

# **CRIMINALS AND SCOUNDRELS:**

**The 25 Most Corrupt Officials of the Bush Administration**



**CREW** | citizens for responsibility  
and ethics in washington

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## EXECUTIVE SUMMARY

After preparing reports on congressional corruption for the past two years, Citizens for Responsibility and Ethics in Washington (“CREW”) realized that as an organization focused on government ethics, we also need to evaluate conduct in the executive branch. This report represents CREW’s first effort to apply the methodology from our examination of congressional corruption to executive branch corruption.

CREW is well aware that the vast majority of those who work for the federal government are hardworking, dedicated and law abiding; this report is not intended as an indictment of the federal workforce. Nonetheless, after culling through publicly available documents including inspector general reports, court papers and press accounts, we have been able to create a list of 25 people whose conduct is particularly egregious. Their offenses range from sexual misconduct to theft to immigration fraud.

The misconduct covered here<sup>1</sup> tends to fall into four general categories: using power to benefit friends and family members, engaging in private activities that conflict with government positions and a lack of supervision over high-level personnel. For example, Margaret Burnette, Kyle “Dusty” Foggo, J. Steven Griles, David Safavian and William Myers used their positions to financially benefit friends, family members and political cronies. Lester Crawford, Darleen Drunyan, Angela Grimsley and Kevin Marlowe were indicted for conflict of interest crimes. Eric Andell, Brian Doyle and Donald Keyser could have been caught much sooner, had they been subject to greater oversight. Perhaps the most disturbing conduct from a good government perspective, however, falls outside of these categories: it is overseers, such as Lurita Doan and Janet Rehnquist, using their positions to undermine oversight.

Because the executive branch includes so many more people than does Congress, this report cannot and will not be as comprehensive as our congressional reports. Moreover, this report does not focus on policy or agency-wide practices, but only misconduct by individuals, both personal and professional. Those named in the report were (or in some cases are) high level officials with significant responsibility and their misdeeds represent the worst sort of abuse of the public trust. This is not to say that there are not other government employees who may have committed very serious crimes, but such employees likely have not enjoyed the same level of responsibility as those named here.

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<sup>1</sup> I. Lewis “Scooter” Libby, though a high-level administration official under indictment, was not included in the report because CREW serves as counsel to Joseph and Valerie Wilson and, in a December 21, 2006 order, U.S. District Court Judge Reggie Walton strictly prohibited CREW from commenting on the Libby matter for the duration of the criminal case. For the same reason, we have not included anyone else involved in publicly disclosing the identity of former CIA covert officer Valerie Wilson.

Agency contracting abuses overall like those reported in Iraq and Louisiana, which are clearly very serious, are beyond the scope of this report because at this juncture no one has been charged or prosecuted for offenses related to these scandals. In addition, incompetence alone, like that exhibited by former Federal Emergency Management Agency Director Michael Brown, was not enough to justify inclusion.

This report is not intended to be the last word on corruption in the Bush administration, but perhaps can serve as an opening to discuss the larger problem of the abuse of power by high level government officials.

## **METHODOLOGY**

To determine the 25 most corrupt Bush administration officials, CREW reviewed hundreds of articles, thousands of pages of court records, inspector general reports from multiple agencies, and four years of U.S. Department of Justice public documents. CREW found and documented more than 160 cases of significant criminal behavior and/or misconduct over the last six years and then whittled the list down to 25 by weighing the following factors: 1) type of criminal activity and level of misconduct; 2) seniority or level of influence of the official; and 3) impact on the public trust.

**CLAUDE A. ALLEN, *White House***

Claude A. Allen served as assistant to the president for domestic policy from 2005 until February 2006, when he resigned, allegedly to spend more time with his family.<sup>1</sup> On March 9, 2006, Mr. Allen was arrested on two charges for stealing merchandise from Target and Hecht's stores: theft by scheme over \$500 and theft over \$500.<sup>2</sup>

On January 2, 2006, Mr. Allen was observed making fraudulent returns at a Target store, was apprehended by the store's loss prevention manager and charged with theft under \$500 for the incident.<sup>3</sup> A subsequent investigation revealed that Mr. Allen had recovered fraudulent refunds of over \$5,000 at Hecht's and Target stores in 2005, as documented by American Express and Visa credit card records and store videos.<sup>4</sup> A Target video captured Mr. Allen purchasing a Bose theatre system for \$525 and a Kodak printer for \$237, leaving the store and re-entering the store moments later without the merchandise. Mr. Allen then selected the same theatre system and printer, brought them to the counter and had a sales clerk refund the items to his credit card, even though the merchandise he originally purchased remained in his car.<sup>5</sup>

In August 2006, pursuant to a plea agreement, Mr. Allen pleaded guilty to a single count of shoplifting. In so doing, Mr. Allen avoided the maximum sentence of 18 years. Under the terms of the plea agreement, Mr. Allen was sentenced to two years of supervised probation, 40 hours of community service, a \$500 fine and required to pay Target \$850 in restitution.<sup>6</sup> If Mr. Allen completes probation his criminal record will be erased, thereby permitting him to resume practicing law.<sup>7</sup>

Prior to his stint as President Bush's top domestic policy advisory, Mr. Allen served as deputy secretary in the Department of Health and Human Services, where he was a strong

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<sup>1</sup> Ernesto Londono and Michael A. Fletcher, Former Top Bush Aide Accused of Md. Thefts, *The Washington Post*, March 11, 2006. (Exhibit 1)

<sup>2</sup> Montgomery County Department of Police, Press Release, Gaithersburg Man Arrested for Theft Scheme, March 10, 2006. (Exhibit 2)

<sup>3</sup> Maryland v. Allen, Case No. D060016390, Arrest Warrant (Md. Mar. 7, 2006). (Exhibit 3)

<sup>4</sup> Id.

