

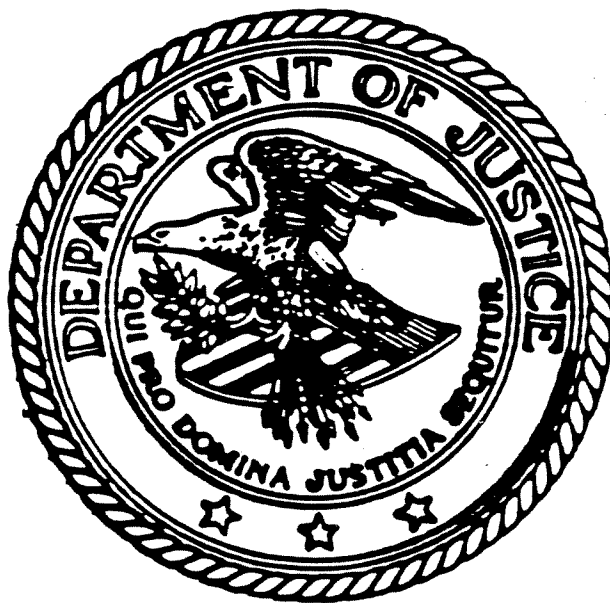
REPORT TO CONGRESS
ON THE ACTIVITIES AND OPERATIONS
OF THE
PUBLIC INTEGRITY SECTION
FOR 1986



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 1986.

The Public Integrity Section is part of the Criminal Division of the Department of Justice. The Section was established in 1976 and thus completed its first full decade of work in 1986. The Section was 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 approximately twenty-five attorneys throughout 1986. Consistency in the application of complex laws governing the conduct of public officials has been ensured by the Section's senior litigators, who include 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, such as the Hobbs Act and mail fraud statutes. Gerald E. McDowell continued as Chief of the Section in 1986.

Part I of this Report describes the operations and functions of the Public Integrity Section, highlighting the major activities of 1986, and Part II details the cases prosecuted by the Section during 1986. Part III presents data on the national effort to combat public corruption during 1986, based on the Section's annual survey of United States Attorneys.

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PART I

DESCRIPTION OF THE PUBLIC INTEGRITY SECTION

A. GENERAL OPERATIONAL RESPONSIBILITIES OF THE PUBLIC INTEGRITY SECTION

1. 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. The Section seeks always to maintain flexibility in staffing to enable it to assume responsibility for handling special investigations assigned to it by the Department of Justice. These matters are often very sensitive, demanding prompt, professional handling and absorbing substantial resources, though they may not result in a criminal prosecution. In addition to the Section's handling of such projects, it also guides the use of complex corruption statutes by federal prosecutors and provides training to investigators and prosecutors in the United States Attorneys' Offices.

Finally, the Public Integrity Section accepts operational responsibility for a number of corruption prosecutions each year. These cases are described in more detail in Part I B of this Report. Decisions to undertake particular prosecutions are made on a case-by-case basis, based on the following considerations:

Recusals. It is extremely important that fairness and impartiality be maintained in conducting government corruption investigations. 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 transferred 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. In 1986, for example, the Public Integrity Section prosecuted and obtained the conviction of United States District Judge Walter L. Nixon, Jr. of the Southern District of

Mississippi on charges that he lied to a grand jury when he denied trying to influence the handling of a drug case against the son of a wealthy businessman who had arranged a profitable investment for the judge.

Similar problems that may require recusal of the United States Attorney's Office arise when the target of the investigation is a federal investigator or prosecutor, and as a result, in 1986 the Section successfully prosecuted an FBI agent and a Customs Patrol agent. Thus, in cases where a conflict of interest exists, or in which there may be an appearance of a conflict of interest, the United States Attorney's Office may choose to recuse itself, and refer the case to the Public Integrity Section for investigation and prosecution.

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. For example, in the past year the Public Integrity Section has played this role of co-counsel with the United States Attorney's Office in the Southern District of Mississippi in a variety of cases involving different forms of political corruption. The Section also is participating in a similar joint initiative with the Office of the United States Attorney for the District of Rhode Island.

The Section's participation also may serve 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. The Section has often used this approach in election crimes cases with the expectation that after the Section's participation in the initial cases, attorneys in the field will have the interest and expertise necessary to continue to actively pursue corruption cases.

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.

Federal Agency Referrals. Referrals from the federal agencies are an important part of the Section's workload. Ever since the Inspectors General were authorized for various agencies, the Section has worked closely with them, encouraging their investigations, coordinating joint investigations with the FBI and Inspectors 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.

2. 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.

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.

In 1986, it was necessary for the Section to devote an extraordinary amount of its resources to the handling of independent counsel matters. At the beginning of the year, the Section assigned six attorneys full time for three months to the preliminary investigation of allegations contained in a report of the Committee on the Judiciary of the United States House of Representatives, concerning the Department of Justice's handling of production of EPA documents to Congress. The preliminary investigation resulted in appointment of an independent counsel to

investigate former Assistant Attorney General Theodore Olson on allegations that he had obstructed a congressional investigation.

By the end of the year, the resources of the Section were under even greater demand as a result of independent counsel matters. In the remaining months of 1986, the Section supervised preliminary investigations of, among others, the Iran-Contra allegations, former Chief of Staff and Assistant to the President Michael Deaver, former Assistant to the President Franklyn Nofziger (all resulting in the appointment of independent counsels), and Ambassador to Switzerland Faith Ryan Whittlesey (resulting in a conclusion by the Attorney General that no independent counsel was warranted).

In each of these sensitive matters, the Section assessed the allegation, planned and supervised an appropriate preliminary investigation, and made a recommendation to the Attorney General, enabling him to discharge his statutory responsibilities under the Ethics in Government Act within the strict time limits built into the statute.

Former Chief of Staff and Assistant to the President Michael Deaver has since been indicted by the Independent Counsel appointed to supervise his investigation. The allegations against Mr. Deaver involved criminal conflicts of interest, specifically, that after he left the White House, he lobbied White House staff on issues in which he had been involved as a public official. The Public Integrity Section concluded after a preliminary investigation that further investigation or prosecution was warranted as to those allegations, and so recommended to the Attorney General. The Independent Counsel appointed as a result of the Section's investigation and recommendation has indicted Mr. Deaver on perjury charges in connection with his statements regarding this matter.

The Iran-Contra allegations were of an entirely different sort, being extraordinarily complex, involving dozens of individuals, murky legal issues, and events ranging across continents and over several years. Soon after the apparent linkage between arms sales to Iran and alleged provision of funds to the Nicaraguan Contras became public, it became clear that an independent counsel would be necessary to thoroughly investigate the matter. The Public Integrity Section coordinated the referral, drafting the necessary court papers and worked closely with the Independent Counsel after his appointment, assisting him in collecting necessary documents and making necessary contacts within the Department of Justice.

Obviously, the Section's responsibility for independent counsel matters in 1986 required an extraordinary and unusual dedication of resources. As a result, it was necessary to curtail somewhat the Section's more typical devotion of effort to the trial of corruption matters, since many of its most senior litigators spent months working on these extremely important and sensitive independent counsel matters.

3. 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:

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. In 1986, the Section continued its devotion of substantial efforts to formal training of investigators and prosecutors. Early in the year, the Section sponsored a successful four-day training seminar for prosecutors and agents involved in public corruption investigations and prosecutions.

Consultation. In order to achieve uniformity among corruption prosecutions, the Section reviews certain investigations and indictments, 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.

General Assistance and Supervision. Departmental supervision of prosecutions is often important in public corruption cases, which are typically delicate, complex and highly visible. Section attorneys are occasionally called upon to travel to districts across the country to conduct a careful review of 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 developed considerable expertise in the supervision and oversight of the use of undercover operations in serious corruption cases. The Section Chief sits on the FBI's Undercover Review Committee, and is

familiar with the practical and legal problems involved in such operations. Thus, the Section has the ability to manage this sensitive investigative technique, which can be particularly valuable in corruption investigations, 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.

B. 1986 PROJECTS AND ACHIEVEMENTS OF THE
PUBLIC INTEGRITY SECTION

In addition to the unprecedented number of independent counsel matters the Section handled in 1986, described above, the Section handled major prosecutions in each of its primary areas of responsibility. In the area of crimes by federal personnel, it successfully prosecuted United States District Judge Walter L. Nixon, Jr., for perjury; a high-ranking official of the Agency for International Development for fraud; and, in a prosecution of a crime that had far-reaching potential for damage to important drug prosecutions, convicted a DEA chemist for theft and subsequent distribution of cocaine from samples she was responsible for testing. The Section also put its valuable expertise in analyzing and prosecuting cases involving thefts of government property by employees who engage in voucher fraud or other forms of embezzlement to good use in 1986. These cases often involve small monetary losses to the Government, and usually are quickly resolved by the Section by the entry of a plea to criminal charges and restitution by the defendant. In addition, the Section has continued its good working relationship with the intelligence agencies, which has enabled the Section to investigate and resolve such cases even when classified materials and national security may be implicated.

The Public Integrity Section also was involved in a number of investigations of state and local corruption. In its most significant state and local project of the year, the Section continued its major project combatting corruption in Providence, Rhode Island, where the former Director of Public Property and Chairman of the Water Supply Board were convicted on extortion charges. Also in Providence, the Chairman of the City Democratic Party and the former City Solicitor, Anthony J. Bucci and Ronald H. Glantz, were convicted of extortion charges and sentenced to eight years' imprisonment each.

In the area of election fraud, the Election Crimes Branch continued its oversight of the enforcement of federal criminal laws dealing with election fraud, patronage and campaign finance and lobbying. The Branch approves and supervises all federal criminal investigations based on the federal election laws, and approves all election-related prosecutions. In addition, it assumes operational responsibility for the prosecution of particularly difficult, complex or sensitive election crimes cases. During 1986, the Election Crimes Branch continued its election fraud investigations in several counties in North Carolina, obtaining several convictions, and provided major support to an important investigation in Indiana resulting in eight vote fraud convictions in a district where the 1984 congressional race was decided by only four votes. The Section also argued an important appellate case in the Fourth Circuit Court of Appeals seeking to establish that federal criminal civil rights statutes can be used to combat vote buying.

