

# ***NEWS RELEASE***

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

*San Diego, California*

*United States Attorney  
Carol C. Lam*

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*For Immediate Release*

### **INDICTMENTS CHARGE DEFENSE CONTRACTOR BRENT WILKES WITH CORRUPTION INVOLVING FORMER CIA EXECUTIVE DIRECTOR KYLE “DUSTY” FOGGO AND FORMER CONGRESSMAN RANDY “DUKE” CUNNINGHAM**

**NEWS RELEASE SUMMARY** - February 13, 2006

United States Attorney Carol C. Lam announced that today a federal grand jury sitting in San Diego handed up two indictments stemming from its probe of San Diego defense contractor Brent R. Wilkes, who is accused of corruption involving former Congressman Randall “Duke” Cunningham and Former CIA Executive Director Kyle “Dusty” Foggo.

The first indictment charges Wilkes with providing more than \$700,000 to Cunningham in return for the former Congressman betraying his public office by corruptly influencing the appropriations of funds and the execution of government contracts in ways that would benefit Wilkes’s company, ADCS, Inc., in Poway, California. This indictment also charges New York-based mortgage banker John T. Michael with obstructing

justice by attempting to influence and impede a federal grand jury investigation by, among other things, providing false and misleading testimony regarding Wilkes's role in paying off the \$500,000 second mortgage on Cunningham's home in Rancho Santa Fe, California.

According to Assistant U.S. Attorneys Sanjay Bhandari, Jason A. Forge and Phillip L.B. Halpern, who are prosecuting the cases, Wilkes allegedly paid the bribes to Cunningham in the form of cash, checks, meals, limousine service, corporate jet travel, lodging, furnishings, boats and marine equipment, prostitution services, vacations, and entertainment. Cunningham failed to disclose any of these benefits on the Financial Disclosure Statements that he filed with the U.S. House of Representatives. In return for receiving these bribes, the Indictment alleges that Cunningham used his public office for nearly a decade to influence the awarding of more than \$100 million in defense contracts to Wilkes.

The second indictment charges former CIA Executive Director Kyle "Dusty" Foggo and Wilkes with conspiring to defraud the United States and its citizens of the right to defendant Foggo's honest services. Among other things, the indictment alleges that Foggo used his seniority and influence within the CIA to influence the awarding of contracts to his life-long friend, Brent Wilkes. The indictment alleges that in order to conceal Foggo's conflict of interest and corrupt intent, Wilkes and Foggo carried out their scheme by using shell companies and straw men to conceal Wilkes' role and interest, and to launder the proceeds of their fraud.

According to the Indictments, Foggo misrepresented and concealed material facts from CIA officials, including his knowledge of, and role in, attempting to steer contracts to Wilkes, and his receipt of numerous benefits from Wilkes, including tens of thousands of dollars in various meals, gifts, and vacations, and a standing offer of a senior executive position with Wilkes's company, ADCS, Inc. None of these benefits were disclosed by Foggo on the Financial Disclosure Statements that Foggo filed with the CIA. The indictment further alleges that Foggo not only used his position to influence the awarding of CIA contracts, but also used his position to assist Wilkes in obtaining money from other CIA contractors.

United States Attorney Lam said, "High government positions and powerful connections should not be tickets to corrupt self-enrichment. The public trust is not for sale."

FBI Special Agent in Charge Daniel R. Dzwilewski added that, "Corruption involving government officials undermines the people's trust and confidence in our government. The FBI will continue to diligently pursue any allegations of wrongdoing by elected officials and those in a position of trust in our government."

"Corruption at this level cheapens the hard work and dedication of the thousands of elected officials and government employees who are dedicated to providing honest service to the American public. IRS Criminal Investigation stands committed to weeding out individuals who ignore the public's well being, and choose to take the path to financial success by using greed and corruption," said Kenneth J. Hines, Special Agent in Charge, IRS Criminal Investigation, San Diego Field Office

Rick Gwin, Special Agent in Charge, Defense Criminal Investigative Service (DCIS), Western Field Office, stated, "Bribery and corruption involving the Department of Defense acquisition system is a significant threat that will not be tolerated. The DCIS is committed to pursuing all allegations of corruption in order to maintain the integrity of the DoD procurement system and the confidence of the American taxpayer."