<sup>5</sup> Id.

<sup>6</sup> Holli Chmela, Ex-Bush Aide Admits Shoplifting and Is Fined, *The New York Times*, August 5, 2006. (Exhibit 4)

<sup>7</sup> Id.

advocate for abstinence-only AIDS prevention programs.<sup>8</sup> In 2003, President Bush nominated him to a seat on the United States Court of Appeals for the Fourth Circuit, but his nomination was blocked because of his lack of legal experience.<sup>9</sup>

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<sup>8</sup> Londono and Fletcher, *The Washington Post*, Mar. 11, 2006.

<sup>9</sup> Michael Fletcher and Joshua Partlow, Arrest of Ex-Bush Aide Shocks Associates, *The Washington Post*, March 12, 2006. (Exhibit 5)

**ERIC G. ANDELL, U.S. Department of Education**

In September 2002, then-Secretary of Education Rod Paige appointed Eric G. Andell deputy undersecretary in charge of the newly created Office of Safe and Drug-Free Schools.<sup>1</sup> Previously, Mr. Andell was a senior advisor to Secretary Paige and before that, he had served as a Texas court of appeals judge until he lost his bid for re-election in 2001.<sup>2</sup>

As deputy undersecretary, Mr. Andell had the authority to approve his own travel for official purposes.<sup>3</sup> Between November 2002 and September 2003, Mr. Andell used that authority to approve 14 such trips at a total cost of \$8,659.85.<sup>4</sup> All of these trips were motivated in part by his own personal financial interests.<sup>5</sup> For example, on some of these trips Mr. Andell accrued service time toward a pension from the state of Texas.<sup>6</sup> In addition, he sometimes conducted personal business and had the government reimburse some of his personal expenses.<sup>7</sup> On some trips, Mr. Andell took paid sick leave while at the same time receiving compensation for serving as a visiting judge in Texas.<sup>8</sup> Moreover, Mr. Andell failed to disclose the Texas payments on his public financial disclosure forms.<sup>9</sup>

On April 29, 2005, Mr. Andell pleaded guilty to one count of conflict of interest.<sup>10</sup> He was sentenced to one year of probation, 100 hours of community service and was fined \$5,000.<sup>11</sup>

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<sup>1</sup> U.S. Department of Education Press Release, Eric G. Andell to Lead New Office of Safe and Drug-Free Schools, September 17, 2002. (Exhibit 1)

<sup>2</sup> Id.; U.S. v. Andell, Crim No. 05-182, Sentencing Memorandum on Behalf of Defendant Eric G. Andell, p. 4 (D.D.C. July 25, 2005). (Exhibit 2)

<sup>3</sup> U.S. v. Andell, Crim No. 05-182, Factual Basis for Plea, ¶ 1 (D.D.C. Apr. 5, 2005) [hereinafter "Plea Basis"]. (Exhibit 3)

<sup>4</sup> Id., ¶ 2 and Attachment A to Plea Basis.

<sup>5</sup> Plea Basis, ¶ 2 .

<sup>6</sup> Id.

<sup>7</sup> Id.

<sup>8</sup> Id.

<sup>9</sup> Plea Basis, ¶ 2.

<sup>10</sup> U.S. v. Andell, Crim No. 05-182M-01, Judgment in a Criminal Case, p.1 (D.D.C. Aug. 25, 2005). (Exhibit 4)

<sup>11</sup> Id.



**MARGARET BURNETTE**, *Food and Drug Administration*

Margaret Burnette is a senior Food and Drug Administration (“FDA”) information technology (“IT”) official.<sup>1</sup> In December 2006, press reports revealed that the firm where her husband works was awarded FDA contracts for projects she was overseeing, raising conflict of interest concerns.<sup>2</sup>

Ms. Burnette began employment at the FDA in August 2003, when the FDA was developing a new data system to speed the processing time of industry applications to market new medical products. She was responsible for leading the search for a firm to develop the FDA’s new data system and backed her colleagues’ choice, a Maryland company called ProObject Inc.<sup>3</sup>

In April 2004 -- less than a year after she arrived at the FDA -- Ms. Burnette married technology consultant Mark A. Boster<sup>4</sup> and was promoted to IT director.<sup>5</sup> Around the same time, Mr. Boster joined the advisory board of Platinum Solutions Inc., a Virginia-based technology company that was eligible to win federal contracts without competition because it was recognized as a “disadvantaged, woman-owned company.”<sup>6</sup> At Platinum Solutions, Mr. Boster was paid a retainer and fees for attending meetings.<sup>7</sup>

In mid-2004, Ms. Burnette began expressing displeasure with ProObject and instructed her deputy at the FDA to contact Platinum Solutions.<sup>8</sup> According to Ms. Burnette, knowing that Platinum Solutions might bid to replace ProObject on the project, she wrote the first of several letters to FDA ethics officials in which she pledged to abstain from “procurement” related to the

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<sup>1</sup> FDA; Conflict-of-Interest Concerns for Married Couples Examined, *American Health Line*, December 19, 2006. (Exhibit 1)

<sup>2</sup> *Id.*; see also David Willman and Walter F. Roche Jr., Family Tie Helps Win FDA Contract, *Los Angeles Times*, December 19, 2006. (Exhibit 2)

<sup>3</sup> Willman and Roche, *The Los Angeles Times*, Dec. 19, 2006.

