

NEWS RELEASE



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For Immediate Release

**CONGRESSMAN RANDALL “DUKE” CUNNINGHAM
PLEADS GUILTY TO RECEIVING MILLIONS IN BRIBES**

NEWS RELEASE SUMMARY - November 28, 2005

United States Attorney Carol C. Lam announced that Congressman Randall “Duke” Cunningham pled guilty today to conspiring to commit Bribery, Honest Services Fraud, and Tax Evasion, as well as Tax Evasion involving more than \$1 million of unreported income, pursuant to a plea agreement in United States District Court in San Diego before the Honorable Larry A. Burns. In pleading guilty, Mr. Cunningham, who represents the 50th Congressional District in San Diego, admitted that he received at least \$2.4 million in bribes.

These bribes were paid to Cunningham by several coconspirators through a variety of methods, including checks totaling over \$1 million, cash, rugs, antiques, furniture, yacht club fees, boat repairs, moving costs, and vacation expenses. The bribery, fraud, and tax evasion conspiracy described in the Information included the purchase of Cunningham’s home in Del Mar, California, at an artificially inflated price by a

defense contractor; the subsequent payoff of the mortgage on Cunningham's new, multi-million dollar home in Rancho Santa Fe by another defense contractor; a \$200,000 down payment by a third coconspirator to enable Cunningham to purchase a condominium in Arlington, Virginia; the payment of the capital gains tax by the purchaser of Cunningham's Del Mar home; the purchase and maintenance by a defense contractor of a yacht (the "Duke-Stir") and a Rolls Royce for Cunningham; as well as payments by a defense contractor for a graduation party for Cunningham's daughter, jewelry, home furnishings, and travel and hotel expenses. Cunningham failed to disclose any of the benefits on his Financial Disclosure Statements to the U.S. House of Representatives or on his federal tax return.

Mr. Cunningham further admitted that in return for these bribes he used his public office and took other official action to influence the appropriations of funds and the execution of government contracts in ways that would benefit two of the coconspirators, who were the majority owners of defense contracting companies.

United States Attorney Carol C. Lam stated, "The citizens who elected Mr. Cunningham assumed that he would do his best for them. Instead, he did the worst thing an elected official can do – he enriched himself through his position, and violated the trust of those who put him there."

According to Assistant U.S. Attorneys Sanjay Bhandari, Jason A. Forge and Phillip L.B. Halpern, who prosecuted the case, Mr. Cunningham agreed in his plea agreement to forfeit his entire interest in the following property: (1) Cunningham's Rancho Santa Fe residence; (2) over \$1.8 million in United States currency; and (3) more than a dozen pieces of antiques, furniture, and Persian-style rugs.

Special Agent-in-Charge Daniel R. Dzwilewski commented, "This is an unfortunate event, in that a ranking member of Congress violated the public's trust and engaged in self-enrichment. It is disappointing that Mr. Cunningham exercised a blatant disregard for the rule of law. Corruption involving public officials undermines the peoples' trust and confidence in government. It cannot, and will not, be tolerated. Public Corruption is the number one priority of the FBI's Criminal Investigation Division."

Kenneth J. Hines, IRS Criminal Investigation Special Agent-in-Charge for San Diego stated, "Congressman Cunningham attempted to conceal his public corruption by failing to report to the Internal Revenue Service his illicit receipt of cash, checks, antiques, cars, and boats which totaled over \$2 million. The American public deserves to know that Government officials will be held accountable for their actions. No one is above the law."

Rick Gwin, Defense Criminal Investigative Service (DCIS), Western Field Office, stated, "Investigating Bribery and Corruption are top priorities for the DCIS. Bribery of a U.S. Congressional official is one of the most serious compromises of the Department of Defense procurement process, and the DCIS will continue to vigorously investigate all allegations of these crimes."

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

Mr. Cunningham's sentencing is set for February 27, 2006, at 9:30 a .m., before Judge Larry A. Burns.

DEFENDANT

RANDALL HAROLD CUNNINGHAM

Background: Cunningham was first elected to Congress in 1990. In 2004, he was reelected to serve his eighth term representing California's 50th Congressional District.

SUMMARY OF CHARGES AND MAXIMUM PENALTIES:

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

INVESTIGATING AGENCIES

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