

REPORT TO CONGRESS
ON THE ACTIVITIES AND OPERATIONS
OF THE
PUBLIC INTEGRITY SECTION
FOR 1987



Public Integrity Section
Criminal Division
United States Department of Justice

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

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INTRODUCTION

Section 529 of the Ethics in Government Act of 1978 requires the Attorney General to "report to Congress on the activities and operations" of the Public Integrity Section each year. This Report serves that function for calendar year 1987.

The Public Integrity Section is part of the Criminal Division of the Department of Justice. The Section was established in 1976 and given the responsibility for overseeing the federal effort to combat corruption through the prosecution of elected and appointed public officials at all levels of government. The Section is also responsible for supervising the handling of investigations and prosecutions of election crimes. Its attorneys prosecute selected cases against federal, state and local officials, and are available as a source of advice and expertise to law enforcement officials at all levels of government. The Section also supervises the administration of the Independent Counsel provisions of the Ethics in Government Act. In addition, the Section serves as the Justice Department's center for the handling of issues that may arise from time to time regarding public corruption investigations and prosecutions.

To discharge this broad range of responsibilities, the Public Integrity Section was staffed by an average of twenty-three attorneys throughout 1987, down from previous years. The Section maintains a staff of senior litigators, including experts in election law, the laws prohibiting conflicts of interest and bribery, the Independent Counsel provisions of the Ethics in Government Act, and the statutes providing federal jurisdiction over corruption at the state and local levels, and to maintain activities in each of its areas of responsibility. Gerald E. McDowell continued as Chief of the Section in 1987.

Part I of this Report describes the operations and functions of the Public Integrity Section, highlighting the major activities of 1987, and Part II details the cases prosecuted by the Section during 1987. Part III presents data on the national effort to combat public corruption during 1987, based on the Section's annual survey of United States Attorneys.

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PART I

OPERATIONAL RESPONSIBILITIES OF
THE PUBLIC INTEGRITY SECTION

A. Responsibility for Litigation

Most of the Public Integrity Section's resources are devoted to litigation and supervision of investigations involving alleged abuses of the public trust. Decisions to undertake particular prosecutions are made on a case-by-case basis, based on the following considerations:

1. Recusals. The vast majority of federal corruption prosecutions are handled by the United States Attorney's Office in the district where the offense occurred. However, it is extremely important that fairness and impartiality be maintained in conducting government corruption investigations. Therefore, if the United States Attorney has had a significant business, social, political, or other relationship with any subject or principal witness in a corruption case, then it is generally inappropriate for the United States Attorney or his or her office to conduct the investigation and prosecution. Cases in which the conflict is substantial are usually referred to the Public Integrity Section for prosecution or direct supervision.

Cases involving federal judges always require the recusal of the United States Attorney's Office because the attorneys in the Office will have to appear before the judge during and after the investigation. Thus, as a matter of established Department of Justice policy, all such cases are handled by the Public Integrity Section. As a result of this policy, for example, in 1987 the Section completed its prosecution of United States District Judge Walter L. Nixon on perjury charges by successfully opposing his appeal; impeachment proceedings against Judge Nixon are now pending in the Congress.

Another valuable development resulting from this policy has been a prosecutive theory to combat what is known as "rain-making." Often an investigation is referred to the Public Integrity Section because an allegation is received that a federal judge is taking bribes. After investigation, it is discovered that in fact, a corrupt attorney or con man is soliciting "bribes" from litigants, while the judge has no involvement whatsoever. The Section has had great success prosecuting such schemes as obstructions of justice, on the theory that they derail the regular proceedings in a trial by deterring the presentation of legitimate defenses. Schemes of this sort, while not strictly "corruption," have enormous

potential for harm, both to the individual cases involved and to the dignity and reputation of the federal courts. Cases of this sort handled in 1987 by the Section include the prosecution of an attorney and two conspirators in Atlanta, and the prosecution of a con man in New York.

Conflicts of interest similar to those that arise when the subject of an investigation is a federal judge also often arise when the target of the investigation is a federal investigator or prosecutor and require recusal of the United States Attorney's Office. As a result, such cases are frequently referred to the Public Integrity Section, where they constitute a significant portion of its caseload. Several such cases were handled during 1987, with allegations ranging from theft of government property to disclosure of confidential investigative information.

2. Sufficiency of Local Resources. When the available prosecutorial resources in the United States Attorney's Office are insufficient to undertake a significant corruption case, the Public Integrity Section often provides federal prosecutors to serve as lead counsel, co-counsel, or secondary counsel. Good examples of such cases were the indictments of two men in Alaska in a \$10 million kickback scheme, and the prosecutions of local politicians in Rhode Island, in cooperation with the United States Attorney's Office in the District.

The Section's participation in such cases also serves as valuable training to prosecutors in the field, who learn through working with Section attorneys about the applicable statutes and the investigative techniques most useful in corruption cases.

3. Sensitive or Multi-District Cases. In addition to cases in which there are formal recusals or in which manpower is requested or needed, the Public Integrity Section may become involved in highly sensitive matters and in matters that extend beyond district lines. Sensitive cases include those which, because of their importance, require close coordination with high Department of Justice officials, require a significant amount of coordination with other federal agencies in Washington, involve classified materials, or are so politically controversial on a local level that they are most appropriately handled out of Washington. When an investigation crosses district lines, the Public Integrity Section can provide coordination among various United States Attorneys' Offices, or, when appropriate, can assume operational responsibility for the entire investigation.

4. Federal Agency Referrals. Referrals from the federal agencies are an important part of the Section's work load. Ever since the Inspectors General were authorized for various agencies, the Section has worked closely with them, encouraging their investigations, coordinating joint investigations between the FBI and Inspectors General and ensuring that their cases receive prompt prosecutive attention. The Section also invests time

training the agencies' investigators in the statutes involved in corruption cases and the investigative approaches that work best in such cases. As a result of its efforts, many of the Section's cases are referrals directly from the agencies.

B. Special Section Priorities

1. Independent Counsel Matters. Since the Ethics in Government Act (28 U.S.C. §§591-598) was passed, the Public Integrity Section has been responsible for supervising the administration of the Independent Counsel provisions of the Act. Both the procedures and time limits of the Independent Counsel provisions are strict, and these matters may be very sensitive. Therefore, they are handled as high priorities of the Section. At the same time, the number of Independent Counsel matters handled by the Section has increased over the past several years to the point that handling such matters has become a significant portion of the Section's work load.

Under the Independent Counsel provisions, if specific information from a reliable source is received by the Justice Department alleging that any of certain specified high government officials has committed a crime, the Attorney General must request that a special panel of federal judges appoint an Independent Counsel, unless preliminary investigation establishes there are no reasonable grounds to believe that further investigation or prosecution is warranted. The Public Integrity Section is responsible for supervising the initial investigation, and preparing a recommendation to the Attorney General as to whether the Independent Counsel provisions have been triggered and whether any further investigation is warranted. Most of these matters are protected under the stringent confidentiality provisions of the statute, but one matter handled in 1987, the investigation of former White House official Franklyn ("Lyn") Nofziger, has been made public by court order, and is a typical example of the Section's independent counsel work. In the Nofziger investigation, allegations were received by the Department of Justice suggesting that he may have violated the conflicts of interest statutes. The information was specific and credible enough to warrant further investigation, and after preliminary investigation, the Section recommended that the Attorney General request the appointment of an independent counsel. Since then, Mr. Nofziger has been convicted on the conflicts charges in a prosecution brought by Independent Counsel James McKay.

In addition to its work on preliminary investigations under the statute, the Section also serves as the principal liaison between the ongoing independent counsels and the Department of Justice, some of which -- particularly the Iran/Contra investigation -- have absorbed substantial Section resources.

Late in 1987, Congress passed an even more stringent version of the Independent Counsel statute. It is anticipated that this new statute will significantly increase the work load of the Section. However, the issue of the constitutionality of the statute is also pending before the Supreme Court, and it may be that the entire statutory scheme will be set aside as unconstitutional.

2. Election Crimes. A special Election Crimes Branch has been part of the Section since 1980, and has made considerable progress in making election fraud a national priority. The Branch has three major functions: the Branch provides advice and support to the United States Attorneys' Offices in the application of election fraud and campaign financing laws to the myriad situations that arise in the course of a campaign and election. Second, in order to encourage greater awareness of election crimes, it has taken on a major role in training prosecutors and election officials, giving lectures on the various statutes available to combat these offenses, and publishing four editions of a comprehensive election crimes manual; the fifth edition was in preparation at the end of 1987. Finally, the Branch provides litigative support in selected cases to the United States Attorneys' Offices, though the Branch's litigation efforts have been scaled back in recent years.

3. Conflicts of Interest Crimes. Conflicts of interest is another area of corruption on which the Section has focused. The area of the criminal law dealing with conflicts of interest is complex and technical, and is only beginning to take on substance through litigation. The Section's Conflicts of Interest Crimes Branch handles several conflicts prosecutions each year, and fields dozens of referrals and requests for advice from the federal agencies and prosecutors in the field. One of the Section's major cases last year, the prosecution of Health and Human Services Chief of Staff C. McClain Haddow, was a conflicts case.

C. Technical Assistance

In addition to its litigation responsibilities, the Section provides technical assistance and support services to law enforcement officials at all levels of government:

1. Advice and Training. The Public Integrity Section is staffed with specialists with considerable experience prosecuting corruption cases. When not operationally involved in a case, Section attorneys are available to advise on substantive questions, investigative methods, indictment drafting, and motions.

This responsibility was particularly important in 1987, in the wake of the Supreme Court's decision in McNally v. United States, 107 S. Ct. 2875 (1987). That decision invalidated a prosecutive theory that had been used for over twenty years under

the mail fraud statute to combat state and local corruption and election fraud. It threw hundreds of convictions into doubt and threatened the continuance of dozens of ongoing corruption and election fraud cases. The Section served as a clearinghouse for information and guidance after the decision, studying investigations and indictments to propose alternative charging language that could survive the limitations of the McNally decision, and suggesting legal arguments to help salvage convictions that were now under a cloud.

In 1987, the Section continued its devotion of substantial efforts to formal training of investigators and prosecutors. For several years, the Section has sponsored an annual four-day training seminar for prosecutors and agents involved in public corruption investigations and prosecutions. The 1987 seminar was an outstanding success, providing intensive training to over 100 prosecutors and investigators. The seminar provided legal training in the statutes most commonly used in corruption cases, guidance in the use of the complex and difficult investigative techniques necessary to investigate corruption, and advice from experienced prosecutors on conducting corruption trials.

2. Consultation. In order to achieve a degree of national uniformity among corruption prosecutions, the Section reviews certain investigations and indictments proposed by the United States Attorneys' Offices, as directed by the Assistant Attorney General for the Criminal Division. Consultation with the Section before federal prosecution may proceed is currently required in all election-related cases, and in corruption cases brought under the Hobbs Act.

3. General Assistance and Supervision. Departmental supervision of prosecutions is often important in public corruption cases, which are frequently controversial, complex and highly visible. Section attorneys are occasionally called upon to conduct a careful review of such sensitive cases, evaluating the quality of the investigative work and the adequacy of the proposed indictments. The presence of Public Integrity Section attorneys helps to ensure that these important public corruption cases are properly developed and brought to trial, since the Section can often identify problems early on and either provide needed assistance, or, if necessary, assume operational responsibility for the prosecution.