<sup>4</sup> *American Health Line*, Dec. 19, 2006.

<sup>5</sup> Willman and Roche, *The Los Angeles Times*, Dec. 19, 2006.

<sup>6</sup> *American Health Line*, Dec. 19, 2006; Williams and Roche, *The Los Angeles Times*, Dec. 19, 2006.

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

project.<sup>9</sup> After abandoning the competitive-bidding process, the FDA awarded the contract without competition to Platinum Solutions.<sup>10</sup> By the fall of 2006, Platinum Solutions had collected approximately \$4 million from the FDA in connection with the project.<sup>11</sup> In April 2005, Mr. Boster was named chief operating officer and executive vice president of Platinum Solutions, at a higher salary and with the potential for even greater income based on increases in the company's revenue.<sup>12</sup> According to Ms. Burnette, as a result of Mr. Boster's promotion, she ended her involvement in the project in June 2005.<sup>13</sup>

Ms. Burnette claimed her involvement in the Platinum Solutions contracting matter was cleared by her supervisor, James Rinaldi, and other FDA officials.<sup>14</sup> According to Mr. Rinaldi, however, in late 2004 he told Ms. Burnette that she was not supposed to participate "in anything that has to do with the project."<sup>15</sup> He said he was not aware that Mr. Boster was being paid by Platinum Solutions.<sup>16</sup> The FDA opened an internal ethics inquiry into the matter in 2004 and, according to Ms. Burnette and Mr. Boster, closed the inquiry in 2006 with no finding of wrongdoing.<sup>17</sup> Platinum Solutions won a new, related FDA contract in November 2006, estimated to be worth millions more than the data system contract.<sup>18</sup>

In January 2007, a bipartisan group members of the House Energy and Commerce Committee opened an inquiry into "conflicts of interest in the Food and Drug Administration's contracting practices and the ability and willingness of the Agency to investigate allegations of

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<sup>9</sup> Id.

<sup>10</sup> Williams and Roche, *The Los Angeles Times*, Dec. 19, 2006.

<sup>11</sup> Id.

<sup>12</sup> Id.

<sup>13</sup> Id.

<sup>14</sup> Williams and Roche, *The Los Angeles Times*, Dec. 19, 2006.

<sup>15</sup> *American Health Line*, Dec. 19, 2006.

<sup>16</sup> Williams and Roche, *The Los Angeles Times*, Dec. 19, 2006.

<sup>17</sup> Id.

<sup>18</sup> David Willman, Panel Starts FDA Probe, *The Los Angeles Times*, January 24, 2007. (Exhibit 3)

improper practices.”<sup>19</sup> The committee sent a letter to the FDA on January 22nd requesting all records relating to the Office of Internal Affairs investigation of Ms. Burnette.<sup>20</sup>

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<sup>19</sup> Letter from Congressmen John D. Dingell, Joe Barton, Bart Stupak, and Ed Whitfield, to Andrew C. Von Eschenbach, Commissioner, FDA (Jan. 22, 2007), *available at* [http://energycommerce.house.gov/Press\\_110/110-ltr.012207.FDA.vonEschenbach.ltr.Burnette.pdf](http://energycommerce.house.gov/Press_110/110-ltr.012207.FDA.vonEschenbach.ltr.Burnette.pdf). (Exhibit 4)

<sup>20</sup> Id.

**LESTER M. CRAWFORD, *Food and Drug Administration***

Dr. Lester M. Crawford served as commissioner of the Food and Drug Administration (“FDA”) from July 18, 2005 until his abrupt resignation in late September 2005.<sup>1</sup> Previously he served as acting commissioner and prior to that deputy commissioner from February 2002 until March 2004.<sup>2</sup> During Dr. Crawford’s tenure as acting commissioner, reviewers at the U.S. Department of Health and Human Services raised questions about his ownership of stock in certain companies, to which Dr. Crawford responded that the shares had been sold.<sup>3</sup> After he resigned as commissioner, it came to light that Dr. Crawford had failed to disclose his personal stock ownership and the sale of stock options in companies that the FDA considers to be “significantly regulated organizations.” Such companies sell products regulated by the FDA that make up 10% or more of the companies’ annual gross sales in their previous fiscal year.<sup>4</sup>

In October 2006, Dr. Crawford was charged with violating conflict of interest laws for participating in matters related to companies in which he had a financial interest while serving as deputy commissioner of the FDA.<sup>5</sup> Dr. Crawford also was charged with making false representations in his public financial disclosure reports for claiming that he had sold ownership in a significantly regulated company when he still owned the shares and for failing to report income from stock options in excess of \$200.<sup>6</sup> According to federal prosecutors, “[t]he Defendant’s violations of criminal law are clear. He repeatedly lied about his ownership in forbidden stocks.”<sup>7</sup> In response, Dr. Crawford denied owning stock in any companies that the FDA regulates.<sup>8</sup>

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<sup>1</sup> U.S. v. Crawford, Crim No. 05-438-M, Statement of Offenses, ¶¶ 1-2. (D.D.C. Oct. 17, 2007). (Exhibit 1)

<sup>2</sup> Id., ¶ 1.