Finally, in another major project that absorbed a large amount of the Section's time and resources, the Section cooperated with and assisted both Houses of Congress on the impeachment of former United States District Judge Harry Claiborne. Former Judge Claiborne had been convicted of tax fraud in the culmination of a long and extremely difficult investigation conducted by the Section in previous years, and in 1986, after his appeals were resolved, Congress took up his impeachment. Former Judge Claiborne vigorously resisted impeachment, attempting without success to convince Congress that his conviction was due not to his own corruption, as the jury found, but to "prosecutorial vindictiveness and misconduct." He got no further with Congress than he had in court with his unsubstantiated allegations. The Public Integrity Section worked closely with the House of Representatives, which approved articles of impeachment against Judge Claiborne, and then assisted the Senate, which convicted him and removed him from office.

PART II

PUBLIC INTEGRITY SECTION
INDICTMENTS, PROSECUTIONS AND APPEALS IN 1986

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 1986 and the status of its cases as of December 31, 1986. This section of the Report also provides statistics on the number of matters closed without prosecution during 1986, and the number of matters open at the end of the year.

A. Prosecutions of Corruption Affecting the Federal Judiciary

- United States v. Nixon, No. H-85-00012L (S.D. Miss.) - After a two-week trial in Hattiesburg, Mississippi, Chief United States District Judge Walter L. Nixon, Jr. was found guilty on two charges of perjury. The jury found him not guilty on a third perjury charge and a charge of accepting an illegal gratuity. Judge Nixon is the second federal judge in history to be convicted for crimes committed while in office. Judge Nixon was later sentenced to five years' imprisonment on each count, to run concurrently.

Judge Nixon was found guilty of perjury based on his statements before a federal grand jury in July of 1984. The grand jury at the time was investigating the circumstances surrounding a profitable oil investment Judge Nixon made in 1981 with Hattiesburg millionaire Wiley Fairchild, and any relationship that deal may have had to the disposition in federal and state court of a narcotics case involving Fairchild's son, Drew Fairchild. In the grand jury, Nixon denied having discussed the Drew Fairchild case with Wiley Fairchild, denied having discussed the case with Forrest County District Attorney Paul H. "Bud" Holmes, and denied having sought to influence Holmes' handling of the case. Nixon was subsequently indicted on one charge of having received the oil investments as an illegal gratuity and on three charges that he lied to the grand jury about his involvement with the Drew Fairchild matter.

Judge Nixon's conviction is the fifth to have resulted from the grand jury investigation into public corruption which has been pending since July of 1984. To date, Wiley Fairchild pleaded guilty to paying an illegal gratuity and was sentenced to two months' imprisonment, Bud Holmes pleaded guilty to contempt of the grand jury and was sentenced to one year's imprisonment, Drew Fairchild pleaded guilty to conspiracy to import marijuana and was sentenced to six months' imprisonment, and Robert Royals (Drew Fairchild's partner) was convicted of conspiracy to import marijuana and was sentenced to three years' imprisonment.

- United States v. Stocks and Lewis, No. H85-0014(B) (S.D. Miss.) - John R. Stocks and A. Eugene Lewis were acquitted of charges of obstruction of justice and perjury arising out of a federal eminent domain case involving Petis Bois Island, in which Judge Nixon awarded Stocks, Lewis and others more than \$6 million for approximately 600 acres of land on a barrier island off the coast of Mississippi.

- United States v. Roberson, Kell and Walker, No. 86-451-A (N.D. Ga.) - A federal grand jury indicted Atlanta resident Elma Leon Roberson, attorney David Franklin Kell, Jr. and private investigator Samuel Riley Walker, charging them with one count of conspiracy to obstruct the due administration of justice and three substantive counts of corruptly endeavoring to obstruct justice, in violation of 18 U.S.C. §§371 and 1503. The object of the conspiracy was to solicit \$250,000 from a criminal defendant with false and fraudulent representations that in return for the \$250,000, he would not go to jail and that his law license would be reinstated after a one-year suspension.

- United States v. Weber, No. CR-84-752 (N.D. Ohio) - Merle C. Weber, an Ohio businessman, pleaded guilty to 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 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 arising out of this bankruptcy. In March 1985, he was convicted of paying an unlawful gratuity to Assistant United States Attorney Paul Gorman and aiding and abetting Gorman in violating a conflict of interest statute. Weber was sentenced to an 18-month prison sentence in that matter.

- United States v. Derryberry, No. CR-84-752 (N.D. Ohio)
- Quentin M. Derryberry II was indicted by the federal grand jury in Toledo on charges of conspiring with Weber to embezzle the bankruptcy funds (18 U.S.C. §371), actually embezzling the bankruptcy funds (18 U.S.C. §153), and two counts of perjury concerning the disposition of those funds (18 U.S.C. §1623). Derryberry has since been convicted on two counts.

- Also in 1986, the Section closed without prosecution 6 matters involving the federal judiciary, and 14 matters were open at the end of 1986.

B. Prosecutions of Corruption Affecting the Federal Executive Branch

- United States v. Botts, No. B-86-0166 (D. Md.) - Byron O. Botts, a former high-ranking official of the United States Agency for International Development ("USAID"), was sentenced to a one-year term of imprisonment, plus full restitution, after Botts' guilty plea to an Information charging him with mail fraud (18 U.S.C. §1341).

Botts had admitted engaging in a scheme to defraud USAID of \$10,400 while Botts was serving as executive officer (FP-1) of the USAID mission in Sanaa, North Yemen, in 1982. Botts fraudulently applied for and received a \$10,400 education allowance advance for his son in June 1982, knowing that he was not eligible for the grant. When called upon to account for receipt of the money by USAID in 1984, Botts knowingly submitted false receipts and statements to USAID in a fraudulent effort to justify receipt of the education allowance funds.

The sentencing judge stated, inter alia, that the sentence of imprisonment was imposed to deter other government employees from engaging in schemes to defraud the United States and to demonstrate to an often cynical public that so-called "white-collar" criminals are given just punishment.

- United States v. McBean, No. 86-0098 (D. D.C.) - Ursula B. McBean pleaded guilty to a misdemeanor violation of 18 U.S.C. §1003 (making fraudulent demands against the United States). McBean had been employed in Washington, D.C., as an administrative officer with the Virgin Islands Federal Programs Office. McBean submitted receipts for reimbursement for alleged business expenses to the Federal Programs Office, which were fraudulent.

As part of her plea agreement McBean consented to plead guilty to fraudulent alteration of a personal credit card receipt in order to make it appear to be a business expense. She also agreed to make restitution to the Virgin Islands Government in the amount of \$5,000 and to cooperate fully in other investigations and prosecutions. As a result of her guilty plea, McBean received a one-year suspended sentence, and two years' probation.

- United States v. Watlington, No. 84-00244 (D. D.C.) - The United States Court of Appeals for the District of Columbia Circuit affirmed the theft conviction of Janet B. Watlington, former director of the United States Virgin

Islands Federal Programs Office in Washington, D.C. In a four-page opinion, the Court rejected each of the defendant's five appellate issues.

Watlington had been convicted of soliciting and receiving reimbursement on two occasions for the same expense from the Virgin Islands Federal Programs Office. At the time of trial, Watlington was a candidate for Delegate to the United States House of Representatives from the Virgin Islands.

- United States v. Rendle and Foley, No. CR-85-149T (D. Mass.) Three men pleaded guilty to felony offenses involving misuse of office in the Housing and Urban Development ("HUD") 518(b) program. The case was in its first week of trial. Two of the individuals, George Rendle, Sr. and William Foley, were former HUD officials responsible for approving work and paying bills under this program. The 518(b) program provided funds to repair defects in houses insured by HUD. Rendle and Foley approved inflated and fraudulent bills presented by contractors doing work on the program in return for having substantial work done on their homes by these contractors. The third individual who entered a plea was George Rendle, Jr., son of Rendle, Sr., and a Boston area lawyer. Rendle, Jr. had substantial work done on his home knowing it was provided through his father's official work at HUD.

Rendle, Sr., the orchestrator of this fraud, pleaded guilty to one count of conspiracy to defraud the United States and one count of conspiracy to obstruct justice. The latter count resulted from his efforts to influence various contractors to lie to HUD investigators. Rendle, Sr. was sentenced to 18 months' imprisonment, and has also entered into a \$55,000 civil settlement with the Government arising from this matter.

Foley pleaded guilty to one count of receiving things of value because of his official work at HUD. He has also entered into a civil settlement worth approximately \$30,000.

Rendle, Jr. pleaded guilty to one count of aiding and abetting his father in receiving things of value because of his father's official work at HUD. He has also entered into a \$25,000 civil settlement.

- United States v. Casey, No. 86-0383 (D. D.C.) - Carol Casey, a former administrative officer of the State Department, pleaded guilty to one felony count of theft under 18 U.S.C. §641. The charge arises from Casey's

obtaining \$8,760.40 from the State Department Imprest Fund by filing forged and fictitious vouchers for taxi fare. Pursuant to the plea agreement, Ms. Casey made restitution of \$8,760.40. Casey was sentenced to one to three years' imprisonment, which was suspended, and she was placed on five years' probation. As a condition of probation, Casey was ordered to perform 400 hours of community service within the first three years of her probation.

- United States v. Mitchell, No. CR-4-85-128 (N.D. Tex.)
- Fred A. Mitchell, a former Regional Director of the Office of Oversight, General Services Administration, pleaded guilty to a violation of 18 U.S.C. §208(a), a criminal conflict of interest statute. Mitchell was charged with violating 18 U.S.C. §208(a) by supervising an investigation of a target of a GSA Inspector General investigation at a time when Mitchell was a business partner of the target.

