	10	10	16	10	3
West Virginia, Northern	0	2	0	1	1	3	0	0	0
West Virginia, Southern	0	3	3	2	8	3	6	3	4
Wisconsin, Eastern	1	7	8	6	11	4	8	10	10

Wisconsin, Western	0	0	1	0	0	0	4	3	0	3	11
Wyoming	4	0	3	3	0	1	1	0	0	2	14