<sup>3</sup> Stephanie Saul, Ex-FDA Chief is Charged With Conflict, *The New York Times*, October 17, 2006. (Exhibit 2)

<sup>4</sup> U.S. v. Crawford, Crim No. 05-438-M, Government’s Memorandum in Aid of Sentencing, p. 1 (D.D.C. Jan. 1, 2007) [hereinafter “Sentencing Memo”]. (Exhibit 3)

<sup>5</sup> U.S. v. Crawford, Crim No. 05-438-M, Information, ¶¶ 22-27 (D.D.C. Oct. 16, 2007). (Exhibit 4)

<sup>6</sup> Id., ¶¶ 20(a)-(d).

<sup>7</sup> Sentencing Memo, p. 4.

<sup>8</sup> Anna Wilde Mathews and Sarah Lueck, Crawford Says his Stocks Have No Link to FDA, *The Wall Street Journal*, September 29, 2005. (Exhibit 5)

That same month, however, Dr. Crawford pleaded guilty to making a false writing and failing to disclose stock holdings in companies that the FDA regulates.<sup>9</sup> Dr. Crawford also pleaded guilty to a conflict of interest charge based on the fact that he chaired a FDA working group on obesity while owning stock in Pepsico and Sysco,<sup>10</sup> both of which would have been affected by the findings of the working group. Dr. Crawford and his wife owned 1,400 shares of Pepsico, worth at least \$62,000, and 2,500 shares of Sysco worth \$78,000.<sup>11</sup> Federal prosecutors concluded that under these facts, “the defendant’s criminal conduct was so obvious as to be almost a caricature of a conflict of interest.”<sup>12</sup> In addition, while under consideration for FDA commissioner, Dr. Crawford made false statements under oath to the Senate Health, Education, Labor and Pensions Committee regarding his Embrex stock options and his family’s ownership of stock in the Sysco and Kimberly companies.<sup>13</sup> Between 2003 and 2004, Dr. Crawford also exercised stock options in Embrex, an agriculture biotechnology firm where he formerly served as a director, that netted more than \$28,000.<sup>14</sup>

Dr. Crawford is scheduled to be sentenced on February 27, 2007.<sup>15</sup> Since January 2006, Dr. Crawford has been senior counsel for Policy Direction Inc, a Washington, D.C. government relations firm.<sup>16</sup>

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<sup>9</sup> Sentencing Memo, p.1.

<sup>10</sup> U.S. v. Crawford, Information, ¶ 9.

<sup>11</sup> Mathews and Lueck, *The Wall Street Journal*, Sept. 29, 2005.

<sup>12</sup> Sentencing Memo, pp. 4-5.

<sup>13</sup> Id., p. 3.

<sup>14</sup> Saul, *The New York Times*, Oct. 17, 2006.

<sup>15</sup> Andrew Bridges, Ex-FDA Chief’s Sentencing Delayed, *Associated Press*, January 23, 2007. (Exhibit 6)

<sup>16</sup> Gardiner Harris, Ex-Head of FDA Faces Criminal Inquiry, *The New York Times*, April 29, 2006. (Exhibit 7)

**LURITA A. DOAN, *General Services Administration***

In May 2006, Lurita A. Doan took over as administrator of the General Services Administration (“GSA”), with responsibility for overseeing the management of \$56 billion worth of government contracts each year.<sup>1</sup> Prior to serving as administrator of the GSA, Ms. Doan was the owner of New Technology Management Inc, a firm that contracts with the Department of Homeland Security to provide surveillance equipment for border security.<sup>2</sup>

In December 2006, Ms. Doan proposed cutting \$5 million from the budget of GSA’s Office of the Inspector General (“IG”) for reviewing government contracts for fraud and waste.<sup>3</sup> Her proposal included shifting some responsibility for contract reviews to small private auditors.<sup>4</sup> In recent years, IG audits have helped the agency recover billions of dollars from fraudulent contracts.<sup>5</sup> According to Ms. Doan, however, the IG’s work is “intimidating to the workforce.”<sup>6</sup> Ms. Doan has also criticized GSA Inspector General Brian D. Miller for not supporting her plan to streamline the agency’s contracting efforts, stating: “There are two kinds of terrorism in the US: the external kind; and internally, the IGs have terrorized the Regional Administrators.”<sup>7</sup>

On October 20, 2006, Senator Charles Grassley (R-IA), chairman of the Senate Finance Committee, sent a letter to Ms. Doan objecting to her proposal to contract out the IG’s audit function.<sup>8</sup> Senate Grassley stated, “[b]y making cuts in the OIG budget, particularly the proposed complete elimination of reimbursable audits and investigations, your office is essentially removing the IG’s independence and preventing the initiation of those audits and

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<sup>1</sup> Scott Highman and Robert O’Harrow Jr., GSA Chief Seeks to Cut Budget for Audits, *The Washington Post*, December 2, 2006 (Exhibit 1); Scott Highman and Robert O’Harrow Jr., GSA Chief Scrutinized For Deal With Friend, *The Washington Post*, January 19, 2007. (Exhibit 2)

<sup>2</sup> Melinda Ligos, For Her, U.S. Borders Are Profit Centers, *The New York Times*, January 29, 2004 (Exhibit 3); White House Press Release, Personnel Announcement, April 6, 2006. (Exhibit 4)

<sup>3</sup> Highman and O’Harrow, *The Washington Post*, Dec. 2, 2006.