As a condition of his plea agreement, Mitchell has agreed to cooperate with the Government in its ongoing investigation of employees of the General Services Administration. As a result of his plea, Mitchell was sentenced to two years' imprisonment, with 18 months suspended, five years' probation, and a \$7,500 fine.

- United States v. Greenwood, Cr. No. 85-75-N (E.D. Va.)
- The Fourth Circuit Court of Appeals affirmed the conviction of former FBI Special Agent Albert Greenwood. He had been convicted of submitting false travel vouchers and sentenced to four years' imprisonment, fined \$15,000 and ordered to make restitution. The appellate court ruled that before the defendant would be entitled to an evidentiary hearing and discovery on the question of improper government motivation in conducting his prosecution, the defendant must raise a "legitimate issue," and the trial court was entitled to consider the Government's affidavit explaining how the investigation was initiated. The court also held that evidence of other false statements made by the defendant to a bank, unrelated to the fraudulent vouchers, was admissible to prove criminal intent.

- United States v. Graham, No. CR-A-81-139 (W.D. Tex.) -
John R. Graham, former head of the General Services Section, American Embassy, Pretoria, is a fugitive in South Africa, seeking to escape prosecution on theft charges against him. In 1986, the Pretoria Supreme Court, Pretoria, South Africa, reversed the earlier decision of the Pretoria Magistrate's Court that he was extraditable. The Pretoria Magistrate's Court had held that Graham would

be returned to the United States to answer theft charges (18 U.S.C. §641) contained in an indictment returned by a federal grand jury in Austin, Texas December 15, 1981. The stated reasons for the Pretoria Supreme Court's decision are that the extradition request did not demonstrate that Graham's alleged theft of government property had a harmful effect on the United States Government and the request did not prove that the alleged theft occurred in territory under the jurisdiction of the United States.

Graham is also a fugitive with regard to an indictment charging him with a criminal conflict of interest in violation of 18 U.S.C. §208(a) and making a false statement in violation of 18 U.S.C. §1001. The extradition request of the United States did not include these charges as grounds for Graham's extradition since the extradition treaty upon which the request was based does not recognize those offenses as grounds for extradition.

- United States v. Rosser, No. W-86-0000-2B (S.D. Miss.)
- After a four-day trial Thomas B. Rosser III was acquitted of three counts of filing false information on his 1979, 1980 and 1981 tax returns. Rosser, an employee at the Army Corps of Engineers Waterways Experiment Station in Vicksburg, Mississippi, was charged with failure to report the existence of an engineering business from which he received approximately \$8,000 in gross receipts. Rosser testified that he was not operating a business. He claimed he did the work only as a favor for friends and that, since his expenses equaled his income, he did not realize he had a duty to report this on his taxes.

- United States v. Aldridge, No. J-85-000-36L (S.D. Miss.) - In a per curiam opinion, the Fifth Circuit affirmed the conviction of Randall F. Aldridge. Aldridge, a Mississippi businessman and loan applicant with the Farmers Home Administration (FmHA), was convicted on November 1, 1985 on both counts of a two-count indictment charging violations of 18 U.S.C. §1001. Both charges arose from a scheme to conceal the existence of an identity of interest between Aldridge and two FmHA contractors. Aldridge had received a one-year term of imprisonment in addition to a consecutive probation term, restitution and a fine.

- United States v. Kirkland, No. J-86-000-10B (S.D. Miss.) - Joseph E. Kirkland III, a loan applicant with the Farmers Home Administration (FmHA), was sentenced to a total of four months' imprisonment, five years' probation, a \$10,000 fine and \$200,000 in restitution to the FmHA for

his conviction on one count of concealing material facts from the FmHA.

Kirkland pleaded guilty to a one-count false statement Information, 18 U.S.C. §1001. Kirkland had obtained a loan from FmHA to construct multifamily housing units for low income persons. He demanded that the contractor he hired to do the construction pay him money in order to obtain the contract. Although he received the money himself, he concealed the payments by requesting that the checks be made payable to a third party. He then submitted documents to FmHA falsely certifying that no identity of interest existed between himself and the contractor. He received a total of \$90,865 in payments from the contractor.

Kirkland, who cooperated with the Government in its investigation of corruption in the Mississippi FmHA, also admitted to accepting similar fees from other contractors and to making illegal payments to Lester R. Howell, the former Chief of Rural Housing for the Mississippi FmHA.

- United States v. Shaw, No. J-86-000-11L (S.D. Miss.) - Jack Brown Shaw, a packager for Farmers Home Administration (FmHA) loan applicants, pleaded guilty to a two-count information charging the payment of illegal gratuities to a public official in violation of 18 U.S.C. §201(f). Shaw acknowledged that between January 1982 and December 1983, he made two cash payments totaling \$14,000 to Lester R. Howell, the former Chief of Rural Housing for the FmHA in Mississippi. Shaw gave the money to Howell in the hope and expectation that Howell would continue to approve or recommend approval of loan applications for which Shaw was the packager.

Shaw was sentenced to six months' imprisonment, five years' probation, a \$5,000 fine, and \$5,000 in restitution to the FmHA.

- United States v. Tubertini, No. J-86-000-12W (S.D. Miss.) - Bruno P. Tubertini, Jr., a Mississippi businessman and loan applicant with the Farmers Home Administration (FmHA), pleaded guilty to a two-count information charging supplementation of the salary of a government employee in violation of 18 U.S.C. §209(a).

Tubertini acknowledged that on two occasions he gave money to Lester R. Howell, the former Chief of Rural Housing for the FmHA in Mississippi. He first gave Howell \$4,000 in cash and approximately two years later, he gave Howell another payment of \$9,500 in cash. Both payments

were made in appreciation for Howell's assistance on Tubertini's FmHA loan applications.

Tubertini was sentenced to five years' probation, a \$10,000 fine, and \$140,000 in restitution to FmHA as a result of his conviction.

- United States v. Wallace, No. J-86-00034W (S.D. Miss.)
- Alden M. Wallace III, a Mississippi businessman, was sentenced to a three-year term of probation and a \$10,000 fine on his conviction of two counts of supplementing the salary of a federal official.

Wallace pleaded guilty to providing various items of office furniture to Lester R. Howell, the former Chief of Rural Housing for the Farmers Home Administration (FmHA) in Jackson, Mississippi. At the time that he provided these items to Howell, Wallace was receiving federal loan funds for the construction of low income apartment projects.

- United States v. Howell, No. J-85-000-13G (S.D. Miss.)
- Lester R. Howell, the former Chief of Rural Housing for the Farmers Home Administration (FmHA) was acquitted of one count of bribery, one count of conspiracy to defraud, two counts of conflict of interest, and four counts of receiving gratuities. The case was based on the testimony of four Mississippi businessmen, all of whom had pleaded guilty to related charges, to the effect that they had paid Mr. Howell over \$70,000 in bribes and gratuities in exchange for millions of dollars in government loans.

- United States v. Allen, No. CR-86-668-TEH (N.D. Cal.)
- Former Drug Enforcement Administration (DEA) chemist Esther J. Allen was sentenced to two two-year prison terms, to run concurrently, in connection with her theft and distribution of cocaine she took from drug evidence exhibits she was responsible for analyzing at the DEA's Western Regional Laboratory in San Francisco. Allen, a 15-year employee of DEA, had been charged with stealing cocaine in amounts ranging from 124 to 410 grams from drug exhibits in five DEA cases assigned to her over a three-year period. She stole the cocaine with intent to distribute it to others, and jeopardized many federal drug prosecutions by her corrupt activity. Ms. Allen had pleaded guilty to a two-count Information charging her with embezzlement and possession of cocaine with intent to distribute it.

- United States v. Soom, No. 86-400-CRT-17 (M.D. Fla.) - Peter W. Soom, a former employee of the Federal Bureau of

Investigation, entered a guilty plea to a misdemeanor violation of 18 U.S.C. §641 (theft of government property). Between February 1985 and December 1985, Soom, who worked as an FBI accounting technician, stole \$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. Soom has since been sentenced to a one-year suspended sentence and five years' probation.

- United States v. Swanson, No. 86-579-CR (S.D. Fla.) - A federal grand jury returned a 12-count indictment against Leo Marshall Swanson, a Customs Patrol Officer in the Douglas, Arizona, office of the United States Customs Service.

Swanson was charged with violations of 18 U.S.C. §1001 for submitting false, inflated lodging receipts with vouchers relating to his temporary duty assignment with the South Florida Drug Task Force in Miami. The amounts of the lodging inflations totaled in excess of \$13,000.

- United States v. Cavanagh, No. CR-S-85-282 (E.D. Cal.)
- Richard P. Cavanagh, formerly a Supervisory Special Agent of the Federal Bureau of Investigation, was convicted by a federal jury in Sacramento, California of making a false sworn statement to the FBI and of giving false sworn testimony to a federal grand jury in Sacramento. The gist of the two counts of the indictment was that Cavanagh lied to the FBI, then later lied to the grand jury, in connection with his theft of a small amount of office supplies belonging to the Sacramento Division of the FBI. Cavanagh received a suspended sentence and five years' probation.

- Also in 1986, the Section closed 470 matters involving corruption of the federal executive branch, and 107 matters were open at the end of 1986.

C. Prosecutions of Corruption Affecting the Federal Legislative Branch

- In 1986, the Section prosecuted no members of the legislative branch. However, it closed investigations of 7 individuals, and 5 matters were open at the end of 1986.

D. Prosecutions of State and Local Corruption

- United States v. McMullan, No. J-85-000-63 (S.D. Miss.) - W.P. "Pat" McMullan pleaded guilty to a two-count criminal information which alleged violations of 18 U.S.C. §1001 and 26 U.S.C. 7201, and was sentenced to serve six months in prison and pay a \$20,000 fine. He also received a thirty-month suspended sentence, and five years' probation. McMullan was Chairman of the Board and Chief Executive Officer of The Mississippi Bank prior to its collapse in 1984.