CIA's Inspector General, John L. Helgerson, noted that, "The CIA's Office of Inspector General initiated this investigation based on information provided by concerned Agency employees. CIA investigators, working with their task force partners, investigated the alleged misconduct. This investigation should reassure taxpayers and the CIA workforce that the Agency can and will investigate itself thoroughly and independently when appropriate."

This case is the result of an investigation by the Central Intelligence Agency (CIA) - Office of Inspector General, Defense Criminal Investigative Service (DCIS), Federal Bureau of Investigation (FBI), and Internal Revenue Service - Criminal Investigation Division (IRS-CI). The United States Attorney's Office for the Southern District of California also recognizes the assistance provided by the United States Attorney's Offices for the District of Columbia, the Eastern District of New York, and the Eastern District of Virginia.

The investigation is continuing.

The defendants are expected to be arraigned before United States District Judge Larry A. Burns on Wednesday, February 14, 2007 at 9:30 a.m.

**INDICTMENT NO. 07cr0330LAB:**

Defendant: Brent Roger Wilkes:  
Age: 52  
Residence: Poway, California

Defendant: John Thomas Michael  
Age: 35  
Residence: Massapequa, New York

**SUMMARY OF CHARGES AND MAXIMUM PENALTIES (WILKES):**

- COUNT 1: Conspiracy to commit Bribery, Honest Services Wire Fraud, and Money Laundering in violation of Title 18, United States Code, Section 371, which is punishable by 5 years in prison and/or a \$250,000 fine.
- COUNTS 2-18: Honest Services Wire Fraud in violation of Title 18, United States Code, Section 1343 and 1346, which is punishable by 20 years in prison and/or a \$250,000 fine.
- COUNT 19: Bribery of a Public Official in violation of Title 18, United States Code, Section 371, which is punishable by 15 years in prison and/or the greater of a \$250,000 fine or three times the monetary equivalent of the bribe.
- COUNT 20: Money Laundering (“concealment”) in violation of Title 18, United States Code, Section 1956(a)(1)(A)(I), which is punishable by 20 years in prison and/or the greater of a \$500,000 fine or twice the value of the property involved in the transaction.
- COUNT 21-22: Money Laundering (“promotion”) in violation of Title 18, United States Code, Section 1956(a)(1)(B)(I), which is punishable by 20 years in prison and/or the greater of a \$500,000 fine or twice the value of the property involved in the transaction.
- COUNT 23-25: Unlawful Monetary Transactions in violation of Title 18, United States Code, Section 1957, which is punishable by 10 years in prison and/or the greater of a \$500,000 fine or twice the value of the property involved in the transaction.

**SUMMARY OF CHARGES AND MAXIMUM PENALTIES (MICHAEL):**

- COUNT 26: Obstruction of Justice in violation of Title 18, United States Code, Section 1503, which is punishable by 5 years in prison and/or a \$250,000 fine.

**INDICTMENT NO. 07cr0329LAB:**

Defendant: Brent Roger Wilkes  
Age: 52  
Residence: Poway, California

Defendant: Kyle Dustin (“Dusty”) Foggo  
Age: 52  
Residence: Vienna, Virginia

**SUMMARY OF CHARGES AND MAXIMUM PENALTIES (WILKES & FOGGO):**

COUNT 1: Conspiracy to commit Honest Services Wire Fraud and Money Laundering in violation of Title 18, United States Code, Section 371, which is punishable by 5 years in prison and/or a \$250,000 fine.

COUNTS 2-8 Honest Services Wire Fraud in violation of Title 18, United States Code, Section 1343 and 1346, which is punishable by 20 years in prison and/or a \$250,000 fine.

COUNT 9-11: Unlawful Monetary Transactions in violation of Title 18, United States Code, Section 1957, which is punishable by 10 years in prison and/or the greater of a \$500,000 fine or twice the value of the property involved in the transaction.

**INVESTIGATING AGENCIES:**

Central Intelligence Agency - Office of Inspector General  
Defense Criminal Investigative Service  
Federal Bureau of Investigation  
Internal Revenue Service - Criminal Investigation Division

**An Indictment itself is not evidence that the defendants committed the crimes charged. The defendants are presumed innocent until the Government meets its burden in court of proving guilt beyond a reasonable doubt.**