<sup>4</sup> Id.

<sup>5</sup> Id.

<sup>6</sup> Id.

<sup>7</sup> Highman and O’Harrow, *The Washington Post*, Dec. 2, 2006.

<sup>8</sup> Letter from Charles Grassley, Chairman, Senate Committee on Finance, to GSA Administrator Lurita A. Doan (Oct. 20, 2006). (Exhibit 5)

investigations.”<sup>9</sup> Ms. Doan sent a response to Sen. Grassley claiming that one of her top priorities is greater transparency at GSA and her focus is on balancing the agency’s budget.<sup>10</sup>

On January 19, 2007, the House Committee on Oversight and Government Reform opened an investigation into some of Ms. Doan’s activities.<sup>11</sup> The committee has begun investigating reports that Ms. Doan attempted to award a no-bid contract to Public Affairs Group Inc., a company founded and operated by a friend, thereby sidestepping federal laws and regulations.<sup>12</sup> As reported in *The Washington Post*, Ms. Doan personally signed a deal to pay her friend’s public relations firm \$20,000 for a 24-page report promoting minority and woman-owned businesses used by the GSA.<sup>13</sup> The contract was terminated by agency lawyers and officials because of possible violations, including the failure to justify the no-bid contract and to have it reviewed by procurement officers.<sup>14</sup> The IG opened an investigation into the matter and briefed Justice Department officials.<sup>15</sup>

The committee is also investigating Ms. Doan’s intervention in proceedings to consider suspension or debarment of five major contractors.<sup>16</sup> KPMG, Ernst and Young, PricewaterhouseCoopers, Booz Allen Hamilton and BearingPoint Inc. paid over \$66 million to settle allegations that the firms kept travel rebates that should have gone to GSA.<sup>17</sup> On September 7, 2006, the GSA debarment office asked the firms for letters explaining why they should not be suspended or debarred from doing business with the federal government.<sup>18</sup> Three days later, Ms. Doan sent an e-mail to senior GSA officials stating, “I do not recall this issue

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<sup>9</sup> Id.

<sup>10</sup> Letter from GSA Administrator Lurita Doan to Senator Charles Grassley (Oct. 30, 2006). (Exhibit 6)

<sup>11</sup> Letter from Henry Waxman, Chairman, House Committee on Oversight and Government Reform to GSA Administrator Lurita A. Doan (Jan. 19, 2007) [hereinafter “Waxman Letter”]. (Exhibit 7)

<sup>12</sup> Id.; see also Highman and O’Harrow, *The Washington Post*, Jan. 19, 2007.

<sup>13</sup> Highman and O’Harrow, *The Washington Post*, Jan. 19, 2007.

<sup>14</sup> Id.

<sup>15</sup> Id.

<sup>16</sup> Waxman Letter.

<sup>17</sup> Highman and O’Harrow, *The Washington Post*, Jan. 19, 2007.

<sup>18</sup> Id.

EVER coming up in a single management meeting or any meeting for that matter,” and asking for the process to be “stopped until cooler heads can prevail.”<sup>19</sup>

Finally, the committee is investigating concerns about Ms. Doan’s interactions with the OIG.<sup>20</sup> Of note, Ms. Doan proposed to cut OIG’s contract audit review budget after that office opened an investigation into the no-bid contract she approved with Public Affairs Group Inc.<sup>21</sup>

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<sup>19</sup> Id.

<sup>20</sup> Waxman Letter.

<sup>21</sup> Id.



**BRIAN J. DOYLE, U.S. Department of Homeland Security**

Brian J. Doyle served as deputy press secretary for the U.S. Department of Homeland Security (“DHS”) until his arrest on April 4, 2006,<sup>1</sup> when he was charged with seven counts of using a computer to seduce a child and 16 counts of transmitting harmful materials to a minor.<sup>2</sup>

The charges stemmed from an investigation conducted jointly by the Polk County Sheriff’s Office, a Florida State attorney and DHS’s Office of the Inspector General. On March 12, 2006, Mr. Doyle contacted a Polk County detective who was posing as a 14-year-old girl and initiated a sexually explicit conversation with “her.”<sup>3</sup> Mr. Doyle told her who he was and that he worked for the Department of Homeland Security.<sup>4</sup> Mr. Doyle also gave the girl his government-issued cell phone number and forwarded photos of himself.<sup>5</sup> Mr. Doyle engaged in sexually explicit conversations with the girl over AOL Instant Messenger, his office telephone line and his cell phone and, again using AOL Instant Messenger, sent her hard-core pornographic films.<sup>6</sup> Mr. Doyle also attempted to seduce the girl, asked her for naked pictures of herself and offered to send naked pictures of himself.<sup>7</sup> Sheriff Grady Judd of Polk County said, “I read the transcripts, I wanted to see if this was just as outrageous as the detectives depicted it . . . It shocked all of us who have worked vice, narcotics, organized crime, homicides.”<sup>8</sup>