As part of the plea, McMullan admitted that he concealed from the Federal Deposit Insurance Corporation interests in loans that he obtained with others from The Mississippi Bank. McMullan also admitted to understating his 1982 income by \$112,421.44 and his 1982 income tax by \$56,211. As a further part of the plea, McMullan agreed to cooperate with the United States.

McMullan's plea is an outgrowth of the Public Integrity Section's investigation of public corruption in the Southern District of Mississippi.

- United States v. Denson, No. J-86-00009B (S.D. Miss.) - Joe Nelson Denson, former Mississippi Bank Executive Vice-President, was sentenced to serve six months in prison and fined \$10,000 for misapplication of bank funds and for failure to file federal income tax returns. The sentence was imposed pursuant to a plea agreement in which Denson pleaded guilty to a criminal information charging he misapplied funds entrusted to The Mississippi Bank in violation of 18 U.S.C. §656 and that he failed to file federal income tax returns for 1983 in violation of 18 U.S.C. §7203.

Specifically, Denson was sentenced on the misapplication count to five years and fined \$5,000. The court then suspended imposition of four years, six months of the sentence of imprisonment. On the tax count, Denson was sentenced to one year suspended sentence and fined \$5,000. As a special condition of probation, Denson is required to pay the fine and the unpaid taxes, penalties and interest within four years.

- United States v. Huls and Miller, No. 86-92A (M.D. La.) - William C. Huls, former Secretary of the Louisiana Department of Natural Resources and Marsden W. Miller, a businessman from Lafayette, Louisiana were indicted on fifteen counts of mail fraud.

Huls and Miller were charged with one count of conspiracy to commit mail fraud and fourteen substantive counts of mail fraud for events which occurred in 1984. The case revolves around Huls' maintaining and concealing financial interests in the Exploration Company of Louisiana, a company which he founded with Miller in 1981, while taking official action as Secretary of the Department of Natural Resources which was beneficial to the Exploration Company. Huls' interests included 300,000 shares of stock, royalty interests in over 60 wells operated by the company, receipt of a new Mercedes-Benz, receipt of health insurance from the company, and approximately \$11,000 worth of private chartered air service paid for by the company. While Huls received or held these interests he participated in granting a lease for 19,000 acres of state mineral land to the company at favorable prices.

Both Huls and Miller have since been convicted.

- United States v. Gray and McNally, No. 33-10 (E.D. Ky.) - The convictions of former Kentucky Secretary of the Governor's Cabinet, James E. Gray, and Kentucky businessman Charles J. McNally were affirmed unanimously by the United States Court of Appeals for the Sixth Circuit. Gray and McNally had been convicted of mail fraud (18 U.S.C. §1341) and conspiracy to impede the Internal Revenue Service and to commit mail fraud (18 U.S.C. §371) in devising a scheme to distribute to themselves and to Howard P. "Sonny" Hunt, the former Kentucky Democratic Party Chairman, excess commissions resulting from the purchase of Workmen's Compensation Insurance Policies by the Commonwealth of Kentucky. Evidence presented at trial established that Seton Investments, Inc., a corporation controlled by Hunt and Gray, received \$200,000 and that McNally received \$77,500.

As part of its decision, the Court of Appeals, by a 2-1 vote, also affirmed the district court's pretrial dismissal from the indictment of six mail fraud counts.

The United States Supreme Court has accepted the Gray and McNally case for review.

- United States v. Collatos, No. 85-108-MC (D. Mass.) - The United States Court of Appeals for the First Circuit affirmed the perjury conviction of George Collatos, a former official of the Boston Redevelopment Authority.

Collatos was found guilty of perjury by a jury in Boston, Massachusetts on September 13, 1985. Collatos, who

was a prosecution witness in the federal criminal trial of Theodore Anzalone on extortion charges, testified falsely at Anzalone's trial that he did not remember meeting Anzalone at a Boston coffee shop before the trial and demanding money to influence his testimony at the trial.

Collatos, who was previously convicted in federal court in Boston of attempted extortion (1982) and perjury (1983), was sentenced to one year in prison for this perjury conviction.

- United States v. Glantz and Bucci, No. 86-56 (D. R.I.)
- Ronald H. Glantz, former City Solicitor of the City of Providence, Rhode Island, and Anthony J. Bucci, Chairman of the Democratic Party for the City of Providence, were convicted 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.

Bucci also was convicted on three additional counts related to his concealment of proceeds of the extortion scheme from the Internal Revenue Service. These charges involved a conspiracy by Bucci and Notarantonio to defraud the IRS of true and accurate information, in violation of 18 U.S.C. §371, and Bucci's role in the submission of two false documents to the IRS, in violation of 26 U.S.C. §7206(2).

- United States v. Glantz, No. 86-024S (D. R.I.) - Former Providence City Solicitor Ronald H. Glantz was found guilty by a jury on all counts of a three-count indictment charging him with perjury and 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 efforts to get two others to lie to the same grand jury in order to corroborate his story.

- Also in 1986, the Section closed 8 matters involving state and local officials, and 15 matters were open at the end of the year.

E. Election Crimes Cases

- In a joint undertaking between the Section's Election Crimes Branch and the United States Attorney's Office in Indianapolis, various forms of electoral abuse in several south Indiana counties located along the Ohio River were investigated during 1986. This project produced nine indictments and eight convictions involving voter bribery in Crawford County arising out of the 1984 general election. In United States v. Lynch, et al., No. 1P-86-100-CR (S.D. Ind.), Charles Lynch, an incumbent County Commissioner; Elvin House, an incumbent County Commissioner; Peggy Bullington, the County Treasurer; Coy Robinson, a precinct committeeman; Claude Cornelison, a precinct committeeman; David Bullington, a political activist; Gordon Guilliland, a precinct committeeman; and Gerald Crecelius, a political activist who had recently sought the office of Sheriff, all entered pleas of guilty to various election fraud charges during December 1986, and they were awaiting sentencing when the year ended. United States v. Cummings, No. 1P-86-100-CR (S.D. Ind.), against Alford Cummings, a political activist, was pending trial at the conclusion of 1986. The Southern Indiana Project is continuing, and indictments are expected to be returned during 1987 in additional counties.

- "Project Westvote" - A continuing investigation of electoral abuse in western North Carolina, was expanded during 1986 to include prosecutions of voting abuses in Swain and Yancy Counties. The following cases were jointly tried by the Public Integrity Section and the United States Attorney's Office:

United States v. Banks, No. A-CR-86-132 (W.D. N.C.) - Banks was indicted for conspiracy, vote buying, and mail fraud offenses arising out of his participation in a scheme to bribe voters during federal elections. This case was awaiting trial at the end of the year.

United States v. Van Ray and Boone, No. A-CR-86-71 (W.D. N.C.) - Yancy County political activists Ernest Van Ray and Clyde Boone were indicted for conspiracy and vote buying offenses in connection with their participation in a scheme to bribe voters during federal elections. The case against Boone was dismissed at the Government's motion, and Van Ray was convicted following a trial.

United States v. Briggs, No. A-CR-86-121 and 122 (W.D. N.C.) - Jay Briggs, a Yancy County political activist, was indicted for mail fraud offenses for his

participation in a scheme to procure and cast illegal absentee ballots. Briggs was also charged with lying to the grand jury and with obstruction of justice. Briggs was convicted on five mail fraud counts.

United States v. Pate, No. A-CR-86-133 (W.D. N.C.) - Gary D. Pate, a political activist from Yancy County, pleaded guilty to one count of conspiracy to make expenditures to influence voters.

United States v. Clark, No. C-CR-85-114 (W.D. N.C.) - Frances Clark, the secretary to former Cherokee County Sheriff Blain Stalcup, was convicted of lying to the federal grand jury. She has since been sentenced to serve one year in prison.

United States v. Talquette, No. A-CR-85-134 (W.D. N.C.) - Olga Talquette, a police officer on the Cherokee Indian Reservation, was convicted of lying to the grand jury which was investigating vote buying in Swain County.

United States v. McLean, No. B-CR-85-138 (W.D. N.C.) - In a case involving six defendants from Swain County who had been indicted for bribing voters and for conspiracy to corrupt the office of Precinct Registrar in aid of a scheme to dilute lawful votes with illegal ones procured through bribery, the indictments were dismissed as a result of the district court's ruling that 18 U.S.C. §241 and §242 could not be applied to violations of the "one-person-one-vote" principle of Equal Protection that were perpetrated through voter bribery. The dismissal is pending on appeal.

- In addition, the Section closed 15 elections crimes matters during 1986 and 27 such matters were open at the end of the year.

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 1986 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 U.S. ATTORNEYS' OFFICES

A. CORRUPTION AND OFFICIAL MISCONDUCT AT THE FEDERAL
LEVEL

1. The Federal Executive Branch

- California, E.D. - The supervisor of the Travis Air Force Base corrosion control shop concealed his personal financial interests in various chemical companies from the military. During the period 1978 through 1981, the Government purchased through the defendant's office over \$600,000 worth of materials from the companies secretly controlled by him.

- California, N.D. - A radioman in the United States Navy was convicted of espionage. He had responsibility for cryptographic communications equipment and materials (such as key cards, key lists and other codes) used in the Navy's secure communications systems. The systems that he was able to compromise were the most widely used in the Navy and more than one of the systems was also used by other government agencies. The defendant's special training and the trust that he evoked from his superiors made his violation of his position even more serious than the direct damage that his betrayal caused.