The Section has considerable expertise in the supervision and oversight of the use of undercover operations in serious corruption cases. The Section Chief is a member and his Chief Deputy is an alternate member of the FBI's Undercover Review Committee, and a number of the Section's senior prosecutors have experience in both the practical and legal problems and the valuable investigative benefits involved in such operations. Thus, the Section has the ability to put this sensitive investigative technique, which can be particularly valuable in

corruption investigations, to effective use, and to advise law enforcement personnel on its use.

The Section provides numerous other miscellaneous support services to United States Attorneys in connection with corruption cases. Much of this support comes in the form of serving as liaison with other components of the Department in order to expedite approval of such procedures as immunity requests, Title III wiretapping orders, and witness protection program applications.

PART II

PUBLIC INTEGRITY SECTION
INDICTMENTS, PROSECUTIONS AND APPEALS IN 1987

As described above, the participation of the Public Integrity Section in the prosecution of public corruption cases ranges from sole responsibility for the entire case to approving an indictment or offering advice on the drafting of charges. This portion of the Report describes each case handled by the Section, or in which it shared substantial operational responsibility with a United States Attorney's Office. The public corruption cases handled every year solely by the United States Attorneys' Offices are reflected in the statistics and descriptions set forth in Part III of this Report.

This section of the Report is divided according to the level of government affected by the corruption. Also included is a special section on Election Crimes. The prosecutions and indictments reported below reflect the Section's work during 1987 and the status of its cases as of December 31, 1987. This section of the Report also provides statistics on the number of matters closed without prosecution during 1987, and the number of matters open at the end of the year.

CORRUPTION AFFECTING THE FEDERAL JUDICIAL BRANCH

° United States v. Kell and Walker, No. 86-451-A (N.D. Ga.)

Atlanta attorney David Kell was sentenced to one year in prison after his jury conviction for obstruction of justice. Kell was also sentenced to five years' probation, a condition of which was that Kell not practice law during that period.

Kell was indicted along with Atlanta businessman Leon Roberson and private investigator Sam Walker for scheming to obstruct justice in the federal prosecution of Atlanta attorney Fred Filsoof. The three men were charged with falsely representing to Filsoof that they could manipulate his case and guarantee him probation, a misdemeanor plea and a one-year suspension of his law license in return for \$250,000. Filsoof reported this matter to the FBI and became a cooperating witness. Roberson's case was severed. Walker pleaded guilty to 18 U.S.C. § 1509 in the middle of trial and received a sentence of sixty days in a halfway house. Kell was convicted of both conspiracy and a substantive obstruction count.

° United States v. Roberson, No. 86-451B (N.D. Ga.)

Elma Leon Roberson, a retired businessman, was sentenced to one year in prison and three years' probation after he was found guilty of conspiracy to obstruct justice and obstruction of justice following a jury trial in Atlanta, Georgia.

Roberson, along with two other defendants who were previously tried and convicted, approached a criminal defendant and convinced him that they would guarantee to fix his case for \$250,000.

° United States v. Nixon, No. 86-4248 (5th Cir.)

The United States Court of Appeals for the Fifth Circuit affirmed the conviction of United States District Judge Walter L. Nixon, Jr. of perjury before a federal grand jury, concluding that the evidence at trial amply supported the jury's finding that Judge Nixon gave false testimony and that he knew his testimony was false.

° United States v. Weiner, CR 87-646 (E.D. N.Y.)

In New York, Ronald Weiner pleaded guilty to one count of obstruction of justice in violation of 18 U.S.C. § 1503, and was sentenced to four years' imprisonment and a \$5,000 fine.

Weiner had been involved with organized crime in a bootleg gasoline scheme in New York. He and Martin Meyer, a gasoline distributor, had agreed to plead guilty to tax evasion charges for their involvement in the scheme. Prior to their pleas, Weiner told Meyer that for \$50,000 he could guarantee that the judge would sentence Meyer to probation. Weiner said he had already made the same deal for himself. The Internal Revenue Service provided Meyer with \$50,000 which he gave to Weiner. At that time, Weiner was arrested.

Investigation revealed that Weiner was acting on his own, and had no bribery arrangement with law enforcement or judicial officers.

° United States v. Derryberry, CR 86-759 (N.D. Ohio)

A federal jury in Toledo, Ohio, after a three-week trial, convicted Quentin M. Derryberry II, an attorney and United States Trustee in Bankruptcy, of one count of embezzlement of bankruptcy funds (18 U.S.C. § 153) and one count of perjury concerning the disposition of those funds, (18 U.S.C. § 1623). Derryberry was acquitted of conspiracy to embezzle the same bankruptcy funds and the jury was unable to reach a verdict on a second perjury count.

Derryberry, with the assistance of an individual named Merle C. Weber, collected funds from creditors of the bankrupt estate ostensibly for use in paying for investigation and litigation of claims the estate might have against certain parties. The money was not used for this purpose, but instead was used personally by Derryberry and Weber. Derryberry put \$8,500 of the \$13,880 collected into his personal checking account and spent it. During a subsequent hearing in Bankruptcy Court, Derryberry testified that he never had possession of any of the funds. This testimony formed the basis for the perjury count of which Derryberry was convicted.

° United States v. Weber, CR 86-758-01 (N.D. Ohio)

Merle C. Weber was sentenced to a one-year term of incarceration and the payment of \$6,940 in restitution for his conviction on one count of aiding and abetting bankruptcy trustee Quentin M. Derryberry II in embezzling funds belonging to a bankrupt estate being administered by Derryberry (18 U.S.C. §§ 153 and 2). Weber pleaded guilty to this charge in 1986.

Weber and Derryberry collected funds from creditors of the estate ostensibly for use in paying for investigation and litigation of claims the estate might have against certain parties. The money was not used for this purpose, but instead was used personally by Derryberry and Weber.

This is Weber's second conviction and second term of imprisonment arising out of this bankruptcy. In 1985, he was convicted of paying an unlawful gratuity to Assistant United States Attorney Paul Gorman and aiding and abetting Gorman in violating the conflict of interest statutes. Weber was sentenced to an eighteen month prison sentence in that matter.

° In re Request for Access to Grand Jury Materials, Grand Jury No. 81-1 (Miami) No. 87-5857 (11th Cir.); In re Grand Jury Proceedings (Hastings), No. 87-6070 (11th Cir.).

In these two related matters, the Public Integrity Section successfully supported requests of the House of Representatives Committee on the Judiciary for access to grand jury and wiretap evidence concerning United States District Judge Alcee L. Hastings for use in its impeachment proceeding against Judge Hastings. At this time, the House of Representatives is considering a recommendation of the Judicial Conference of the United States that Judge Hastings be impeached on allegations stemming from a 1981 Public Integrity Section investigation of Judge Hastings for bribery. In 1983, Judge Hastings was tried and acquitted in criminal proceedings on these charges, and In re Request for Access concerns grand jury materials relating to that case. In re Grand Jury Proceedings concerns a later investigation conducted by the Public Integrity Section into allegations that Judge Hastings had improperly disclosed wiretap information warning an individual about an ongoing investigation. Judge Hastings was not indicted on those charges.

° Also in 1987, the Public Integrity Section declined prosecution in 18 cases involving corruption affecting the judicial branch, and 19 investigations were open at the end of the year.

CORRUPTION AFFECTING THE FEDERAL EXECUTIVE BRANCH

° United States v. Haddow, CR 87-0165 (D.D.C.)

C. McClain Haddow, former Chief of Staff of the United States Department of Health and Human Services (HHS), was sentenced to one year's imprisonment, a \$15,000 fine, \$12,040 restitution, and two years' probation, as a result of his plea of guilty to two felony counts of a seven-count indictment. The two counts each alleged an offense under 18 U.S.C. § 208(a), a conflict of interest statute prohibiting an executive branch official from personally and substantially participating in a matter, as an official, in which the official knowingly has a financial interest.

The first count involved his participation as a senior HHS official in matters affecting a nonprofit organization named T. Bear Foundation, Inc. At the time of his participation,

Haddow had a financial interest in those matters through an arrangement he had made with Michelle T. Magoon, an employee of the political consulting firm, Parry & Romani Associates, Inc. Magoon, in effect, served as a conduit by which money paid by the T. Bear Foundation for fund-raising services was passed on to Haddow and his wife. Through Magoon, the Haddows received \$33,540 in payments made to Magoon by the Foundation. Haddow's participation as an HHS official in matters affecting T. Bear Foundation furthered his own financial interest by enhancing the likelihood that the Foundation would have money with which to make payments to Magoon.

The second count resulted from Haddow's involvement as an HHS official with six speechwriting contracts awarded by HHS. Haddow was instrumental in the awarding of these contracts after he had arranged to receive a large share from the payments made under the contracts. Haddow made the arrangement through a friend of his. Through this arrangement the Haddows received \$21,790 of \$25,330 in payments made by HHS pursuant to the six contracts.

° United States v. Swanson, No. 86-579-CR (S.D. Ariz.)

Leo Marshall Swanson, a Special Agent with the Customs Service, was convicted for his involvement in voucher fraud relating to false statements he made on a number of his official travel vouchers. Swanson pleaded guilty to a violation of 18 U.S.C. § 1001, a felony carrying a possible term of incarceration of five years and a possible fine of \$10,000. As part of his plea agreement, Swanson agreed to voluntarily resign from the Customs Service and to make full restitution to the United States in the amount of \$11,644.

Swanson was sentenced to a suspended term of incarceration and three years' supervised probation. Swanson was ordered to pay the full amount of the restitution within ninety days of the date of sentencing.

° United States v. Dickson and Allen, No. 87-86 (D.D.C.)

Following their pleas of guilty to illegal gratuity charges, Jimmy Dickson, a former uniformed Federal Protective Service guard assigned to the Department of Justice, and Martin Allen, a former clerk in the parking office of the Justice Department, each received a suspended sentence, three years' probation, 100 hours community service, and a \$50 assessment. Allen also was fined \$1,000, and Dickson was fined \$500. Each had pleaded guilty to a violation of 18 U.S.C. § 201(g). The charge was based upon their participation in a scheme to sell Justice Department parking permits for cash to Department employees who did not qualify for them.

° United States v. Lund, No. 87-191-A (E.D. Va.)

James M. Lund was indicted on three counts of violating 18 U.S.C. § 208(a) a criminal conflict of interest statute. Mr. Lund is Director of Communications Management Control Activity (GM-15) at the Defense Communications Agency in Arlington, Virginia. Lund married one of his employees, Judith Chaffee, in December 1985. Subsequently, Lund participated personally and substantially in three matters in which his wife had a financial interest. The grand jury charged that Lund violated 18 U.S.C. § 208(a) in April 1986 when he, as his wife's supervisor, certified his wife's work as acceptable, thus allowing her to obtain a within-grade salary increase. The grand jury further charged that Lund violated the statute in September 1986, when he selected his wife to fill a GS-13 position on his staff. Finally, the grand jury charged that Lund violated the conflict of interest statute in October 1986, when he nominated his wife for a masters degree program at American University that would be paid for by the Defense Communications Agency.

In pretrial proceedings, the charges against Lund were dismissed by the District Court, which held that the conflicts of interest statutes did not prohibit the conduct alleged in the indictment. An appeal has been taken from that ruling.

° United States v. Soom, No. 86-400-CRT-17 (M.D. Fla.)

Peter W. Soom, a former employee of the Federal Bureau of Investigation, was sentenced to one-year suspended sentence and five years' probation upon his conviction for theft of federal government property. Soom had pleaded guilty in 1986 to a violation of 18 U.S.C. § 641, in which he was sentenced with converting United States property to his own use.