On November 17, 2006, Mr. Doyle was sentenced to five years in prison, 10 years of probation and required to register as a sex-offender.<sup>9</sup>

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<sup>1</sup> Michael Janofsky, Official Resists Extradition on Charge Involving Internet and Sex, *The New York Times*, April 6, 2006. (Exhibit 1)

<sup>2</sup> Florida v. Doyle, Case No. CF06-002109-XX, Arrest Warrant (Fla. Mar. 28, 2006). (Exhibit 2)

<sup>3</sup> Polk Sheriff’s Office News Release, Deputy Press Secretary for U.S. Department of Homeland Security Arrested on Polk County Charges, April 4, 2006 [hereinafter “Polk Press Release”]. (Exhibit 3)

<sup>4</sup> Id.

<sup>5</sup> Id.

<sup>6</sup> Id.

<sup>7</sup> Polk Press Release.

<sup>8</sup> Jeanne Meserve, Homeland Security Official Arrested in Child Sex Sting, *CNN.com*, available at <http://cnn.worldnews.printthis.clickability.com/pt/cpt?action=ctp&title=CNN.com+-+Hom.> (January 19, 2007). (Exhibit 4)

<sup>9</sup> Dana Willhoit, Five Years in Prison for Porn E-mails, *The Ledger*, November 18, 2006. (Exhibit 5)

**DARLEEN A. DRUYUN, U.S. Air Force**

For more than a decade, Darleen A. Druyun served as the number two acquisition executive for the U.S. Air Force, where she was responsible for purchasing weapons and awarding lucrative government contracts to defense companies.<sup>1</sup> Ms. Druyun left the Air Force in November 2002, and in January 2003 began employment with Boeing Company as deputy general manager for missile defense systems at a yearly salary of \$250,000.<sup>2</sup> She negotiated her post-government job with Boeing Chief Financial Officer Michael Sears in the fall of 2002, while still employed by the Air Force. At that same time, Ms. Druyun was negotiating a \$23-billion deal on behalf of the Air Force to lease 100 converted Boeing 767 aircrafts to fly as Air Force refueling tankers.<sup>3</sup>

In April 2004, following a criminal fraud investigation, Ms. Druyun reached a plea agreement with the government. As part of that agreement, Ms. Druyun admitted that she improperly favored Boeing in four contracts she negotiated on behalf of the Air Force in exchange for personal favors, including her subsequent job with Boeing and jobs Boeing offered to her daughter and future son-in-law.<sup>4</sup> The contracts included a \$4 billion deal that Ms. Druyun gave Boeing in 2001 to upgrade computer systems on the C-130 cargo aircraft, and a \$100 million contract in 2002 for Boeing to restructure NATO's Airborne Early Warning and Control program.<sup>5</sup> She was sentenced to nine months in prison, fined \$5,000, and ordered to perform 150 hours of community service.<sup>6</sup> In her plea agreement, Ms. Druyun acknowledged that "as a result of the loss of her objectivity, she took actions which harmed the United States."<sup>7</sup> Boeing Chief Financial Officer Michael Sears also pleaded guilty to violating federal conflict of interest laws

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<sup>1</sup> Laura M. Colarusso, Druyun Still Entitled to Federal Pension, *Air Force Times*, May 22, 2006 (Exhibit 1); Peter Pae, Pentagon Probe Flags 8 Deals, *The Los Angeles Times*, February 15, 2005. (Exhibit 2)

<sup>2</sup> Colarusso, *Air Force Times*, May 22, 2006.

<sup>3</sup> Stephen J. Hedges, Former Boeing Finance Chief Gets 4-Month Sentence, *Chicago Tribune*, February 19, 2005. (Exhibit 3)

<sup>4</sup> Colarusso, *Air Force Times*, May 22, 2006; George Cahlink, Ex-Pentagon Procurement Executive Gets Jail Time, *GovEx.com*, October, 1, 2004. (Exhibit 4)

<sup>5</sup> Pae, *The Los Angeles Times*, Feb. 15, 2005.

<sup>6</sup> Cahlink, *GovEx.com*, Oct. 1, 2004.

<sup>7</sup> U.S. v. Druyun, Crim. No. 04-150-A, Supplemental Plea Agreement (E.D. Va. Sept. 28, 2004). (Exhibit 5)

by negotiating with Ms. Druyun for a job at Boeing even though he knew she had not recused herself from Air Force discussions involving Boeing.<sup>8</sup>

A subsequent Pentagon investigation of Ms. Druyun found that of the 407 contracts she oversaw, at least eight – ranging in value from \$42 million to \$1.5 billion – deviated from general contracting procedures. Four of these questionable contracts, including a \$1.5-billion maintenance contract for KC-135 refueling tankers, were awarded to Boeing.<sup>9</sup> The Pentagon's acting acquisition chief suggested that Ms. Druyun may have been able to award such contracts because she had so little oversight.<sup>10</sup>

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<sup>8</sup> Hedges, *Chicago Tribune*, Feb. 19, 2005.

<sup>9</sup> Pae, *The Los Angeles Times*, Feb. 15, 2005.

<sup>10</sup> Id.