- California, S.D. - During the summer of 1985, federal agents penetrated an international narcotics smuggling conspiracy that was being run by United States Customs officials. As a result of the original investigation, three Customs officials and 23 other defendants were arrested as they attempted to import approximately 50,000 pounds of marijuana into the New Orleans area. An analysis of the evidence against the three Customs officials revealed an inordinate amount of contact with a United States Customs Special Agent with the San Diego field office. Accordingly, an exhaustive historical investigation into the agent's activities was conducted. This investigation resulted in a conviction of the agent on charges that he accepted illegal narcotics proceeds from the Customs officials in exchange for laundering drug money and providing support for the importation of approximately 20,000 pounds of marijuana into the San Diego area.

- District of Columbia - A RICO, mail fraud, and conspiracy case was brought which involved five large-scale federal procurements (United States Postal Service and the Small Business Administration) having potential values of approximately \$2 billion. Bribes, kickbacks and bid rigging were used to secure those contracts. Three individuals pleaded guilty prior to trial and cooperated with the Government. A two-month trial of the major defendants resulted in two of the defendants being found guilty on the racketeering and related offenses and being sentenced to ten and seven years respectively, and a third defendant being found guilty on mail fraud counts and being sentenced to four years. Additionally, \$790,000 was ordered forfeited along with a \$50,000 boat and a share of a condominium. A civil RICO suit was also filed and this has led, thus far, to settlements of \$440,000 with several major defendants still remaining.

- District of Columbia - A task force under the direction of the United States Attorney's Office and comprised of agents from the FBI and the Inspector General's Offices for HUD and VA has been conducting an investigation into widespread fraud in the District of Columbia federally insured housing market. The scheme, which resulted in the Government insuring through the FHA \$30 million in mortgages which were fraudulently obtained, involved real estate speculators and brokers, VA appraisers, loan officers and settlement agents, including an attorney. Together they managed to obtain grossly inflated appraisals which, together with false loan applications, provided the basis on which the Government endorsed hundreds of mortgage loans for FHA insurance. Approximately one-third of those mortgages are in default or foreclosure. Thus far, seven persons have pleaded guilty to felony charges relating to their participation in this scheme and are cooperating with the Government.

- District of Columbia - Two members of a consulting firm for a Dallas manufacturing corporation, which had had repeated difficulties in postal procurements and which was in an extremely poor competitive posture, paid bribes and gratuities to the Vice-Chairman of the United States Postal Service Board of Governors. As a result, the corporation became a front-runner on a \$400 million procurement for multi-line optical character readers. The investigation was successfully concluded with the pleas of the three principals involved. The Vice-Chairman was sentenced to serve four years' incarceration and pay an \$11,000 fine.

- Florida, M.D. - The defendants were charged with being associated with a racketeering enterprise which was involved in approximately ten importations of marijuana and cocaine, and with bribery. During his tenure as Supervisory Customs Patrol Officer, the lead defendant was responsible for overseeing all Customs investigations in the Port Canaveral, Florida area. He used this position to assist both marijuana and cocaine importers in their illegal ventures, alerting them to places and times of Customs patrols as well as flying counter-surveillance on several importations. He was convicted on both RICO and bribery charges with a resulting 20-year sentence.

- Florida, N.D. - As a result of an investigation of certain loans handled by Florida State Minority Ventures, Inc., (FSMV) the disbursing agent for the Economic Development Administration, Department of Commerce, charges were brought against the chairman and vice chairman directly responsible for overseeing the \$750,000 federally-funded Revolving Loan Fund, provided to assist minority businesses in the State of Florida, together with seven other codefendants. Of ten loans examined, irregularities sufficient to warrant criminal charges were detected in all 10. The irregularities included fictitious information on loan applications; misuse and conversion of proceeds; actual transfers of loan proceeds from one borrower to another borrower; and the transfer of funds back to the chairman and vice chairman of FSMV, as well as employees of FSMV. All nine defendants were convicted.

- Massachusetts - A former Assistant United States Attorney and Organized Crime Strike Force Special Attorney was prosecuted for selling confidential investigative information to a major marijuana smuggler, thus compromising a series of important investigations. The smuggler was able to flee as a result, but when he was ultimately arrested and prosecuted he provided evidence against the Assistant United States Attorney. The Assistant United States Attorney was sentenced to 16 years in prison.

- Massachusetts - Coordinated criminal and civil proceedings were successfully brought against a meat packing firm, its principal officer, and two Department of Agriculture inspectors for substituting lower quality products for specified meat in school lunch products and stealing the higher grade meat for use in the company's private brands.

- New Jersey - Six Department of Agriculture employees, five food inspectors and one supervisor, and one private person were charged with participating in a scheme to pay and receive bribes in return for influencing the performance of the food inspectors' official duties. The five meat inspectors were assigned on a rotation schedule to conduct sanitary inspections and product examinations at a processing plant, where ham, bologna, frankfurters and other meat products were produced for sale on a wholesale basis to supermarkets and grocery stores. The food inspector on duty in the plant during a particular week received between \$100 and \$300 from the owners or other managerial employees of the plant. In exchange for those payments, the food inspectors agreed to accept specially prepared samples of meat products from the plant for laboratory testing to determine the percentage of additives such as water and fat, rather than selecting samples randomly from the production lines as required by Department of Agriculture regulations.

- New York, N.D. - A number of illegal aliens attempted to bribe an INS official in Syracuse to obtain entry into the United States. Those aliens were successfully prosecuted.

- New York, N.D. - An individual attempted to bribe a Postal Service employee in charge of real estate transactions. The individual was apprehended, convicted, and sentenced to three months in prison.

- Ohio, N.D. - An Akron, Ohio tax shelter promoter who was under investigation by the Internal Revenue Service for fraudulent activities in connection with his promotion of tax shelters gave a \$5,000 bribe to a Revenue Officer in order to obtain the employee's assistance in terminating the investigation. In addition, he gave a \$5,000 cash bribe to a Criminal Investigation Division employee for the purpose of terminating the investigation. He was indicted for bribery and pleaded guilty to two counts. He received a three-year prison sentence.

- Pennsylvania, E.D. - An investigation into systemic corruption within the Examination Division of the Internal Revenue Service (IRS) in Philadelphia continued into 1986 with nine additional individuals, including three former Internal Revenue agents, being indicted. This overall investigation which began in 1981 has resulted in the prosecution of 20 defendants. As of the end of 1986, 16 convictions have been attained with four other

defendants awaiting trial in early 1987. Thus far, this investigation has uncovered some of the largest bribes ever paid to IRS agents to compromise IRS audits in the history of the IRS. In 1986, a former IRS agent was indicted and convicted for conspiring to defraud the United States of over \$8 million in taxes in return for approximately \$220,000 in bribes, and sentenced to ten years' incarceration.

In the fall of 1986, five defendants including two former IRS agents, an accountant and the two principals of Delaware Steel Company were indicted for conspiring to defraud the United States through payment of bribes. The scheme charged involved the payment of bribes in order to cover up the payment of personal expenditures through a family owned and operated business. The evidence revealed a long-standing practice (over 25 years) of paying bribes to IRS agents by the principals of this company.

- Pennsylvania, W.D. - The former bookkeeper/accountant for the Greater Pittsburgh Development, Inc. (Greater Pitt), a Pittsburgh nonprofit corporation engaged in the development of minority businesses in Western Pennsylvania which received the majority of its funding from federal agencies, was indicted for embezzling approximately \$69,000 of federal funds from Greater Pitt. The defendant pleaded guilty to ten counts of embezzlement of federal funds and was sentenced to five years' probation and restitution in the amount of \$68,100.

- South Carolina - A government contractor, its president, project supervisor and officer manager, as well as two civilian Housing Inspectors for the United States Navy were charged with various procurement fraud charges. The defendants were charged with conspiracy, mail fraud, false statements, false claims, soliciting and accepting bribes and gratuities, and perjury. The indictment resulted from an investigation into improprieties at the Charleston, South Carolina Naval Base involving over \$1 million in false claims for military housing supplies and maintenance by National Roofing.

- South Carolina - A prominent peach farmer and owner of a tractor sales company was convicted of offering bribes to Federal Crop Insurance Corporation (FCIC) claims officials and with submitting a false claim in the amount of \$452,378 to FCIC. He offered a \$2,500 "Christmas gift" to an FCIC claims adjuster in return for his assistance with a claim for federal insurance indemnification for 1985 peach crop losses. On another occasion, the defendant

offered a \$10,000 check and 10 percent of his insurance indemnification for a freeze-damaged crop to an FCIC claims official. He was also charged with submitting a fraudulent claim in the amount of \$452,378 by undervaluing his actual 1985 peach production.

- South Carolina - Two Drug Suppression Team Special Agents with the United States Army Criminal Investigation Command stationed in Germany were charged with 138 counts of making false statements and embezzling funds purportedly paid to informants from 1981 through 1984. Over \$48,000 in government funds was converted by the defendants, who falsified documents to indicate the funds were being paid to informants in drug investigations.

- Utah - An Internal Revenue Service agent used information obtained from companies he was auditing to prepare false withholding certificates. He filed approximately 50 false returns, and was convicted.

2. The Federal Judicial Branch

- Georgia, N.D. - A Chapter 13 Standing Trustee for the United States Bankruptcy Court was responsible for the disposition of approximately \$1.2 million a month, money reflecting payments made to the Trustee by various Chapter 13 debtors. The defendant engaged in a scheme of depositing the excess of \$300,000 of Trustee funds into various personal bank accounts and collecting and embezzling for his personal use the interest earned by such funds. The defendant made restitution in the amount of \$75,684, reflecting the sum illegally received by him. Defendant pleaded guilty to an information and was sentenced to a five-year term of incarceration.

- New Jersey - A trustee in bankruptcy for several bankrupt estates, with a fiduciary duty to these estates, embezzled approximately \$400,000 from the bankrupt estates of several debtors. He further violated his duties regarding the auctioning of assets, the control and safekeeping of the proceeds of the sale of assets, the collection of accounts receivable of the estates and payment of fees on behalf of the estates. The defendant pleaded guilty to the violation of these duties.