Soom, who worked as an FBI accounting technician, had stolen \$1,295 from an FBI imprest fund by submitting false vouchers related to expenses incurred during an ongoing covert investigation. When confronted with evidence of his thefts, Soom confessed and resigned from the FBI. He also agreed to make restitution from his withheld retirement earnings.

° United States v. Edwards, No. 87-280 (D.D.C.)

Cheryl Y. Edwards, a secretary with the State Department, pleaded guilty to a violation of 18 U.S.C. § 287 and § 2 arising from her adding to her time cards 500 hours of overtime that she did not work and forging supervisors' signatures or initials to overtime approval sheets. Edwards' plea was the result of a plea agreement whereby she agreed to waive indictment, plead guilty to a single violation of § 287, resign her position with the State Department, and make restitution in the amount of \$7,265.82.

Edwards received a suspended sentence, was placed on three years' probation, and was ordered to make restitution.

° United States v. Cavanagh, No. 86-1145 (9th Cir.)

The United States Court of Appeals for the Ninth Circuit affirmed the conviction of Richard P. Cavanagh, a former Supervisory Special Agent from the Sacramento Division of the Federal Bureau of Investigation. Cavanagh had appealed from his 1986 conviction, following a jury trial, of violating 1) 18 U.S.C. § 1001 by making a false sworn statement to the FBI, and 2) 18 U.S.C. § 1623 by giving false sworn testimony to a federal grand jury. The gist of the charges contained in the two-count indictment leading to Cavanagh's conviction was that Cavanagh lied to his FBI supervisor during an official administrative inquiry into the allegation that he had stolen various FBI office supplies, then, during a later appearance before a federal grand jury which was investigating whether he had lied to his supervisor, he attempted to cover up what he had done by lying to the grand jury.

° In re Donald G. Ward, Misc. No. 87-52-G (W.D. Tenn.)

In response to an Application filed under Rule 42(b), Fed. R. Crim. P., the United States District Court for the Western District of Tennessee issued an Order to Show Cause why Donald G. Ward should not be held in criminal contempt. Ward is the former Director of the Office of Labor Management Standards, Department of Labor, in Nashville, Tennessee. The Application and Order allege that in September 1986, Ward violated Rule 6(e), Fed. R. Crim. P., by meeting with a reporter from the Nashville Tennessean and disclosing matters occurring before a federal grand jury sitting in Memphis, Tennessee. A news article subsequently appeared on page one of the Tennessean in which the investigation was described and the names of unions subpoenaed before the panel were listed.

° United States v. Casey, No. 86-383 (D.D.C.)

Carol Casey, formerly an Administrative Officer with the Department of State, was sentenced upon her plea of guilty to a felony count of theft of government funds (18 U.S.C. § 641). The charge arose from Casey's submission to the State Department of sixty-nine spurious and forged travel vouchers for travel that never took place, the proceeds of which Casey collected and kept.

Casey was sentenced to a prison term of one to three years, the execution of which was suspended. Casey was placed on probation for a period of five years, on condition 1) that she

make restitution of \$8,760.40 forthwith; and 2) that she perform 400 hours of community service in the first three years of probation. Casey was also assessed \$50 under 18 U.S.C. § 3013.

° United States v. Loving, No.87-157 (E.D. Va.)

David W. Loving, a former Department of State Political Officer to the European Community, pleaded guilty to a one-count criminal information charging him under 18 U.S.C. § 287, the false claims statute. Loving admitted falsifying twenty-seven travel vouchers and defrauding the United States Government of more than \$4,300 while employed at the United States Embassy, Brussels, Belgium, from 1982 to 1985.

Loving resigned from the State Department on May 9, 1987. He had been a Foreign Service Officer for more than twenty-one years.

As a result of his plea, Mr. Loving was sentenced to a term of two years' incarceration, execution of which was suspended. Loving was placed on supervised probation for one year with the requirement that he perform 300 hours of community service and pay a fine of \$3,000.

° United States v. Wilson, No. 87-0946-M-01 (D.D.C.)

A former employee of the Criminal Division pleaded guilty to a one-count criminal information charging her with a misdemeanor violation of 18 U.S.C. § 641. Betty Wilson, the former Travel Clerk in the Criminal Division's Fiscal Unit, admitted that she stole a package of 10 twenty-dollar Citicorp travelers checks from the Criminal Division. Wilson then negotiated seven of the checks at stores in Washington, D.C., endorsing them with fictitious names.

° United States v. Belt, No. 87-0448-M-01 (D.D.C.)

Mary Belt, a former United States Information Agency employee, entered a plea of guilty to a one count information charging her with a violation of 18 U.S.C. § 641. Belt admitted that from January 1983 until July 1983 she added overtime hours to her time card which she had not worked but for which she was paid. These improper additions resulted in Belt being paid \$1,155 to which she was not entitled.

As part of a plea agreement, Belt agreed to enter the misdemeanor pleas and make full restitution. She was sentenced to one year probation and 50 hours of community service.

° United States v. Javid, No. 82-284 (D.D.C.)

The probation of Kheiri Javid was extended for two years for failure to pay the fine previously imposed upon her. Javid had been convicted in 1983 of filing false applications for permanent residence with the Immigration and Naturalization Service, and received a sentence of three years' imprisonment, all but ninety days of which was suspended, followed by three years' probation. Javid also was ordered to pay \$10,000 in fines during the probation period. During the nearly three years since her release from prison, however, Javid had made no payments toward the satisfaction of her fines.

° The Section declined prosecution in 104 corruption matters involving the executive branch of the federal government in 1987, and 130 matters were open at the end of the year.

CORRUPTION AFFECTING THE FEDERAL LEGISLATIVE BRANCH

° The Section prosecuted no cases involving the federal legislative branch in 1987. However, it declined prosecution in 9 cases, and 10 matters involving corruption affecting the legislative branch were open at the close of the year.

CORRUPTION AFFECTING STATE AND LOCAL GOVERNMENT

° United States v. Cain, No. 87-00355-1 (E.D. Pa.)

A federal grand jury returned an indictment charging a Senior Judge of the Court of Common Pleas of Philadelphia County with two counts of violating the Hobbs Act, 18 U.S.C. § 1951. The indictment charged Senior Judge Herbert R. Cain with one count of attempted extortion under color of official right arising from a transaction in which Judge Cain obtained \$1,500 from a defense attorney, Barry H. Denker, Esq., in exchange for agreeing to find Denker's client not guilty of auto theft and receiving stolen property. The indictment also charged Judge Cain with extortion under the Hobbs Act as a result of an incident in which Cain obtained \$100 from Denker in exchange for an order reducing the bail of an individual charged with various sex offenses.

In 1988, Judge Cain was found guilty on the first count and acquitted of the second count.

° United States v. Burns, CR. No. 18700031-001 (S.D. Ga.)

John T. Burns, Jr., a former state Probation Supervisor in the Augusta, Georgia Judicial Circuit Probation Office, entered a plea of guilty in federal court to a two-count information, charging him with one count of violating the Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C. § 1962, and one count of felony tax evasion, 26 U.S.C. § 7201. Burns had engaged in a pattern of soliciting and extorting probationers under his supervision by promising them that, in return for giving him money, he would arrange favorable treatment or forestall unfavorable treatment of their cases. Burns also did not report this income on his Federal tax returns. Investigation determined that no one in the Probation Office or Judicial Circuit was participating with Burns in this criminal conduct.

° United States v. Carroll, No. 85-0022P (D.R.I.)

Richard A. Carroll, former Chairman of the Providence, Rhode Island Water Supply Board, was sentenced to three and one-half years' imprisonment and a \$10,000 fine based on his conviction for extortion in violation of the Hobbs Act, 18 U.S.C. § 1951. Carroll's conviction stemmed from his extortion of more than \$20,000 in kickbacks from a plumbing and heating contractor, in exchange for the award of a city contract to the contractor to replace the boiler and heating system in the Water Supply Board Building.

° United States v. Dischner and Mathisen, No. A87160CR (D. Alaska)

A grand jury in the District of Alaska returned a thirty-six count indictment naming Alaska businessman Lewis M. Dischner and Carl W. Mathisen as defendants. The charges include racketeering, extortion, travel act bribery, mail and wire fraud and tax violations, and relate to a billion-dollar construction program by the State's North Slope Borough. The Borough was created in 1973 as an effort by North Slope Eskimos to assert control over their governmental affairs and gain access to property taxes on vast North Slope oil reserves. The scheme devised by Dischner and Mathisen occurred between 1981 and 1984, when Eugene Brower, an Eskimo whaling captain, was mayor. Under Brower's leadership, the Borough embarked on a large capital improvement program financed by vast oil and property tax revenues. Dischner and Mathisen gained control of that program by bribing Brower and other Eskimo officials. The bribes included two \$37,000 boats, a \$45,000 ring, clothes, furniture, weapons and cash. Dischner and Mathisen then extracted a 10% kickback from those companies doing business with the Borough. The kickbacks received by Dischner and Mathisen totalled over \$10 million. Dischner and Mathisen also steered North Slope contracts worth many millions of dollars

to companies they secretly controlled. The result of this illegal activity by the defendants resulted in an enormous loss to the Borough. To compensate for this loss, the Government is seeking to forfeit property owned by the defendants totalling over \$19 million.

° United States v. Ray, No. 8741 (M.D. La.)

A federal grand jury in Louisiana returned an eight-count indictment charging Lloyd Wayne Ray, an unsalaried aide and assistant to the Louisiana Governor, with extortion and tax violations.

Ray is charged with obtaining payments from companies which sought to do business with the State of Louisiana, including companies which leased office space to Louisiana, consultant engineering firms dependent on state contracts, and an oil company dependent on state ethanol program subsidies. The tax violations related to Ray's failure to report as income approximately \$200,000 from these companies, among others.

° United States v. Hicks, No. 872601CD (D: N.H.)

William D. Hicks of Salem, New Hampshire was sentenced to four years' imprisonment and a \$10,000 fine. A jury in Concord, New Hampshire had found Hicks guilty of attempting to extort between \$5,000 and \$10,000 from James R. Proko, President of Honda Motor Cars of Salem.

Hicks made statements and took action to convince Proko that Hicks invested in and controlled votes on various town boards in Salem. Hicks was told that, if Proko did not pay him \$5,000 to \$10,000, Hicks would use his official influence to delay approval of a Honda Motor Cars site plan then pending before the Salem Planning Board.

° United States v. Huls and Miller, No. 86-92-B (M.D. La.)

William C. Huls, former secretary of the Louisiana Department of Natural Resources, was sentenced to ten years in prison followed by five years' probation and a \$250,000 fine; and Marsden W. Miller, Jr., a Lafayette, Louisiana oil man, was sentenced to eight years in prison followed by five years' probation and a \$250,000 fine on their convictions for conspiracy and mail fraud. Huls and Miller had been found guilty after a jury trial.

The charges involved Huls and Miller conspiring to hide numerous financial interests which Huls had in Miller's company, the Exploration Company of Louisiana (XCL), while Huls took

official action to grant state mineral leases on 19,000 acres of land to XCL at a price of \$17.77 per acre (leases usually cost \$100-\$200 per acre).

° United States v. Glantz and Bucci, No. 87-1271 (1st Cir.)