**FRANK FIGUEROA, U.S. Department of Homeland Security**

Frank Figueroa is a 30-year federal customs and immigration veteran.<sup>1</sup> Until early 2006, he was the head of the Tampa, Florida office of U.S. Immigration and Customs Enforcement (“ICE”), a division of the U.S. Department of Homeland Security (“DHS”).<sup>2</sup> Previously, Mr. Figueroa led Operation Predator, a federal program that deports foreigners convicted of sex crimes.<sup>3</sup>

On October 25, 2005, Mr. Figueroa was arrested for exposing himself and masturbating in front of a 16-year-old girl at the food court of an Orlando, Florida mall.<sup>4</sup> He had been arrested on similar charges in Amherst, New York in 1977, while an inspector with the U.S. Customs office in Buffalo, New York.<sup>5</sup> That case was dismissed.<sup>6</sup> Following his arrest, Mr. Figueroa was placed on leave from his job at ICE. He had planned to retire in August 2006, when he would have been eligible to receive a federal pension.<sup>7</sup>

In April 2006, Mr. Figueroa pleaded no contest to charges of exposure of sexual organs and disorderly conduct.<sup>8</sup> During his sentencing in May, the presiding judge expressed frustration with Mr. Figueroa’s reluctance to admit guilt.<sup>9</sup> Mr. Figueroa stated:

MR. FIGUEROA: “I had been scratching my crotch. ... I don’t know what she saw. ... I was not masturbating. She might have seen my penis. I’m saying I’ll take responsibility.

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<sup>1</sup> Pedro Ruz Gutierrez, Sex-Case Defendant Gets Probation, *Orlando Sentinel*, May 13, 2006. (Exhibit 1)

<sup>2</sup> Elaine Silvestrini, Tampa ICE Official To Serve Probation, *Tampa Tribune*, May 13, 2006. (Exhibit 2)

<sup>3</sup> Ruz Gutierrez, *Orlando Sentinel*, May 13, 2006.

<sup>4</sup> Elaine Silvestrini, Teenager Accuser Faces Defendant, *Tampa Tribune*, February 9, 2006. (Exhibit 3)

<sup>5</sup> Id.

<sup>6</sup> Id.

<sup>7</sup> Silvestrini, *Tampa Tribune*, May 13, 2006.

<sup>8</sup> Id.

<sup>9</sup> Elaine Silvestrini, Senator Questions Offender’s Pension, *Tampa Tribune*, June 15, 2006. (Exhibit 4)

JUDGE: “I have never inadvertently exposed myself. ... It just does not happen.”

MR. FIGUEROA: “I was sitting at the mall about 15 feet from her when my penis came out of my shorts. ... I accept responsibility for what I did.”<sup>10</sup>

The judge ordered Mr. Figueroa to serve 363 days of probation, stay clear of areas where teens congregate such as malls and food courts, undergo a psychological evaluation, perform 200 hours of community service, pay a \$500 court fine and write a letter of apology to the victim.<sup>11</sup> Mr. Figueroa received no jail time and assuming that he conforms to the requirements of his probation, will not have a conviction on his record.<sup>12</sup>

Following Mr. Figueroa’s October 2005 arrest, Sen. Chuck Grassley (R-IA) sent a letter to DHS Secretary Michael Chertoff seeking an explanation as to how Mr. Figueroa could “attain such a senior position at ICE and what has been done to ensure that a similar mistake will not recur in the future.”<sup>13</sup> Sen. Grassley’s letter prompted DHS to launch a national review of background checks conducted on employees who work on child exploitation cases.<sup>14</sup>

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<sup>10</sup> Silvestrini, *Tampa Tribune*, May 13, 2006.

<sup>11</sup> Id.; Ruz Gutierrez, *Orlando Sentinel*, May 13, 2006.

<sup>12</sup> Silvestrini, *Tampa Tribune*, June 15, 2006.

<sup>13</sup> Howard Altman, Local Case Sparks Review of Agents’ Past, *Tampa Tribune*, January 25, 2006. (Exhibit 5)

<sup>14</sup> Id.

**KYLE “DUSTY” FOGGO, *Central Intelligence Agency***

Kyle “Dusty” Foggo was the executive director of the Central Intelligence Agency (“CIA”), the third-highest ranking position in the agency.<sup>1</sup> Appointed by former CIA Director Porter Goss, Mr. Foggo was a surprise choice for this position because he had previously been assigned to mid-level logistics positions and had never before held a senior-level position in the agency’s headquarters.<sup>2</sup> Mr. Foggo joined the CIA in 1982 and worked all over the world as a procurement officer with a specific focus on technology.<sup>3</sup>

Mr. Foggo resigned as executive director after news reports stated that he had attended poker games organized by Brent Wilkes, a defense contractor under federal investigation for bribing former Rep. Randy “Duke” Cunningham.<sup>4</sup> Mr. Foggo’s close personal friendship with Mr. Wilkes came to light in December 2005, as part of the Cunningham investigation.<sup>5</sup> Messrs. Foggo and Wilkes have been close friends since they attended junior high school in Poway, California.<sup>6</sup> Mr. Wilkes often visited Mr. Foggo on his CIA overseas assignments even though Mr. Foggo was undercover until 2005.<sup>7</sup>

In 2003, Mr. Wilkes received his first publically known contract with the CIA.<sup>8</sup> The

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<sup>1</sup> Charles R. Babcock and Jo Becker, Ex-CIA Official Defends Ties With Contractor, *The Washington Post*, May 11, 2006. (Exhibit 1)