B. CORRUPTION AND OFFICIAL MISCONDUCT AT THE STATE LEVEL

1. State Legislative Branch

- Illinois, N.D. - An elected State Representative was tried on RICO, Hobbs Act, mail fraud and false statement charges. He was convicted and sentenced to six years for his involvement in three corrupt schemes; extorting a businessman who was doing business with the State, false vouchers for expenses submitted to the State, and fraudulently obtaining minority business certification.

- Louisiana, M.D. - A member of the Louisiana State House of Representatives was charged in a six-count mail fraud indictment (18 U.S.C. §1341) with scheming to defraud the State of Louisiana of \$150,000 from a grant program designed to help create jobs.

The defendant pocketed the State's money with a businessman for whom he arranged the grant on the pretext of "relieving unemployment" in his legislative district. He was convicted on all counts and was sentenced to serve a term of five years' imprisonment. He was ordered to make restitution to the State in the full amount of the grant.

The defendant resigned his position in the Louisiana legislature on the day of sentencing.

- New York, E.D. - A Queens attorney who is a Special Counsel to the New York State Assembly and was until recently Executive Secretary of the Democratic Organization of Queens County was charged with mail fraud, conspiracy to commit mail fraud and to defraud the United States, and participation in the preparation and filing of fraudulent income tax returns. The charges arose out of his scheme to place employees of his own law firm on New York State Assembly payrolls and to conceal from the Internal Revenue Service their receipt of additional funds from the Democratic Organization of Queens County.

2. State Judiciary

- Illinois, N.D. - Operation Greylord, an undercover investigation designed to uncover corruption in the judicial system in Chicago, is still one of the most important corruption projects ongoing in the nation. In

1986, three judges were convicted, one was sentenced, and a fifth was indicted and awaits trial. A large number of lawyers and other persons associated with court corruption were also charged. The number of investigations still underway makes it likely that Greyford will continue to produce significant prosecutions in 1987.

- Mississippi, N.D. - A Justice Court Judge and Chairman of the powerful Mississippi Commission on Judicial Ethics, which oversees the Mississippi Judiciary, was convicted on a guilty plea of taking bribes from nine different defendants in his court. The defendant is now serving a three-year prison sentence.

- New York, E.D. - A Justice of the Supreme Court of the State of New York was charged with racketeering, extortion, bribery and fraud, arising out of his acceptance of cash bribes of \$45,000 in return for his agreement to fix felony criminal cases. He was convicted and received a sentence of five years and nearly a quarter-million dollars in fines and forfeitures.

- Pennsylvania, E.D. - A major corruption probe known as the Roofers Union Prosecutions 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. These individuals used the fund to embezzle money and pay it to numerous federal, state and local public officials in Southeastern Pennsylvania and New Jersey. The intended recipients of the money included judges of the Philadelphia County Court of Common Pleas, Philadelphia Municipal Court, Montgomery County Court of Common Pleas, Pennsylvania Superior Court, Philadelphia Traffic Court; District Justices in Montgomery County; a New Jersey County Sheriff; and officials 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 associated or affiliated with the Roofers Union.

- Tennessee, W.D. - An elected State of Tennessee General Sessions Court Judge was convicted on 11 counts of mail fraud, one count of perjury before the grand jury, and one count of obstruction of justice (seeking to influence

the testimony of a grand jury witness). In 1982 and 1983 the defendant devised a scheme to defraud the State of Tennessee. He submitted a false application to the State in the name of a Masonic Lodge, which was inactive, with the required tax-exempt status to operate bingo games, with the proceeds going to charity; signed fraudulent annual financial reports to the State and submitted other false documents; and received personally approximately \$10,000 in profits which were supposed to go to the "charitable organization." The defendant committed perjury before the grand jury when questioned about his involvement, and offered to pay approximately \$7,000 to a grand jury witness, provided the witness would go before the grand jury and make false statements about the Masonic Lodge and the bingo operation. He was sentenced to five years' imprisonment.

3. State and Local Executive Branch

- California, C.D. - A Carson City Councilman participated in a scheme to defraud the City of Carson and its citizens by soliciting and agreeing to accept political contributions in exchange for the defendant's support of a mobile home project. The scheme to defraud included the establishment of a political action committee to receive political contributions and make expenditures to influence a special election in Carson. The defendant was convicted following a jury trial of mail fraud and sentenced to three years' imprisonment to be followed by five years' probation.

- California, C.D. - A City Councilman for the City of Long Beach participated in a scheme to defraud the City of Long Beach and its citizens by accepting monthly payments and other sums in exchange for using his official position as an elected official to introduce, support and vote for ordinances to legalize the sale of fireworks in the City of Long Beach, and to influence members of the California State Legislature to vote for such legislation.

As a part of the scheme, for the years 1981-1984, the Councilman concealed, misrepresented, and failed to disclose the true source and the amount of the funds he received from the owner of a fireworks manufacturing business on his annual Statement of Economic Interests which he was required to file with the California Fair Political Practices Commission.

The defendant was convicted following a jury trial of mail fraud and attempted extortion and was sentenced to one

year' imprisonment, to be followed by three years' probation, and fined \$5,000.

- California, E.D. - The Chairman of the California State Teacher's Retirement System Pension Board engineered approval of a \$50 million loan to a high-risk oil drilling venture from the Pension Fund. In return for his assistance the defendant 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. The defendant is presently a fugitive.

An attorney who channeled the \$750,000 bribe from the borrower to the Pension Board Chairman received approximately \$75,000 and was to receive five percent of any future monies that were paid from the borrower to the Chairman. Following his guilty plea, he was sentenced to three years' imprisonment. The California State Bar has initiated disbarment proceedings against him.

- Florida, M.D. - A grand jury indicted 25 individuals and five corporations for RICO, mail fraud, extortion, perjury and obstruction of justice arising out of a scheme to bribe members of the Hillsborough County Commission (Tampa). Prior to trial, two former County Commissioners pleaded guilty to accepting bribes. The president of two major highway construction companies and the two companies pleaded guilty. In February 1986, 15 individuals and three corporations went to trial. Following a bitterly contested five-month trial, one defendant was given a directed verdict and four individuals, including two former Commissioners, were found guilty of RICO and several other offenses. This prosecution was the most significant and far-reaching effort to ferret out and destroy corruption in the history of this District.

The four convicted individual defendants received sentences ranging from four to 17 years.

- Georgia, M.D. - In the largest food stamp fraud ring uncovered to date in the State of Georgia, a food stamp supervisor employed by the State of Georgia submitted bogus applications for food stamps to the State of Georgia. These applications caused food stamps to be mailed to addresses under the control of her and her codefendants. The investigation revealed that she and her codefendants had defrauded the State of Georgia and the Federal Government of over \$100,000 in food stamps. All defendants were convicted after a jury trial and received lengthy

prison sentences. The case has recently been affirmed by the Eleventh Circuit Court of Appeals.

- Georgia, N.D. - While he was an Atlanta City Councilman whose responsibilities included voting on zoning matters presented to the Council, the defendant accepted approximately \$725,000 over a four-year period of time from a local real estate developer. Although the pretext for the payments was that defendant was acting as a consultant for the developer, the payments in fact were made for defendant's assistance in helping the developer gain approval for zoning proposals on the developer's property. The defendant resigned from the City Council following his conviction.

- Guam - The Directors of the Guam Port Authority and the Guam Power Authority were convicted of Hobbs Act and mail fraud violations along with nine procurement officials and vendors. The convictions were the result of an FBI sting operation. The FBI paid approximately \$35,000 in kickback money to net approximately \$500,000 worth of Guam contracts. Follow-up investigations discovered other kickback schemes independent of the FBI operation. These independent kickback schemes involved several million dollars worth of cement power pole contracts and collateral maintenance contracts worth hundreds of thousands of dollars. The investigation also produced the witnesses necessary to indict the Governor of Guam.

- Illinois, N.D. - "Operation Phocus," a 2½-year undercover investigation into corruption within Chicago's licensing and inspectional divisions, has produced charges against 18 persons in 1986. Fifteen of them pleaded guilty and are cooperating as the investigation continues, a sixteenth was convicted and two await trial. More indictments are expected in 1987.

- Illinois, N.D. - "Operation Incubator," an 18-month undercover operation investigating corruption in city contract awards system, has resulted in two Aldermen, the head of the water department, the chief investigator of the Clerk's Office and three others being charged in Chicago, where the investigation continues.

- Illinois, N.D. - Chicago's entire house drain inspectional unit (sixteen members) were charged with criminal conspiracy. Fifteen were convicted with charges against one defendant dismissed by the Government due to

his poor health. The case made use of the RICO conspiracy statute to charge all inspectors together who shared trade secrets of corruption.

- Illinois, C.D. - The Assistant Executive Director of the Livingston County Housing Authority and her husband were convicted of the theft of over \$33,000 in government housing funds. Restitution has been ordered, with over \$11,000 already paid.

- Kentucky, W.D. - The Executive Director of the Office of License and Permits for the City of Louisville, Kentucky, responsible for licensing all adult entertainment and alcoholic beverage establishments in the City of Louisville, was convicted of a pattern of extortion involving numerous operators of massage parlors and city bars and liquor stores.

- Massachusetts - Prosecution of a series of cases begun in 1985 involving a long-standing corrupt working relationship between the business of land development and building construction in Boston and the City officials responsible for approval and inspection of construction projects continued successfully in 1986. Over two dozen present and former City officials and business people (architects, developers, etc.) have been successfully prosecuted.

- New York, E.D. - The former Chairman of the New York City Taxi and Limousine Commission and two executives in a company which sold Commission-mandated electronic taxicab meters, were charged in a 26-count Indictment relating to their financial dealings with the credit union which provided financing for the venture.

The defendants were charged with criminal conduct in three specific areas. The first focused on the fraudulent use of approximately \$2.3 million in credit union depositors' monies to finance the manufacturing costs of the electronic meters, in a scheme devised by the Commission Chairman. After the scheme was well under way, the Commission Chairman demanded \$30,000 for the help he had given the company. He was paid this amount out of a credit union account used for New York State sales taxes collected on meters sold by the company.