The First Circuit Court of Appeals reinstated the convictions of Ronald H. Glantz and Anthony J. Bucci for conspiracy, extortion, and tax offenses, ruling that the district court abused its discretion in granting them a new trial because of allegedly improper closing argument by government counsel. Glantz, former City Solicitor of the City of Providence, Rhode Island, and Bucci, Chairman of the Democratic Party for the City of Providence, had been convicted in 1986 on two counts of conspiracy to commit extortion and of committing extortion in violation of the Hobbs Act, 18 U.S.C. § 1951. Glantz and Bucci were found guilty of extorting \$77,350 in 1979 and 1980 from James Notarantonio, a lessor of used garbage trucks to the City of Providence. Both Glantz and Bucci received concurrent eight-year terms of imprisonment and were fined \$20,000 each on the conspiracy and extortion counts. Bucci also was convicted on three additional counts related to his concealment of proceeds of the extortion scheme from the Internal Revenue Service. Bucci received additional concurrent terms of five, three, and three years on these counts.

° United States v. Glantz, No. 86-024B (D.R.I.)

In a second prosecution of Ronald H. Glantz, former Providence City Solicitor, Glantz was sentenced to three years' imprisonment and \$30,000 in fines based on his convictions on two counts of perjury and one count of conspiracy to obstruct justice. The two perjury counts stemmed from Glantz's false testimony to a federal grand jury in March 1983 regarding \$70,350 he received in connection with a real estate fraud, and regarding false representations he made to investors in the real estate deal. The conspiracy charge involved Glantz's successful efforts to get two others to lie to the same grand jury in order to corroborate his story. Glantz was sentenced to three concurrent three-year terms of imprisonment and the maximum fine on each count.

° Also in 1987, the Public Integrity Section closed 11 investigations concerning corruption in state and local government, and nineteen such matters were open at the end of the year.

ELECTION CRIMES

° United States v. Guidroz, No. 87-8A (M.D. La.)

A federal grand jury indicted a local public official, Clement E. Guidroz of Pointe Coupee Parish, for buying votes to win his election.

Guidroz, elected in 1984 to the Parish Police Jury, was charged with eleven counts of vote-buying in the 1984 primary and general elections, in violation of 42 U.S.C. § 1973i(c). As a police juror, Guidroz exercises authority similar to that of a county councilman.

After a three-day trial, a federal jury was unable to reach a verdict on four counts of the indictment, and a mistrial was declared on those charges.

Following the mistrial, a Pretrial Diversion Agreement between the Department of Justice and Guidroz was executed and approved in the federal district court. The Government agreed to defer retrial of the defendant on the remaining counts for one year, in return for which Guidroz has accepted responsibility for his actions and agreed to submit himself to judicial supervision for one year. Guidroz further has agreed not to engage in any activities which might be construed as vote-buying and has also agreed to discourage others from doing so.

° United States v. McLean, No. 86-5012 (4th Cir.)

In an election fraud case involving six defendants from Swain County, North Carolina, the Fourth Circuit Court of Appeals held that a scheme to corrupt the office of the precinct registrar, in order to ensure that voters who had been paid for their votes in fact voted as instructed, could not be prosecuted as a violation of the Equal Protection principle of "one person-one vote." The Court rejected the Government's contention that the additional factor of the corruption of a government office took the case beyond a simple vote-buying matter, and held that the case was therefore governed by a Supreme Court decision which barred the use of sections 241 and 242 to prosecute straight vote-buying. The case is reported at 808 F.2d 1044 (4th Cir. 1987).

PART III

FEDERAL PROSECUTIONS OF CORRUPT PUBLIC OFFICIALS

Each year, the Public Integrity Section collects information from the United States Attorneys about the public corruption cases their Offices have handled. This portion of the Report describes the results of the 1987 survey, and summarizes information from earlier surveys. Tables I-III display the numbers, types, dispositions, and geographical distribution of the reported cases. The figures in these Tables include the cases handled by the Public Integrity Section.

Also present below are descriptions of a small sample of public corruption cases nationwide considered by the United States Attorneys to be their most significant achievements in the corruption area. The cases show that federal prosecutors nationwide are increasingly sensitive to the inherent seriousness of corruption offenses, and pursue them vigorously. The descriptions include only those cases handled exclusively by the United States Attorneys' Offices; numerous other major corruption cases were handled jointly by the United States Attorneys' Offices and the Public Integrity Section, and are described in Part II of this Report. The sample cases are organized according to the level of government affected by the corruption.

SELECTED CORRUPTION CASES NATIONWIDE,
HANDLED BY THE UNITED STATES ATTORNEYS' OFFICES

A. CORRUPTION AND OFFICIAL MISCONDUCT AT THE FEDERAL LEVEL

- Alabama, M.D. - The Director of the Engineering Directorate Laboratory at the U.S. Army Missile Command in Huntsville, Alabama pleaded guilty to receiving payments from a contractor with his laboratory both before and after his retirement as a civil servant. He was sentenced to one year in prison and fined \$6,500.

- California, E.D. - A joint Defense Criminal Investigative Service and FBI undercover investigation determined that government employees, with the assistance of a contract trucker, stole pharmaceuticals and dental supplies valued at approximately 1.4 million dollars from Tracy Defense Depot during the period 1984 to mid-1987. A government supervisor and the trucker sold the stolen drugs and dental supplies to a fence in Pomona, California, who in turn sold them to a private businessman in the San Diego area. The businessman and a government warehouseman each have pleaded guilty to two counts of conspiracy to steal government property and are awaiting sentencing. The government supervisors and the trucker were awaiting trial as of December 31, 1987. The fence is cooperating with the government.

- California, E.D. - Three officers and employees of a private business pleaded guilty to charges of bribery and conspiracy in connection with a landscape and maintenance contract with Mare Island Naval Shipyard. Beginning in September 1986, one of the three defendants offered various gratuities to a government inspector at Mare Island. In return he requested that the inspector overlook inadequate work. The other two defendants subsequently offered and paid monthly cash payments to the inspector for the same purpose. Evidence indicated that the defendants also were involved in bribing inspectors at other installations. Two defendants pleaded guilty to bribery and received four-year prison terms. The third pleaded guilty to conspiracy and received a one-year prison term. The private business pleaded guilty to bribery and was placed on probation.

- California, C.D. - A Social Security Administration clerk was involved in the sale of fraudulent Social Security cards to persons not entitled to receive them. The clerk processed applications which he knew contained misrepresentations. These applications were primarily from Philippine

nationals seeking to obtain cards without the words "not valid for employment" stamped on them. The Social Security Administration began stamping these words on cards early in 1982. After being approached by a private citizen, the clerk agreed to validate the fraudulent applications. Initially the clerk received \$50 per application, but toward the end of the investigation had often demanded \$200 per application.

- California, C.D. - Three Internal Revenue Service warehouse employees conspired together to steal and sell computer paper from the IRS District Supply Center Warehouse in Bell, California. Together they stole more than 45,000 pounds of paper. They would haul the paper in IRS vans to local recycling centers, sell it, and divide the proceeds among themselves. After receiving information from other employees at the warehouse, IRS agents initiated an investigation which netted all three defendants while they were about to haul away another van full of paper.

- Connecticut - Ten private citizens were charged with bribing undercover agents and Inspectors of the Internal Revenue Service during the course of a five-year undercover operation conducted by the Internal Security Division of the IRS. The evidence disclosed bribes totalling more than \$500,000 paid to fix more than \$2,000,000 in tax liability. Additionally, evidence of efforts to corrupt State of Connecticut and State of New York sales taxes was obtained along with attempts to bribe the Executive Director of the Connecticut State Liquor Commission. Four of the ten defendants pleaded guilty while six were awaiting trial as of December 31, 1987.

- Hawaii - Ten individuals and one corporation were prosecuted for defrauding the United States Navy of approximately \$2.5 million in a procurement fraud scheme. Four of the defendants are civilian employees of Pearl Harbor Naval Shipyard including a shipyard general superintendent and a contracting officer's technical representative. These defendants worked with an auto supply company, a government contractor, and several of its officers and employees to obtain approximately \$1.7 million worth of personal goods and services, such as a Jacuzzi bath, televisions, videocassettes, records and trips to Las Vegas, all of which were billed to the Navy by means of false invoices prepared by the auto supply company. The company permitted the shipyard employees to purchase the personal items from various Hawaiian merchants with whom the company had accounts and to charge the purchases to the Navy under its government contract by preparing false invoices for commonly-used shipyard parts and supplies that the company never shipped to the Navy. The company charged the Navy not only for the cost of the personal items bought by the shipyard personnel, but also added on its own

handling fee. The contracting officer's technical representative made sure that the company's bills were approved for payment. Thus, the government employees received free personal merchandise and the auto supply company made a profit on goods that it never sold to the Navy. As of December 31, 1987, two of the Navy employees had pleaded guilty as had three of the auto supply company employees; the rest await trial.

- Louisiana, W.D. - An Army civilian employee who was responsible for overseeing the maintenance and repair projects at the Army Reserve Centers located in Louisiana and parts of Texas pleaded guilty to charges of conspiracy, bribery and false claims in connection with his official duties as Chief of the Reserve Component Support Branch and Directorate of Engineering and Housing at Fort Polk, Louisiana. Between early 1980 through August 1986, the defendant demanded and received between \$60,000 to \$70,000 from a civilian contractor in return for his assistance in obtaining and renewing a maintenance contract for Army Reserve Centers in Louisiana and Texas. Between January 1985 and January 1986, the defendant demanded and received between \$6,000 and \$7,000 from another civilian contractor for his assistance in obtaining government contracts and SF-44 purchase orders for work which was either not done or not performed properly. The defendant provided the contracts with government cost estimates in advance.

- Maryland - Six resident managers of a work release facility were found guilty on charges of soliciting and accepting bribes in return for favors granted to inmates.

- Minnesota - A Business Development Specialist for the Small Business Administration (SBA) and six other persons were prosecuted for conspiracy to defraud the United States in the execution of the SBA 8(a) program. The SBA specialist used his position to assist the owner of a private company in obtaining over \$2.5 million worth of contracts. The company had no expertise in construction and no equipment or personnel to do the jobs. The SBA representative assisted in not only obtaining the contracts but having the work done behind-the-scenes by established contractors. All seven defendants were convicted.

- New York, W.D. - The retired director of the Buffalo Veterans Hospital and three hospital employees were indicted on charges of receiving bribes and kickbacks from contractors and temporary hospital employees over a seven-year period. In exchange, the hospital accepted inferior goods or orders that were only partly filled. The director was also charged with using goods and gifts from a contractor and skills of temporary hospital maintenance employees to improve his home and the home

belonging to his daughter. In addition, two hospital employees were indicted on charges of receiving property from a VA contractor. Five defendants pleaded guilty to the charges. The former director was awaiting trial as of December 31, 1987.

- New York, S.D. - As a result of a joint investigation conducted by the United States Attorney's Office and the Bronx County District Attorney's Office four former officers from Wedtech Corporation, a minority-owned defense contractor, agreed to plead guilty and cooperate with the United States. Their cooperation has led to five indictments and it is anticipated that more indictments will follow. The Wedtech cooperators have described a ten year history of embezzlement, bribery, fraud, securities violations, labor violations, and countless frauds perpetrated upon governmental and financial agencies.

- New York, S.D. - A former United States Post Office contracting officer pleaded guilty in the Southern District of New York and the District of Maryland to Travel Act violations and conspiracy relating to bribes he had received from Wedtech to facilitate Wedtech's receipt of Post Office contracts.

- Pennsylvania, E.D. - Since 1984, the FBI and the Defense Criminal Investigative Service have conducted a joint investigation into fraud and corruption in connection with the military clothing procurement activities of the Defense Personnel Support Center (DPSC) in Philadelphia, a Defense Department facility which is part of the Defense Logistics Agency (DLA). The investigation, code-named "Thimble," involved the use of five wiretaps in three jurisdictions over a five-month period time. To date, 13 individuals and three companies have been convicted of a series of offenses involving racketeering, bribery, conspiracy, mail and wire fraud and false statements. Those convicted include the Deputy Director of the Clothing and Textile Directorate, the highest ranking government official in the DPSC, which awards over \$1 billion in military clothing contracts each year. He was convicted of racketeering and conspiracy charges, including the receipt of \$169,000 of bribes and illegal gratuities from textile suppliers and clothing contractors doing business with DPSC. The official received the illegal payments for agreeing to assist the suppliers and contractors in getting millions of dollars of military clothing contracts. Besides the Deputy Director, three Defense Department officials have been convicted of conspiracy, bribery and illegal gratuity charges.

In addition, Operation Thimble resulted in the conviction of seven government clothing contractors in connection with the payment of bribes and illegal gratuities to the government officials. Most of these illegal payments were negotiated and paid through two individuals who portrayed themselves as

consultants for contractors doing business with DPSC. In reality, they were "bribe brokers" for these corrupt government officials and contractors. Both individuals have been convicted of conspiracy and bribery.

As a result of these convictions, it is anticipated that the government will receive in excess of \$1 million as restitution from the defendants.

- Puerto Rico - Two United States Customs Service Special Agents were found guilty on charges of robbery and assault resulting in death, transportation of stolen money, false statements and obstruction of justice in connection with the murder and theft of \$370,000 in securities from a private individual after he entered Puerto Rico at the Isla Verde Airport. The monies were duly declared and were to be deposited in a local bank by the individual. Ten days after arriving in Puerto Rico and declaring his money, the individual was found with a bullet in the back of the neck. Starting with the date of the traveler's disappearance, the defendants started spending large amounts of money. They deposited \$241,000 in cash for deposit on their behalf in the Swiss Bank of Panama. After a three-year grand jury investigation, the government was able to piece together the disposition made of the monies stolen and the efforts of the defendants to interfere with the grand jury investigation.

- South Carolina - A military housing supplies and maintenance contractor, its president and other employees, as well as two civilian employees of the United States Navy, were convicted after a jury trial of various procurement fraud charges. A forty-four count indictment charged conspiracy, mail fraud, false claims, false statements, bribery and perjury in connection with over one million dollars in false claims submitted to the Navy. Sentences ranged from probation to two-year prison terms. The investigation was conducted by a joint government fraud task force, comprised of representatives from the United States Attorney's Office, the Department of Justice Defense Procurement Fraud Unit, the FBI, the IRS, the Naval Investigative Service, and the Judge Advocate General Corps of the Navy.

- South Carolina - Two indictments were returned charging three individuals with conspiracy, bribery and false statements in connection with a procurement fraud case at the Savannah River Nuclear Plant under contract with the Department of Energy. The defendants were charged with bribing a purchasing agent at the Savannah River Nuclear Plant, obtaining insider information on bids for contracting work, and submitting false statements to the Department of Energy. Various business fronts were used in order for others to obtain contracts at Savannah River Plant and to

launder the monies used to bribe the Savannah River Plant official. Two defendants were convicted after a jury trial; one defendant was awaiting trial as of December 31, 1987.

- Texas, S.D. - A general office clerk in the American Consulate in Nuevo Laredo, Mexico with responsibility for issuing nonimmigrant visas to Mexican citizens was charged by complaint for exchanging a nonimmigrant visa for construction work completed on his home in Nuevo Laredo, Mexico. The defendant is implicated in 200 other cases where nonimmigrant visas, which were not lawfully issued, had been purchased and sold for various amounts of money. Approximately 20 Mexican citizens have been prosecuted and/or have negotiated with the government to testify against the defendant and several other participants in this scheme.

- Virginia, E.D. - A hearing examiner for the Immigration and Naturalization Service was convicted of nine felonies including conspiracy to defraud the government through the receipt of illegal gratuities and making false statements. A hearing examiner conducts hearings to determine the eligibility for naturalization of aliens petitioning for citizenship. The defendant was convicted following a two week jury trial on nine counts related to his conduct with the INS in soliciting and receiving illegal gratuities.

B. CORRUPTION AND OFFICIAL MISCONDUCT AT THE STATE LEVEL

1. State Legislative Branch

- Maryland - A former Maryland State Senator and his brother, also a State Senator, were convicted on charges of attempting to obstruct a congressional investigation and wire fraud in connection with an investigation of the Wedtech Corporation by the House Committee on Small Business.

- New York, E.D. - An attorney who practiced in New York City and was a Special Counsel to the New York State Assembly and Executive Secretary of the Democratic Organization of Queens County defrauded the people of the State of New York of over \$49,000 in public revenues by inducing two Democratic Assemblypersons from Queens to agree to place two secretaries from the defendant's law firm on their Assembly payrolls. The practice began in January 1981 and continued through June 1986. The defendant persuaded the Chief Counsel to the Speaker of the Assembly to increase the payrolls of the two Assemblypersons so that the two secretaries could be placed on their payrolls, but informed neither the Speaker nor the Chief Counsel that the two secretaries were in fact employed full-time as his personal

secretaries. The defendant also knowingly caused statements to be made to officials of the Assembly that falsely represented that the two secretaries were employed by the Assembly in specific positions at specific times and had performed the proper duties of those positions. The defendant further defrauded the United States by causing a separate source of income for the two secretaries (checks from the Democratic Organization of Queens County) to go unreported on the secretaries' federal income tax returns so that the defendant could secretly subsidize his law firm payroll without reducing the subsidy by payment of federal taxes. The unreported payments from the Queens Democratic Organization, which totalled as much as \$6,590 per year, continued from 1981 through 1984.

The defendant was convicted of fraud and tax violations and sentenced to five years in prison and fines totalling \$380,000.

2. State Judiciary

- Illinois, N.D. - Operation Greylord, an undercover investigation designed to uncover corruption in the judicial system in Chicago, is still the most active and successful corruption project within the office. In 1987, several large groups of lawyers and judges associated with particular courts were indicted.

A former Circuit Court judge pleaded guilty to federal tax violations for failing to disclose bribe income that he received over a three year period when he presided over and accepted bribes in hundreds of drunk driving cases at Chicago's Traffic Court.

A former Circuit Court judge already serving a 10 year sentence for bribe-taking was indicted for two counts of perjury arising from testimony that he gave to the grand jury after being immunized.

Two Circuit Court judges and eight attorneys were charged with engaging in a widespread racketeering conspiracy to commit bribery in the Fifth Municipal District of the Circuit Court of Cook County.

A Circuit Court judge was indicted and convicted for paying cash bribes to the Chief Judge in order to hustle unrepresented clients. A Circuit Court judge and three attorneys were indicted for participation in a bribery scheme relating to cases heard by the defendant and other judges.

Nineteen defendants, including a Circuit Court judge, having been indicted in 1986 for racketeering and tax offenses relating

to paying bribes to the judge and other court officials, pleaded guilty or were found guilty after a jury trial in 1987.

In addition, a number of attorneys were indicted in 1987 for tax charges relating to the Greyford investigation. The Greyford investigation remains a high priority, with an entire squad of FBI agents and a large number of AUSA's working nearly full time on the project.

- Pennsylvania, E.D. - A series of indictments arose from Title III electronic surveillance at the offices of the Roofers Union officials and lawyers who represented union members under the Union's Prepaid Legal Fund to embezzle money and pay it to numerous federal, state and local public officials in South-eastern Pennsylvania and New Jersey. The intended recipients of the money included local and state judges; a New Jersey County Sheriff; Philadelphia court officers; police officers in Philadelphia and Montgomery County; an official of the Occupational Safety and Health Administration (OSHA), United States Department of Labor; Pennsylvania Department of Labor officials; Philadelphia Licensing and Inspections Department employees; a Probation Officer and employees of the Philadelphia District Attorney's Office. The payments were intended to influence the public officials to act favorably in matters concerning roofers or persons considered to be associated or affiliated with the Roofers Union.

In one significant case, a 61-count indictment charges 19 defendants including Union officials, a retired court officer, organized crime associates and two lawyers with racketeering, embezzlement, mail fraud, collections of credit by extortionate means, Hobbs Act extortion, solicitation of kickbacks and Travel Act violations. The predicate offenses to the racketeering charges include bribery under Pennsylvania and New Jersey law.

In another indictment, two judges were each charged with Hobbs Act extortion by allegedly obtaining \$300 each from a Roofers Union official in December 1985 because of their positions as judges-elect of the Philadelphia Court of Common Pleas and Philadelphia Municipal Court. In addition, the evidence has shown that approximately 25 other judges received annual payments from the Roofers Union officials in varying amounts. The investigation continues as to those judges.

In two other indictments, an OSHA official was charged with receiving bribes from the same Roofers Union official to harass non-union job sites with OSHA inspection, and a Philadelphia police officer was charged with receiving money from the union official for himself and as an agent for his wife, a Bail Commissioner of the Philadelphia Municipal Court.

The police officer was convicted and sentenced to two years' probation. The OSHA official was convicted and sentenced to four years' imprisonment. The Municipal Court judge-elect was convicted and sentenced to two and one half years' imprisonment and fined \$10,000. The Common Pleas judge-elect was acquitted.

In June 1987, the grand jury returned a 66-count superseding indictment of the Roofers Union officials. That case was severed for trial and on November 23, 1987, the thirteen Union officials charged were convicted of virtually all counts. Sentencing occurred on January 22, 1988; sentences ranged from 8 to 15 years' imprisonment. Two other trials from that indictment are scheduled for Spring 1988.

The investigation of the recipients of bribe payments continues.

- Pennsylvania, E.D. - In May 1986, the Philadelphia District Attorney's Office and United States Attorney's Office combined forces to investigate judicial corruption in the local Philadelphia court system. Using information developed from the Roofers Union investigation and an undercover police operation, Title III electronic surveillance was obtained in the robing room of a judge of the Philadelphia County Court of Common Pleas. Soon, it became apparent that the judge was "selling" justice by extorting money from defendants and defense attorneys for reduced sentences, probation and not guilty verdicts. Videotape surveillance also was obtained.

The investigation was furthered substantially when a local defense lawyer, who faced indictment for paying off a probation officer, agreed to cooperate. The defense lawyer recorded conversations with several judges and paid others for results in cases. At the time of his debriefing he told of paying judges for years.

The investigation resulted in the indictment of the judge, his judicial aide, a lawyer, and two other individuals for racketeering, conspiracy and Hobbs Act extortion. Two other local judges, also were indicted for accepting money to fix cases based on the undercover work of and information from the same local defense lawyer and the Roofers investigation.

The Common Pleas judge and three others were convicted. The judge's judicial aide entered a plea of guilty and agreed to cooperate. The other two local judges are awaiting trial.

3. State and Local Executive Branch

- Alabama, S.D. - A former member of the City Council of Prichard, Alabama, also a member of the Water Works and Sewer Board of the City of Prichard, was convicted on all counts of a three count indictment charging one count of racketeering and two counts of Hobbs Act violations. He received a ten-year sentence.