When these facts came under investigation by the New York State Investigation Commission, the defendants took steps to prevent their criminal activities from being

exposed. The three agreed to create a fictitious person, "Herbert Lum," whose purported purchase of 1,200 meters for foreign export would be used to explain to the Investigation Commission how the company had financed its manufacturing costs. They further lied under oath when questioned about the relationship between the credit union, the company and the Commission.

The three were also charged with defrauding the United States in its collection of federal income taxes by failing to report interest earned on credit union accounts.

Finally, the Commission Chairman did not disclose loans from the credit union on the New York City financial disclosure form which required him, as Commission Chairman, to identify all entities to which he was indebted in excess of \$5,000.

- New York, S.D. - A former New York State building inspector was sentenced to a year and a day in prison, a \$120,000 fine and five years' probation for extorting payoffs from two contractors during the 1979-1982 Co-op City construction repair program, conspiracy and tax evasion. During his guilty plea, the defendant admitted that he extorted payoffs from two contractors which provided masonry work at Co-op City, and that he did not report this and other income on his 1979-1982 tax returns.

- New York, S.D. - The former New York City Deputy Mayor and the Chairman of the Bronx County Democratic Committee; a former City Councilman, former Administrator of the New York City Department of Transportation and Chairman of the New York Taxi Limousine Commission, and a major real estate developer; former Deputy Commissioner of the Department of Transportation and Director of the New York City Parking Violations Bureau ("PVB"); and a New York businessman, were convicted of racketeering and mail fraud charges relating to a massive bribery ring whose purpose was to convert the PVB from an agency serving the public interest into a vehicle for the corrupt profit of party leaders, public officials, private businesses and private businessmen.

- Ohio, N.D. - The Director of the East Cleveland Public Library and later Director of the Ohio Department of Youth Services and member of the Governor's cabinet was convicted of taking kickbacks from contractors performing work at a facility run by the Department of Youth Services.

- Ohio, S.D. - The Law Director for the City of Steubenville, Ohio, and the Fire Chief of the City were convicted after a jury trial of conspiracy and extortion, in violation of the Hobbs Act. The two demanded and received \$30,000 (\$15,000 each) from a propane gas distributor so that the gas distributor would be permitted to distribute propane gas within the City of Steubenville. Each was sentenced to 20 years' imprisonment.

- Pennsylvania, E.D. - An elected member of the City Council of the City of Philadelphia representing the First Councilmanic District, the Councilman's administrative aide, and a fully initiated member of the Philadelphia organized crime family were indicted on charges of conspiracy to commit extortion, extortion and attempted extortion, all in violation of the Hobbs Act. The three demanded and received from a developer in Philadelphia the free use of an apartment for two years in exchange for the Councilman introducing and supporting in City Council legislation affecting a development located in the Councilman's Councilmanic District. The indictment also charges the three with attempting to extort \$1 million from another developer in exchange for the Councilman introducing and supporting in City Council legislation affecting a planned development of a portion of the Philadelphia waterfront.

The organized crime figure charged with the two public officials pleaded guilty to the conspiracy count as well as an additional RICO charge related to several organized crime murders and attempted murders and is cooperating.

- Pennsylvania, M.D. - The elected Treasurer of the Commonwealth of Pennsylvania and the State Chairman of the Republican Committee for the Commonwealth were convicted in the culmination of a two-year investigation known as the "CTA" case which has resulted in the conviction of seven individuals including two corporation executives, the corporation's counsel, the Dauphin County Republican Chairman, and the State Director of Social Security for public employees in Pennsylvania. The recent convictions of the State Treasurer and the State Chairman arise out of their agreement to accept a \$300,000 bribe from the corporation in order to influence the awarding of a contract to recover \$40 million in payments to the Social Security Trust Fund. Unfortunately, the Treasurer of Pennsylvania committed suicide the day before his scheduled sentencing.

4. State and Local Law Enforcement Corruption

- Illinois, N.D. - The Commander of the Cook County Sheriff's Vice Control Unit and the Commander of the Sheriff's Intelligence Unit were charged along with three other Sheriff's Policemen and a private citizen with conspiracy, RICO, extortion and tax offenses. The two Commanders were convicted on all counts arising from their seven-year involvement in shaking down gamblers, book-makers, keepers of houses of prostitution and others. The other defendants pleaded guilty. The two, the highest ranking sheriff's police ever convicted in Illinois, were each sentenced to 15 years' imprisonment.

- Kentucky, E.D. - A captain in the Kentucky State Police, the Sheriff of Morgan County, Kentucky, and the County Judge Executive of Morgan County, Kentucky, were charged with two other persons with extortion under color of official right and drug conspiracy. The judge and the two citizens have been convicted. The captain and sheriff are presently on trial.

In connected cases, the County Judge Executive was convicted by jury trial of conspiracy to commit murder-for-hire with a former Kentucky state trooper. A State District Judge was convicted by jury trial of obstruction of justice. One prominent attorney has pleaded guilty to two charges, conspiracy to commit mail fraud involving a phony accident and lawsuit, and conspiracy to receive and dispose of stolen money. Another attorney is expected to plead guilty to drug conspiracy. The case also involved a doctor who pleaded guilty to mail fraud conspiracy.

- Kentucky, W.D. - The Chief Narcotics Law Enforcement Officer for Marion County, Kentucky, from which many marijuana production cases originate, took bribes for allowing people to grow marijuana in that county. He was convicted under the federal Hobbs Act statute as well as the new federal bribery statute, 18 U.S.C. §666.

- Massachusetts - Eleven present and former police officers (four of them chiefs) and a legislative aide were prosecuted for the corrupt theft and sale of advance copies of questions and answers for police civil service examinations, and related corrupt activity (including distribution of cocaine). This case was a successful instance of investigation and prosecution closely coordinated with state and county authorities.

- Michigan, E.D. - An investigation pertaining to narcotics distribution and use in the Flint Police Department resulted in numerous indictments charging Flint police officers with distribution and/or use of controlled substances. All cases indicted resulted in conviction.

- Mississippi, N.D. - In a series of interrelated prosecutions, seven guards at the state penitentiary who engaged with inmates in a scheme to defraud innocent victims by use of forged postal money orders were convicted.

- New Jersey - A Newark Police Officer and other defendants conspired with each other to distribute cocaine in the Newark, New Jersey area. The defendant, while a police officer, purchased a half-ounce of cocaine for \$1,000 from a DEA undercover agent. The defendant's ultimate source of supply for cocaine was a drug trafficking network headed by the organizer and supervisor of the entire criminal enterprise.

- Ohio, S.D. - An associate of the Sheriff of White County, Tennessee, was convicted after a jury trial of using interstate telephone calls to further the bribery of the Sheriff. The defendant had arranged the payment of a bribe to the Sheriff by an undercover FBI agent posing as an investor who wanted to operate a nightclub in which gambling, liquor, and prostitution violations would occur. The defendant and the Sheriff accepted \$6,000 in return for the Sheriff's assurance that he would not enforce the law with respect to the nightclub. The defendant is currently awaiting sentencing.

The Sheriff has been indicted in the Middle District of Tennessee on drug charges arising out of the same investigation and is currently awaiting trial.

- Pennsylvania, E.D. - During 1986, a five-year-old police corruption investigation in eastern Pennsylvania continued. To date, 31 former Philadelphia police officers have been convicted, including five at the rank of inspector or higher. Most notably, a police inspector was sentenced to 13 years' incarceration and a \$105,000 fine. The inspector headed an extortion ring in the Northeast police division for four years -- the ring collected approximately \$15,000 per month. From the same division, a lieutenant was sentenced to eight years' incarceration. Some of these recent prosecutions in this investigation were made possible through the prosecution and cooperation

of at least four former police officers. The investigation is continuing.

- South Carolina - A detective lieutenant and police officer for 27 years with the Horry County Police Department and a former Horry County Police Department patrol officer were convicted of conspiracy to import marijuana and income tax evasion in connection with the Presidential Drug Task Force investigations into drug smuggling rings in South Carolina. The detective lieutenant received a prison sentence of four years and was sentenced to pay a fine of \$5,000. The patrol officer was also fined \$5,000 and received a prison sentence of six years.

In addition, a state magistrate in Horry County for 16 years, was convicted after a 2½-week trial of conspiracy to import marijuana, conspiracy to possess marijuana with intent to distribute, importation of marijuana and possession of marijuana with intent to distribute. He was part of a drug smuggling ring that smuggled more than 160,000 pounds of marijuana into South Carolina. He was sentenced to a 20-year prison sentence plus a ten-year special parole term, and must pay a fine of \$60,000.

- Tennessee, E.D. - The investigation known as Mach-Ten was conducted by the FBI, the DEA, the Tennessee Bureau of Investigation, and other local agencies. The Mach-Ten investigation involved numerous counties in the upper east Tennessee area and involved investigations of narcotics trafficking, corruption, gambling, and organized criminal activities associated therein. Among those indicted and convicted on various conspiracy, Hobbs Act and drug charges as a result of these investigations were the Sheriff of Claiborne County, Tennessee; the Juvenile Referee and practicing attorney in Claiborne County, Tennessee; a Deputy Sheriff in Claiborne County; and the City Judge for Harriman, Tennessee. The Mach-Ten cases had a significant impact upon the Eastern District of Tennessee due to the large number of sheriffs, judges, and other associated individuals who were actively involved in gambling enterprises, cocaine distribution, and other violations of the law.

- West Virginia, S.D. - The Fayette County Sheriff and Chief Deputy were convicted for the distribution of marijuana from the county evidence vault to the County School Superintendent, who was also convicted for misdemeanor possession.

5. Electon Crimes

- Indiana, S.D. - The largest vote fraud prosecution in the history of the district included as defendants one current and one former county commissioner and two precinct committeemen; most elected officials in the county were either defendants or witnesses. All defendants pleaded guilty and received fines and/or probation.