From December 1984 through December 1985, the defendant accepted money and cocaine from a Prichard businessman in exchange for his approval of two applications to rezone ten acres of property in the city limits for use at a wrecker and auto salvage yard. The defendant agreed to accept \$10,000 and did subsequently receive approximately \$2,500 of that amount and cocaine from the same local businessman in exchange for his vote to approve the purchase of property owned by the local businessman; the defendant accepted \$500 from two State of Alabama constables in exchange for his vote to approve the use of the Prichard City Jail and the Prichard Police Department radio communications by the two constables; the defendant accepted \$1,500 from a local businesswoman in exchange for his vote on a proposed contract submitted by the businesswoman to collect past due taxes and revenue; and the defendant accepted \$500 from a local businessman in exchange for his vote to approve a contract submitted by the businessman to provide concessions to the City of Prichard Municipal Stadium.

- Alabama, S.D. - A County Commissioner in Mobile, Alabama, was convicted on four counts of Hobbs Act violations for using his position and his authority to grant or deny use permits and contracts to extort money from individuals who were seeking to gain these permits or contracts from Mobile County. The defendant was sentenced to fifteen years in prison.

- Alaska - The Mayor of Barrow, Alaska was found guilty on charges of mail and wire fraud, Travel Act violations, tax evasion and failure to file income tax following a three-year grand jury investigation into public corruption in the North Slope Borough regarding the misapplication and conversion of million of dollars. Also indicted were two lobbyist/officials of the North Slope Borough.

- California, E.D. - The chairman of the California State Teacher's Retirement System Pension Fund secured approval of a 50 million dollar loan by the fund in a high risk oil drilling venture. In return for his assistance he was paid a bribe of approximately \$750,000 by the borrower and was secretly to share in any future profits of the oil drilling project. He was sentenced to 15 years' imprisonment. His attorney, who channeled

the \$750,000 bribe from the borrower to the chairman, received approximately \$75,000 and was to receive five percent of any future monies that were paid from the borrower to the chairman. The attorney cooperated with the Government and pleaded guilty to two violations of the Hobbs Act. Following his guilty plea, he was sentenced to three years' imprisonment.

- District of Columbia - The former Deputy Mayor of the District of Columbia pleaded guilty to conspiracy to defraud the District of Columbia government and to tax evasion. In his plea of guilty to conspiring to defraud the District, the defendant acknowledged that in exchange for his efforts in helping an accounting firm obtain District contracts, he expected that the firm would "take care of him" after he left District of Columbia government. The indictment charged that this and other specified types of conduct defrauded the District of Columbia government of its right to have the conscientious, faithful, disinterested, and unbiased performance of duties by the defendant. The defendant also admitted that he evaded paying income taxes for the calendar year 1981 by substantially under-reporting his income. The defendant was sentenced to 6 to 30 months and a fine of \$5,000 on the conspiracy charge and to 5 to 15 months on the tax evasion charge.

- Florida, N.D. - In two separate cases the County Commissioner for District 5, Walton County, Florida was found guilty on charges of accepting bribes from two Walton County businessmen who supplied the county with asphalt and electric motors. The indictments charged that both businessmen billed the county for items which the county did not receive. The Commissioner personally approved all purchases. The indictment also alleged that the two businessmen gave the Commissioner money in the form of loans and political contributions as a kickback.

All defendants were convicted by the jury. In one case, the Commissioner and one businessman were sentenced to prison and probation and were ordered to pay restitution. The court, in the other case, ordered a new trial. That order is subject to a government appeal in the Eleventh Circuit.

- Florida, M.D. - A former Administrative Aide to the former mayor of Jacksonville, Florida was convicted of providing false testimony to the grand jury concerning his efforts on behalf of the administration to corrupt the selection process for one city contract, his efforts to corruptly influence a city department to support a 150 million dollar development project and his activities in collecting contributions and maintaining a "slush fund" to pay for parties, gifts and gratuities for public officials. He received a four-year sentence of incarceration.

- Florida, M.D. - The former property appraiser for Jacksonville, Florida pleaded guilty to obstruction of justice and perjury as a result of a grand jury investigation into allegations that he had provided favorable and disproportionate assessments on property belonging to his powerful and influential friends and those who provided him gifts and gratuities, as well as punishing enemies by raising their assessments. An undercover investigation contemporaneous with the grand jury investigation revealed that the defendant was suborning perjury and directing the destruction of subpoenaed documents. The defendant received a sentence of two years' incarceration.

- Guam - The Governor of Guam was tried and convicted of ten felonies, including extortion, bribery and mail and wire fraud involving the receipt of cash and campaign paraphernalia in return for the awarding of Government of Guam contracts and for favorable handling of a \$300 million dollar housing bond issue.

- Illinois, N.D. - Operation Phocus is now entering its fourth year. This probe of corruption in various licensing units of the City of Chicago has resulted in 36 more persons charged in 1987 (55 since the probe began). This was the year the probe obtained its most significant results including the cooperation and guilty pleas of a former Circuit Judge, a former Alderman, the former head of Consumer Services, the former head of the North Side Inspection Team and a former Chicago Park District Mooring Supervisor.

Two major multi-defendant indictments in the probe were returned in 1987 as well: The Park District Indictment and the Police Licensing Indictment. In the Police case, seven Chicago detectives assigned to investigate liquor license applications were charged with racketeering and related offenses resulting from their receipt of payoffs from five businessmen who were also charged with brokering payoffs from license applicants. Two lawyers were also charged with aiding the payoff scheme.

Criminal informations were filed against six current and former Chicago Park District officials charging them with conspiracy, extortion and tax fraud. The defendants all pleaded guilty and admitted to participating in a scheme to extort boaters in Chicago Park District harbors. The former Director of the Marine Division of the Park District controlled the assignment of moorings in the harbors and directed his co-conspirators to extort cash payments and political contributions from boaters in exchange for favorable mooring assignments. The political contributions came in the form of donations to a political fund controlled by the former Superintendent of the Park District.

In addition to a 100% conviction rate in the first three years of Phocus, four defendants went to trial in 1987 and were

convicted by juries. Those convicted included a Consumer Services Inspector, a Fire Inspector, a businessman and a former State Senator.

Finally, in 1987 this office made the commitment to prosecute both the bribe recipient and the bribe payor. Bribe paying businessmen in Operation Phocus, Operation Lantern, and Operation Incubator were all prosecuted. This office made use of racketeering forfeiture provisions against the businesses of these individuals.

- Illinois, N.D. - A major indictment, a significant plea and two convictions marked the second overt year of Operation Incubator, an undercover probe of corruption in Chicago's contracting function. An indictment named the Circuit Court Clerk, his Chief Investigator, a businessman, the Acting Revenue Director, two Aldermen, the Streets and Sanitation Assistant Commissioner, and two unlicensed attorneys with participating in a bribe scheme to obtain City contracts for SRS, a New York-based collections firm.

An Alderman went to trial and was convicted of shaking down businessmen. He awaits sentencing.

- Illinois, N.D. - Operation Lantern centers on fraudulent billing schemes and kickbacks between supply companies and various purchasing agents in the public and private sector. Four private sector employees have pleaded guilty to mail fraud informations. Of the public sector employees, the purchasing agent from the Village of Wilmette recently pleaded guilty to a two count mail fraud information.

As another part of this project, ten public officials and two senior executives of a private company were indicted on multiple counts of racketeering, Hobbs Act, and tax violations. The indictment alleged that the public officials, city, Chicago Transit Authority and Park District purchasing agents and senior officials, received overseas trips, appliances and cash payments in return for steering business to the company. In several instances, the officials permitted the company to falsely bill their departments to enable a recovery by the company of the cost of the bribes.

- Indiana, N.D. - As a result of the "Operation Lights Out" investigation, a former Lake County Commissioner was indicted on charges of racketeering, extortion, and filing false income tax returns. His co-defendant, a former aide to the Lake County Commissioner, was also indicted on charges of extortion and filing false tax returns.

Also, the former Lake County Assessor was indicted for racketeering and extortion. The defendant pleaded guilty to both counts of the indictment, received a six year term of incarceration and was assessed a \$250,000 fine by the court.

In another related case, a former Lake County Commissioner was indicted for racketeering, extortion, and filing false tax returns. Again, the prosecution is significant because of the high elected position the defendant once enjoyed and allegedly abused, and because of the widespread, long-term belief that public corruption has been rampant in Lake County government for many years.

More indictments in the investigation are anticipated. The investigation has been the most far-reaching investigation of its kind into widespread public and political corruption in Lake County government.

- Kentucky, W.D. - The Director of a state food stamp office and her husband were charged with unauthorized sale of food stamps as a result of a sting operation conducted by the Secret Service and the United States Department of Agriculture.

- Louisiana, M.D. - The Chairman of the Louisiana Board of Pardons pleaded guilty to conspiracy with respect to the granting of state pardons.

- Massachusetts - The Commissioner for the Department of Public Works in Brockton, Massachusetts was found guilty on charges of racketeering, tax fraud and obstruction of justice for a fifteen-year pattern of bribery totalling over \$100,000 and corruption relating to public contracts and subsequent coverups.

- Mississippi, N.D. - Operation Pretense, an extensive FBI undercover investigation into statewide corruption involving county supervisors in both the Northern and Southern Districts, continued throughout 1987. Fifty county supervisors, including the president-elect of the statewide Supervisors' Association, and the entire Board of Supervisors in Pontotoc County, were convicted of a variety of official frauds including bribery, kickbacks, extortion and bid-rigging. The investigation is expected to continue into 1988.

- Mississippi, S.D. - Operation Pretense also extended into the Southern District of Mississippi, where the investigation of local government officials and vendors on allegations of extortion in violation of the Hobbs Act, bribery and mail fraud statutes came to fruition in 1987. The county supervisors

engaged in wide-spread acts of bid-rigging, kickbacks and splitting invoices resulting in significant losses to the citizens of Mississippi and making a mockery of honesty in government at the county level.

To date, the Southern District of Mississippi has indicted 40 county supervisors, nearly 20 percent of all of the supervisors in the Southern District of Mississippi, and 10 vendors or employees. Only five supervisors have elected to go to trial; each was convicted. Thirty-three pleaded guilty, and 19 have been sentenced, all receiving prison terms.

- Montana - The Director of the Butte/Silver Bow County Health Department was found guilty on charges of embezzling over \$100,000 of public monies.

- New York, N.D. - The former Mayor of Syracuse was indicted on charges of attempting to extort \$1.4 million from architects, lawyers, real estate developers, contractors and an insurance broker who sought city contracts during his sixteen years in office. The defendant was also charged with participating in an illegal extortion racket, evading income taxes and conspiring to obstruct the Government's investigation. During his term of office, the defendant also served one year as Chairman of the National Conference of Mayors and six years as the Chairman of the National Democratic Conference of Mayors.

- New York, N.D. - In an undercover investigation code named "Doublesteel," an FBI agent posing as a salesman of highway products made tape-recorded payoffs to town highway superintendents throughout eastern New York in return for purchases of his products. The investigation revealed a system which accepted and encouraged kickbacks as a way of doing business with the taxpayers bearing the cost. To date, fourteen defendants have been charged in this district, and eight superintendents have been found guilty.

- Ohio, S.D. - The Assistant Chief of Investigations for the Ohio Department of Motor Vehicles extorted money in exchange for furnishing confidential Bureau information to automobile dealerships that dealt or wished to deal in motor vehicles with rolled-back odometers. Those dealerships were thus better able to avoid investigations and inquiries into their operations. The defendant pleaded guilty pursuant to a plea agreement to pay \$6,500 restitution. He received a five year suspended sentence and five years' probation.

- Oklahoma, E.D. - A Commissioned Officer with the Public Health Corps, serving as a physician with the Indian Health Services Hospitals, made false statements on his application for employment with the Indian Health Service, in that he stated he had never had his surgical services license revoked, when in fact they were in 1981. In addition he was indicted for making claims for Medicare/Medicaid payments involving patients he treated at the Indian Health Services hospitals in Oklahoma, and for embezzlement of Health and Human Services funds relating to such claims for private treatment. The doctor pleaded guilty to a superseding information alleging embezzlement of HHS funds relating to the Medicare/Medicaid claims. He resigned his Commissioned Officer position with the Public Health Corps, was sentenced to a one year suspended sentence, ordered to pay restitution to the Indian Health Service in the amount of \$4,206.77, fined in the amount of \$10,000, placed on a five year probationary period and ordered not to make any claims for Medicare/Medicaid reimbursements during the first two years of such probationary term.

- Oklahoma, E.D. - The Director of the Idabel, Oklahoma Housing Authority was indicted for embezzlement of Housing and Urban Development funds. For several years the defendant submitted bogus claims under fictitious contractors' names, and had authorized the payment of same in her capacity as Director but had diverted the payments to her own benefit. She pleaded guilty to an embezzlement count and was sentenced to five years' probation and ordered to pay restitution to the Housing Authority in the amount of \$129,192.50.

- Pennsylvania, E.D. - On October 27, 1986, a grand jury returned an indictment against an elected member of the City Council of Philadelphia, his administrative aide, and a fully initiated member of a Philadelphia organized crime family, charging them with conspiracy to commit extortion, extortion and attempted extortion, all in violation of the Hobbs Act. The three defendants demanded and received from a developer in Philadelphia the free use of an apartment for two years in exchange for introducing and supporting legislation affecting one of the developer's projects located in the Councilman's District. The indictment also charged the three defendants with attempting to extort \$1 million from a private business in exchange for introducing and supporting City Council legislation affecting that business's planned development of a portion of the Philadelphia waterfront.

The member of the crime family agreed to cooperate and pleaded guilty to the conspiracy count as well as an additional racketeering charge related to several organized crime murders and attempted murders.

In January 1987, a superseding indictment in the case was returned adding the head of the crime family as a defendant. In the spring and early summer of 1987, all defendants were convicted. The family boss was sentenced to fourteen years' imprisonment; the Councilman was sentenced to ten years' imprisonment, fined \$150,000 and was ordered to pay \$7,500 in restitution; his administrative aide was sentenced to eight years' imprisonment and ordered to pay restitution of \$2,500. The third defendant is cooperating in other matters and is awaiting sentence.

- Pennsylvania, M.D. - The former Auditor General of the State of Pennsylvania was convicted of racketeering charges arising out of nine separate acts of bribery including the sale of state jobs and contracts for personal and political gain. The investigation was a joint undertaking with the Pennsylvania Attorney General's Office lasting approximately seven years and resulting in the state conviction of six individuals and the ultimate racketeering conviction of the former State Auditor General. The Auditor General is supposedly the watchdog of state expenditures, supervises approximately 600 state employees, and is elected through a state-wide election.

- Pennsylvania, W.D. - The Administrator for a federally funded program to rehabilitate rental property for low and moderate income tenants in the city of Pittsburgh pleaded guilty to fraudulently obtaining funds for properties that he owned in the city. Pursuant to a plea agreement, the defendant was sentenced to 179 days of imprisonment and agreed to make restitution in the amount of \$38,510.

- South Dakota - The administrator of the Marty Indian School, which contracted with the Bureau of Indian Affairs to provide education to Indian children on the Yankton Sioux Reservation was charged with embezzling funds awarded by the BIA to the Indian school which were intended for the construction and renovation of facilities on the Reservation and the operation of the Indian school thereof. The administrator had attempted to circumvent normal audit procedures and had implemented a series of kickback schemes wherein he converted to his own use hundreds of thousands of dollars which were purportedly being repaid by the contractors the school dealt with to the school. The investigation was conducted by the Office of Inspector General for the Department of the Interior, in conjunction with Special Agents of the Internal Revenue Service, and the charges to which the defendant eventually pleaded guilty included tax evasion. The defendant was ordered to make restitution and received a five year sentence of imprisonment for his embezzlement. Other defendants have been charged and more indictments are expected in connection with this investigation.

- South Dakota - The Manager of the Cheyenne River Sioux Tribal Telephone Authority, a tribally-owned business, was found guilty on charges of embezzling approximately one-half million dollars from the Telephone Authority. The defendant was sentenced to 10 years' imprisonment as well as being ordered to pay restitution in the amount of \$430,000. In addition, the defendant testified against two other individuals who also embezzled or converted funds of the Telephone Authority. Both prosecutions resulted in convictions. This was an extremely high profile case on the numerous reservations located in South Dakota. In addition to having a substantial deterrent affect, the successful prosecution of this case has also encouraged individuals to provide information which is now being utilized in other prosecutions involving public corruption on Indian reservations.

- Tennessee, E.D. - In May and June of 1987, the Mayor of East Ridge, Tennessee, solicited a bribe from a realtor of Mobile, Alabama, with respect to rezoning of certain property in East Ridge, upon which a shopping center was to be built. The Mayor purported to be acting on behalf of himself and another City Commissioner and assured the realtor that the bribe money would be refunded should the rezoning fail to pass.

The realtor reported the solicitation to the District Attorney's Office and to the FBI. All further conversations were tape recorded. Taped conversations reveal that the Mayor and the Commissioner conspired to and attempted to extort a company represented by the realtor of \$1,500 each, in exchange for their votes in favor of rezoning. The secrecy which all parties sought demonstrated their knowledge that they were engaged in illegal actions. Both defendants accepted \$1,500 from the realtor, money supplied by the FBI.

Upon their arrest both defendants denied knowing the realtor or anything about the \$1,500. Both subsequently changed their stories to contend that the money was a political contribution. After a three-day trial the defendants were each convicted of conspiracy to extort and attempted extortion in violation of the Hobbs Act. The Mayor was sentenced to four years in prison and a \$3,000 fine, and the Commissioner to six months in a halfway house and three years' probation.

- West Virginia, S.D. - The former Mayor of Charleston, West Virginia pleaded guilty to six counts of possession of cocaine during the time period he was prosecuting attorney and Mayor. As part of a plea agreement charges of conspiracy, distribution and obstruction of justice were dismissed. The defendant had repeatedly and publicly denied any involvement with cocaine. He was sentenced to 179 days in jail, \$5,000 fine and resignation of his office.

- Wisconsin, E.D. - The Alderman for the City of Milwaukee was found guilty on charges of extortion under color of official right and solicitation of money in exchange for favorable official action as a result of an FBI sting operation. The defendant solicited payments for his support on zoning and licensing matters.

- Wisconsin, E.D. - The Executive Director of the Clintonville Housing Authority pleaded guilty to embezzling over \$13,000 during an 18 month period in 1984 and 1985. He endeavored to conceal this embezzlement for over a year. When the embezzlement was discovered through an independent audit, which he forestalled, the defendant admitted his wrongdoing and the fact that he concealed this from HUD.

4. State and Local Law Enforcement Corruption

- Connecticut - The highest ranking uniformed officer in the New Haven, Connecticut Police Department and a veteran uniformed officer pleaded guilty to federal felony violations, and were sentenced to prison.

- Florida, S.D. - Fifteen City of Miami police officers were indicted on narcotics and tax charges for robbing drug dealers of their money and drugs during 1985. What began on a small scale with traffic stops of dealers possessing 1 or 2 kilos of cocaine, escalated to raids on smugglers boats in the Miami River, and the theft of hundreds of kilograms of cocaine. The last such raid resulted in the drowning death of three smugglers who had been guarding the cocaine. The case was initially indicted in the Florida State Court but, after an urgent appeal from the local State prosecutor, federal jurisdiction was extended and the police officers were indicted in June 1986 in federal district court in the Southern District of Florida. Trial commenced on September 29, 1986 with one Assistant United States Attorney and two cross-designated Assistant State Attorneys. Trial lasted three and one-half months and ended in a hung jury (11-1 for conviction). Before retrial, several additional defendants were added to the indictment and many have already pleaded guilty. On December 7, 1987, two defendants began trial.

- Kansas - Seventeen persons were indicted for conducting an illegal gambling business. Of those seventeen, three, the organizer of the business, a Wyandotte County, Kansas Deputy Sheriff and a reserve deputy sheriff from the same department, were also indicted on allegations of conspiracy to obstruct enforcement of the criminal laws of Kansas with the intent to facilitate an illegal gambling business. The deputy sheriffs

worked as security guards and doorkeepers, selling tickets to attendees. The son of the Wyandotte County Sheriff was also a conductor of the illegal gambling business. On three days, sizable numbers of gamblers (more than 100) paid a \$25 admission fee, then gambled with chips or cash at blackjack, poker and crap tables. Prostitutes were also available to gamblers. Of the seventeen defendants, fifteen pleaded guilty to either federal felonies or state misdemeanors. The reserve deputy sheriff and the sheriff's son were awaiting trial on December 31, 1987.

- Kentucky, E.D. - A Captain in the Kentucky State Police (and former Commissioner), a County Sheriff and a County Judge Executive (and former County Judge and Sheriff) were charged with accepting payoffs from purported drug dealers. The County Judge Executive pleaded guilty to Travel Act violations and testified for the United States. The County Sheriff was found guilty on all counts. The Captain was acquitted on all but one count. The jury was hung on the count charging drug conspiracy. He is awaiting retrial.

- Massachusetts - Nine police officers, a State Senate aide and the Chairman of the Board of Examiners of Boston were indicted for their participation in a scheme to steal advance copies of law enforcement civil service promotional exams, and then use the exams for promotion within Massachusetts police departments. Nine defendants either pleaded or were found guilty, one defendant was awaiting trial as of December 31, 1987 and one defendant died in November 1987.

- New York, W.D. - A former police narcotics officer from Buffalo pleaded guilty to a charge of aiding a continuing criminal enterprise by taking bribes from a heroin dealer to disclose undercover police investigations. The defendant was sentenced to fifteen years in federal prison and fined \$35,000.

- Tennessee, M.D. - The Sheriff of White County was indicted in a multi-count indictment for use of a communications facility to attempt to possess and distribute cocaine and use of an interstate communication facility for the purpose of carrying on an unlawful activity, i.e., the acceptance of bribes. The Sheriff was indicted as a result of a complex undercover sting operation jointly handled by the Memphis, Tennessee and Cincinnati, Ohio offices of the FBI. After an initial hung jury, the defendant pleaded guilty to one count charging a violation of Title 21, U.S.C. §§ 843(b) and 846 and a second count of racketeering. The Sheriff was taking bribes to "look the other way" from persons he believed were trafficking in cocaine.

- Tennessee, W.D. - After a joint federal-state-local investigation, the Sheriff of Hardin County, his Chief Deputy Sheriff, and 12 others were charged in a conspiracy to distribute cocaine and marijuana, to allow dealers to operate freely in Hardin County, to import cocaine and marijuana into the county, and also to growing marijuana locally. The Sheriff was paid in part for "protection" by obtaining quantities of cocaine and marijuana, which he then sold through other participants in the conspiracy. He also seized narcotics from those not connected with him and then had others sell the seized drugs for profit. The Sheriff was sentenced to nine years in prison, his Chief Deputy to four years in prison, and others to various jail terms.

5. Election Crimes

- Arkansas, W.D. - A Newton County judge was found guilty on charges of vote buying prior to the 1986 general election. This was the first election fraud investigation by the FBI in Arkansas that culminated with an indictment.