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TABLE I

FEDERAL PROSECUTIONS OF CORRUPT PUBLIC OFFICIALS

Year Ended December 31, 1986

Federal Officials

Indicted	596
Convicted	523
Awaiting Trial	83

State Officials

Indicted	88
Convicted	71
Awaiting Trial	24

Local Officials

Indicted	232
Convicted	207
Awaiting Trial	55

Others Involved

Indicted	277
Convicted	225
Awaiting Trial	84

Total

Indicted	1,193
Convicted	1,026
Awaiting Trial	246

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

<u>Federal Officials</u>	<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>
- Indicted	129	133	128	123	198	158	460*	408	563	596
- Convicted	94	91	115	131	159	147	424	429	470	523
- Awaiting Trial on December 31	32	42	21	16	23	38	58	77	90	83
<hr/>										
<u>State Officials</u>										
- Indicted	50	55	58	72	87	49	81	58	79	88
- Convicted	38	56	32	51	66	43	65	52	66	71
- Awaiting Trial on December 31	33	20	30	28	36	18	26	21	20	24
<hr/>										
<u>Local Officials</u>										
- Indicted	157	171	212	247	244	257	270	203	248	232
- Convicted	164	127	156	168	211	232	226	196	221	207
- Awaiting Trial on December 31	62	72	67	82	102	58	61	74	49	55
<hr/>										
<u>Others involved</u>										
- Indicted	171	198	289	279	349	265	262	267	292	277
- Convicted	144	135	252	202	294	249	257	257	240	225
- Awaiting Trial on December 31	83	71	69	87	70	72	77	97	97	84
<hr/>										
<u>Totals</u>										
- Indicted	507	557	687	721	878	729	1,073	936	1,182	1,193
- Convicted	440	409	555	552	730	671	972	934	997	1,026
- Awaiting Trial on December 31	210	205	187	213	231	186	222	269	256	246

*/ 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 has been 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
1976 - 1986

	<u>1976</u>	<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>TOTAL</u>
Alabama, Northern	0	6	4	9	6	5	4	7	15	12	3	71
Alabama, Middle	9	4	5	10	22	3	6	6	5	2	7	79
Alabama, Southern	1	0	1	N/A	5	0	6	12	16	6	8	55
Alaska	4	3	0	0	0	0	0	6	8	9	10	40
Arizona	2	3	0	1	2	6	0	4	3	4	4	29
Arkansas, Eastern	1	3	2	3	4	1	0	9	2	3	2	31
Arkansas, Western	0	1	0	1	1	1	1	4	4	0	6	19
California, Northern	0	0	0	0	0	2	0	3	9	39	12	65
California, Eastern	0	0	0	0	N/A	0	3	0	20	25	28	76
California, Central	10	8	3	8	4	8	4	17	52	2	38	154
California, Southern	1	2	3	7	8	8	5	3	7	22	5	71
Colorado	0	1	1	0	0	0	1	13	9	4	11	40
Connecticut	0	5	4	4	7	0	4	15	8	7	7	61
Delaware	3	0	1	0	0	1	1	1	3	0	3	13

N/A = Not Available; Failed to return Questionnaire.

	<u>1976</u>	<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>TOTAL</u>
District of Columbia	9	10	14	9	19	17	14	N/A	34	16	30	172
Florida, Northern	1	0	0	0	2	4	0	1	6	3	7	24
Florida, Middle	4	1	5	1	2	6	4	13	23	8	8	75
Florida, Southern	0	0	3	0	14	0	1	8	8	5	3	42
Georgia, Northern	6	2	6	1	2	2	5	20	9	9	21	83
Georgia, Middle	9	7	1	1	3	1	2	10	4	8	12	58
Georgia, Southern	0	1	0	4	2	8	3	8	14	6	3	49
Guam	N/A	N/A	2	0	N/A	2	0	1	14	11	12	42
Hawaii	0	0	0	0	0	0	3	2	6	0	N/A	11
Idaho	0	0	0	0	0	0	0	2	2	1	6	11
Illinois, Northern	N/A	N/A	16	27	25	35	20	16	57	35	33	264
Illinois, Central	1	0	8	2	2	0	0	3	24	3	4	47
Illinois, Southern	0	0	4	2	0	0	0	2	0	7	2	17
Indiana, Northern	4	6	5	3	7	2	3	0	4	8	4	46
Indiana, Southern	0	3	0	0	7	2	3	0	3	5	13	36
Iowa, Northern	0	0	0	0	0	0	0	0	0	4	6	10
Iowa, Southern	1	0	0	1	0	1	0	1	3	3	6	16
Kansas	9	4	0	3	N/A	7	0	3	9	9	10	54
Kentucky, Eastern	5	6	5	5	12	5	4	0	7	3	8	60

	<u>1976</u>	<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>TOTAL</u>
Kentucky, Western	1	0	2	2	0	2	5	1	0	2	10	25
Louisiana, Eastern	N/A	N/A	6	7	8	13	4	19	9	4	7	77
Louisiana, Middle	1	0	0	1	1	3	2	5	0	2	2	17
Louisiana, Western	0	1	0	10	2	0	2	0	0	4	6	25
Maine	0	0	2	2	3	0	0	1	1	2	5	16
Maryland	2	5	20	11	11	3	2	10	8	14	5	91
Massachusetts	3	5	7	5	6	7	11	8	17	9	35	113
Michigan, Eastern	1	4	1	7	3	10	16	18	21	7	43	131
Michigan, Western	1	1	1	0	0	2	4	2	3	6	5	25
Minnesota	1	0	0	2	0	0	0	6	3	2	8	22
Mississippi, Northern	0	2	3	2	4	6	4	0	0	8	13	42
Mississippi, Southern	1	0	5	0	4	9	7	N/A	20	1	1	48
Missouri, Eastern	4	2	1	1	2	2	4	1	1	12	6	36
Missouri, Western	1	0	0	0	0	0	1	9	8	1	9	29
Montana	1	0	0	0	1	0	0	4	4	0	5	15
Nebraska	0	1	0	0	7	0	0	1	6	8	4	27
Nevada	1	1	1	3	0	2	0	2	1	9	2	22
New Hampshire	0	0	2	0	0	3	7	1	1	3	2	19
New Jersey	14	10	15	9	25	8	16	30	14	6	7	154

	<u>1976</u>	<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>TOTAL</u>
New Mexico	9	9	1	4	0	2	6	8	3	3	8	53
New York, Northern	1	0	2	0	0	0	0	N/A	2	11	14	30
New York, Southern	0	8	3	33	17	30	36	49	64	108	35	383
New York, Eastern	21	21	7	1	22	11	11	14	28	35	17	188
New York, Western	0	5	1	5	6	1	0	5	13	1	5	42
North Carolina, Eastern	1	0	1	1	N/A	2	7	8	16	5	0	41
North Carolina, Western	0	0	0	0	0	2	0	6	13	9	3	33
North Carolina, Middle	*	*	*	0	0	0	0	1	6	5	11	23
North Dakota	0	0	0	1	0	0	0	4	0	0	0	5
Ohio, Northern	2	5	6	12	3	2	3	11	17	21	22	104
Ohio, Southern	12	18	7	21	10	2	0	4	10	16	7	107
Oklahoma, Northern	0	0	0	0	0	2	8	1	1	1	0	13
Oklahoma, Western	0	0	4	N/A	5	51	44	25	33	4	1	167
Oklahoma, Eastern	0	0	0	5	3	9	13	14	9	1	0	54
Oregon	0	0	1	0	0	0	0	6	8	3	1	19
Pennsylvania, Eastern	8	6	13	11	8	4	4	19	35	25	23	156
Pennsylvania, Middle	21	27	16	3	6	16	13	25	16	9	5	158
Pennsylvania, Western	9	39	12	7	N/A	4	7	3	12	6	5	104

* = District did not exist.

	<u>1976</u>	<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>TOTAL</u>
Puerto Rico	1	5	0	N/A	0	0	1	2	10	16	6	41
Rhode Island	N/A	N/A	0	N/A	0	4	0	2	8	1	1	16
South Carolina	19	15	8	10	11	25	8	22	9	14	29	170
South Dakota	0	0	0	2	0	0	0	2	11	3	14	32
Tennessee, Eastern	0	4	0	2	1	0	5	15	5	3	5	40
Tennessee, Middle	1	1	2	3	0	8	5	2	1	10	5	38
Tennessee, Western	2	7	3	5	7	7	4	85	12	28	7	167
Texas, Northern	6	4	4	7	5	5	15	9	7	2	11	75
Texas, Southern	8	3	6	6	1	0	1	11	12	2	14	64
Texas, Eastern	0	1	3	N/A	3	19	11	8	4	5	3	57
Texas, Western	4	2	0	N/A	3	6	8	11	21	8	0	63
Utah	0	0	2	1	N/A	4	0	5	0	7	2	21
Vermont	0	0	1	0	N/A	0	1	0	0	0	0	2
Virgin Islands	N/A	N/A	0	0	0	1	2	1	1	0	0	5
Virginia, Eastern	4	4	1	1	1	13	13	N/A	3	0	25	65
Virginia, Western	0	1	1	0	0	5	0	3	3	0	0	13
Washington, Eastern	0	0	0	0	0	0	0	0	0	0	0	0
Washington, Western	0	1	0	2	2	1	0	3	12	0	4	25
West Virginia, Northern	0	0	1	3	1	0	0	0	2	2	1	10

	<u>1976</u>	<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>TOTAL</u>
West Virginia, Southern	2	0	6	3	N/A	0	3	2	12	6	7	41
Wisconsin, Eastern	1	4	2	0	1	2	11	13	10	7	1	52
Wisconsin, Western	0	3	0	1	1	0	0	5	0	1	2	13
Wyoming	0	0	0	0	0	0	0	2	1	0	1	4