- Florida, N.D. - A group of local citizens conspired to buy absentee ballots in an effort to influence the election of the county sheriff. As a result of law enforcement efforts during the September 1984 campaign period, a state search warrant was secured authorizing the seizure of approximately 50 absentee ballots from the ballot boxes before they could be counted. These ballots would have changed the outcome of the primary election results for the office of sheriff.

Four people were indicted and convicted in 1985. Their cases were affirmed on appeal. As a result of their cooperation, a fifth person, the principal initiator of the conspiracy, was indicted in 1987. He was convicted by jury trial.

- Indiana, S.D. - A township trustee conspired with four other defendants to purchase hundreds of votes in a series of elections in Spencer County, Indiana. The indictment is part of a continuing investigation into election offenses in Spencer County.

- Kentucky, W.D. - The Master Commissioner of Edmonson County was charged with mail fraud for his participation in an absentee ballot scheme involving the registration to vote and casting of ballots by thirteen Indiana residents in a Kentucky Sheriff's race including the defendant's nephew.

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TABLE I

FEDERAL PROSECUTIONS OF CORRUPT PUBLIC OFFICIALS

Year Ended December 31, 1987

Federal Officials

Indicted	651
Convicted	545
Awaiting Trial	118

State Officials

Indicted	102
Convicted	76
Awaiting Trial	26

Local Officials

Indicted	246
Convicted	204
Awaiting Trial	89

Others Involved

Indicted	342
Convicted	256
Awaiting Trial	135

Total

Indicted	1,340
Convicted	1,075
Awaiting Trial	368

TABLE II
PROGRESS OVER THE LAST DECADE
FEDERAL PROSECUTIONS OF CORRUPT PUBLIC OFFICIALS

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
<u>Federal Officials</u>										
- Indicted	133	128	123	198	158	460*	408	563	596	651
- Convicted	91	115	131	159	147	424	429	470	523	545
- Awaiting Trial on December 31	42	21	16	23	38	58	77	90	83	118
<u>State Officials</u>										
- Indicted	55	58	72	87	49	81	58	79	88	102
- Convicted	56	32	51	66	43	65	52	66	71	76
- Awaiting Trial on December 31	20	30	28	36	18	26	21	20	24	26
<u>Local Officials</u>										
- Indicted	171	212	247	244	257	270	203	248	232	246
- Convicted	127	156	168	211	232	226	196	221	207	204
- Awaiting Trial on December 31	72	67	82	102	58	61	74	49	55	89
<u>Others involved</u>										
- Indicted	198	289	279	349	265	262	267	292	277	342
- Convicted	135	252	202	294	249	257	257	240	225	256
- Awaiting Trial on December 31	71	69	87	70	72	77	97	97	84	135
<u>Totals</u>										
- Indicted	557	687	721	878	729	1,073	936	1,182	1,193	1,340
- Convicted	409	555	552	730	671	972	934	997	1,026	1,075
- Awaiting Trial on December 31	205	187	213	231	186	222	269	256	246	368

*/ The 1983 figures were reviewed to attempt to identify the reason for the substantial jump in prosecutions of federal officials. The explanation appears to be two-fold; first, there clearly was a greater focus on federal corruption nationwide, but there also appears to have been more consistent reporting of lower-level employees who abused their office, cases that may have been overlooked in the past. For reference, the U.S. Attorneys' Offices were told: "For purposes of this questionnaire, a public corruption case includes any case involving abuse of office by a public employee. We are not excluding low-level employees or minor crimes, but rather focusing on the job-relatedness of the offense and whether the offense involves abuse of the public trust placed in the employee."

TABLE III
FEDERAL PROSECUTIONS OF CORRUPT PUBLIC OFFICIALS
Convictions of Public Officials by Judicial Districts
1977 - 1987

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>TOTAL</u>
Alabama, Northern	6	4	9	6	5	4	7	15	12	3	4	75
Alabama, Middle	4	5	10	22	3	6	6	5	2	7	3	73
Alabama, Southern	0	1	N/A	5	0	6	12	16	6	8	6	60
Alaska	3	0	0	0	0	0	6	8	9	10	6	42
Arizona	3	0	1	2	6	0	4	3	4	4	5	32
Arkansas, Eastern	3	2	3	4	1	0	9	2	3	2	1	30
Arkansas, Western	1	0	1	1	1	1	4	4	0	6	4	23
California, Northern	0	0	0	0	2	0	3	9	39	12	3	68
California, Eastern	0	0	0	N/A	0	3	0	20	25	28	18	94
California, Central	8	3	8	4	8	4	17	52	2	38	47	191
California, Southern	2	3	7	8	8	5	3	7	22	5	9	79
Colorado	1	1	0	0	0	1	13	9	4	11	11	51
Connecticut	5	4	4	7	0	4	15	8	7	7	9	70
Delaware	0	1	0	0	1	1	1	3	0	3	1	11

N/A = Not Available; failed to return questionnaire.

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>TOTAL</u>
District of Columbia	10	14	9	19	17	14	N/A	34	16	30	13	176
Florida, Northern	0	0	0	2	4	0	1	6	3	7	4	27
Florida, Middle	1	5	1	2	6	4	13	23	8	8	20	91
Florida, Southern	0	3	0	14	0	1	8	8	5	3	14	56
Georgia, Northern	2	6	1	2	2	5	20	9	9	21	19	96
Georgia, Middle	7	1	1	3	1	2	10	4	8	12	2	51
Georgia, Southern	1	0	4	2	8	3	8	14	6	3	2	51
Guam	N/A	2	0	N/A	2	0	1	14	11	12	10	52
Hawaii	0	0	0	0	0	3	2	6	0	N/A	4	15
Idaho	0	0	0	0	0	0	2	2	1	6	4	15
Illinois, Northern	N/A	16	27	25	35	20	16	57	35	33	29	293
Illinois, Central	0	8	2	2	0	0	3	24	3	4	3	49
Illinois, Southern	0	4	2	0	0	0	2	0	7	2	0	17
Indiana, Northern	6	5	3	7	2	3	0	4	8	4	8	50
Indiana, Southern	3	0	0	7	2	3	0	3	5	13	17	53
Iowa, Northern	0	0	0	0	0	0	0	0	4	6	2	12
Iowa, Southern	0	0	1	0	1	0	1	3	3	6	2	17
Kansas	4	0	3	N/A	7	0	3	9	9	10	7	52
Kentucky, Eastern	6	5	5	12	5	4	0	7	3	8	5	60

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>TOTAL</u>
Kentucky, Western	0	2	2	0	2	5	1	0	2	10	5	29
Louisiana, Eastern	N/A	6	7	8	13	4	19	9	4	7	6	83
Louisiana, Middle	0	0	1	1	3	2	5	0	2	2	5	21
Louisiana, Western	1	0	10	2	0	2	0	0	4	6	5	30
Maine	0	2	2	3	0	0	1	1	2	5	0	16
Maryland	5	20	11	11	3	2	10	8	14	5	27	116
Massachusetts	5	7	5	6	7	11	8	17	9	35	12	122
Michigan, Eastern	4	1	7	3	10	16	18	21	7	43	20	150
Michigan, Western	1	1	0	0	2	4	2	3	6	5	5	29
Minnesota	0	0	2	0	0	0	6	3	2	8	12	33
Mississippi, Northern	2	3	2	4	6	4	0	0	8	13	13	55
Mississippi, Southern	0	5	0	4	9	7	N/A	20	1	1	21	68
Missouri, Eastern	2	1	1	2	2	4	1	1	12	6	13	45
Missouri, Western	0	0	0	0	0	1	9	8	1	9	6	34
Montana	0	0	0	1	0	0	4	4	0	5	6	20
Nebraska	1	0	0	7	0	0	1	6	8	4	5	32
Nevada	1	1	3	0	2	0	2	1	9	2	3	24
New Hampshire	0	2	0	0	3	7	1	1	3	2	0	19
New Jersey	10	15	9	25	8	16	30	14	6	7	N/A	140

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>TOTAL</u>
New Mexico	9	1	4	0	2	6	8	3	3	8	3	47
New York, Northern	0	2	0	0	0	0	N/A	2	11	14	14	43
New York, Southern	8	3	33	17	30	36	49	64	108	35	63	446
New York, Eastern	21	7	1	22	11	11	14	28	35	17	10	177
New York, Western	5	1	5	6	1	0	5	13	1	5	11	53
North Carolina, Eastern	0	1	1	N/A	2	7	8	16	5	0	3	43
North Carolina, Western	0	0	0	0	2	0	6	13	9	3	3	36
North Carolina, Middle	*	*	0	0	0	0	1	6	5	11	7	30
North Dakota	0	0	1	0	0	0	4	0	0	0	0	5
Ohio, Northern	5	6	12	3	2	3	11	17	21	22	27	129
Ohio, Southern	18	7	21	10	2	0	4	10	16	7	21	116
Oklahoma, Northern	0	0	0	0	2	8	1	1	1	0	0	13
Oklahoma, Western	0	4	N/A	5	51	44	25	33	4	1	0	167
Oklahoma, Eastern	0	0	5	3	9	13	14	9	1	0	2	56
Oregon	0	1	0	0	0	0	6	8	3	1	2	21
Pennsylvania, Eastern	6	13	11	8	4	4	19	35	25	23	39	187
Pennsylvania, Middle	27	16	3	6	16	13	25	16	9	5	4	140
Pennsylvania, Western	39	12	7	N/A	4	7	3	12	6	5	4	99

* = District did not exist.

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>TOTAL</u>
Puerto Rico	5	0	N/A	0	0	1	2	10	16	6	7	47
Rhode Island	N/A	0	N/A	0	4	0	2	8	1	1	6	22
South Carolina	15	8	10	11	25	8	22	9	14	29	15	166
South Dakota	0	0	2	0	0	0	2	11	3	14	6	38
Tennessee, Eastern	4	0	2	1	0	5	15	5	3	5	4	44
Tennessee, Middle	1	2	3	0	8	5	2	1	10	5	4	41
Tennessee, Western	7	3	5	7	7	4	85	12	28	7	16	181
Texas, Northern	4	4	7	5	5	15	9	7	2	11	12	81
Texas, Southern	3	6	6	1	0	1	11	12	2	14	7	63
Texas, Eastern	1	3	N/A	3	19	11	8	4	5	3	5	62
Texas, Western	2	0	N/A	3	6	8	11	21	8	0	7	66
Utah	0	2	1	N/A	4	0	5	0	7	2	1	22
Vermont	0	1	0	N/A	0	1	0	0	0	0	0	2
Virgin Islands	N/A	0	0	0	1	2	1	1	0	0	2	7
Virginia, Eastern	4	1	1	1	13	13	N/A	3	0	25	38	99
Virginia, Western	1	1	0	0	5	0	3	3	0	0	2	15
Washington, Eastern	0	0	0	0	0	0	0	0	0	0	0	0
Washington, Western	1	0	2	2	1	0	3	12	0	4	0	25
West Virginia, Northern	0	1	3	1	0	0	0	2	2	1	0	10

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>TOTAL</u>
West Virginia, Southern	0	6	3	N/A	0	3	2	12	6	7	5	44
Wisconsin, Eastern	4	2	0	1	2	11	13	10	7	1	13	64
Wisconsin, Western	3	0	1	1	0	0	5	0	1	2	6	19
Wyoming	0	0	0	0	0	0	2	1	0	1	0	4