<sup>2</sup> Christopher Cooper, Scot J. Paltrow and Robert Block, CIA Director Goss Abruptly Quits, *The Wall Street Journal*, May 6, 2006. (Exhibit 2)

<sup>3</sup> Jerry Kammer and Marcus Stern, Federal Agents Raid Home of CIA’s Former No. 3 Boss, *Copley News Service*, May 12, 2006. (Exhibit 3)

<sup>4</sup> David Johnston and David D. Kirkpatrick, Deal Maker Details the Art of Greasing the Palm, *The New York Times*, August 6, 2006 (Exhibit 4); U.S. v Cunningham, Crim No. 05-2137-LAB, Introductory Allegations, ¶¶ 14-I (S.D. Cal. Nov. 28, 2005). Mr. Wilkes is known widely as “Co-conspirator One” in the Cunningham criminal case. (Exhibit 5)

<sup>5</sup> Dean Calbreath and Jerry Kammer, Contractor in Cunningham Case ‘Knew How to Grease the Wheels’, *Copley News Service*, December 5, 2006. (Exhibit 6)

<sup>6</sup> Cooper, Paltrow and Block, *The Wall Street Journal*, May 6, 2006.

<sup>7</sup> Dean Calbreath, No. 3 CIA Official Investigated On Ties to Wilkes, *San Diego Union-Tribune*, March 4, 2006. (Exhibit 7)

<sup>8</sup> Dean Calbreath and Jerry Kammer, Defense Contractor’s House of Cards, *San Diego Union-Tribune*, May 28, 2006. (Exhibit 8)

contract, valued at \$2-\$3 million,<sup>9</sup> went to Archer Logistics, a Wilkes-owned company with no known logistics experience, for the sale of water and other supplies to CIA operatives in Iraq and Afghanistan.<sup>10</sup> The contract was awarded through the Frankfurt, Germany office of the CIA at a time when Mr. Foggo was there overseeing procurement for the Middle East and Europe.<sup>11</sup> Later, Mr. Wilkes was in negotiations for a contract worth “hundreds of millions” to provide covert air transport for the CIA around the world, even though he had no experience in this field.<sup>12</sup> It was reported that Mr. Foggo personally greeted Mr. Wilkes when he came to CIA headquarters to negotiate the contract.<sup>13</sup> Although Mr. Wilkes was close to getting the contract, it fell through once he was implicated in the Cunningham scandal.<sup>14</sup>

On May 12, 2006, days after Mr. Foggo announced his resignation, the FBI, the Internal Revenue Service and the Pentagon’s Criminal Investigative Service searched his house and office.<sup>15</sup> The FBI is investigating whether Mr. Wilkes gave any improper gifts to Mr. Foggo in exchange for preferential treatment on certain lucrative CIA contracts.<sup>16</sup> The CIA’s Office of the Inspector General also conducted an investigation into whether Mr. Foggo failed to properly inform the agency of free trips and gifts he received from Mr. Wilkes, but the results of that investigation have not been publicly disclosed.<sup>17</sup> In addition, a document released by the House Committee on Intelligence revealed that Mr. Foggo is under investigation for awarding contracts to Global Transportation Systems, a Sterling, Virginia company headed by Richard Wenzel.<sup>18</sup>

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<sup>9</sup> Dean Calbreath, Co-conspirator’s Possible Links to Prostitutes Eyed, *San Diego Union-Tribune*, April 28, 2006. (Exhibit 9)

<sup>10</sup> Calbreath and Kammer, *San Diego Union-Tribune*, May 28, 2006.

<sup>11</sup> Id.

<sup>12</sup> Id.

<sup>13</sup> Id.

<sup>14</sup> Calbreath and Kammer, *San Diego Union-Tribune*, May 28, 2006.

<sup>15</sup> Brian Bennett and Timothy J. Burger, The Probe of a Senior CIA Official Hits Home - and Abroad, *Time*, May 12, 2006. (Exhibit 10)

<sup>16</sup> House Permanent Select Committee on Intelligence, Report of the Special Counsel for the Cunningham Inquiry – Executive Summary, p. 4 (Oct. 17, 2006) (Exhibit 11); *see also* Cooper, Paltrow and Block, *The Wall Street Journal*, May 6, 2006.

<sup>17</sup> Scot J. Paltrow, CIA Digs In Its Heels, *The Wall Street Journal*, January 9, 2007. (Exhibit 12)

<sup>18</sup> Id.

**J. STEVEN GRILES, U.S. Department of the Interior**

J. Steven Griles served as Deputy Secretary for the Department of the Interior (“DOI”) from July 2001 until January 2005. After resigning from DOI, he joined a lobby firm headed by Andrew Lundquist, a top energy advisor for Vice-President Cheney.<sup>1</sup>

Federal prosecutors have informed Mr. Griles that he is a target in the government’s ongoing corruption probe of Jack Abramoff’s lobbying activities.<sup>2</sup> In January 2006, Mr. Abramoff pleaded guilty to defrauding several of his tribal clients, among other legal charges.<sup>3</sup> The government is reportedly investigating Mr. Griles for lying to Congress and honest-services fraud,<sup>4</sup> specifically whether Mr. Griles made false statements to the Senate Indian Affairs Committee in 2005, and what ties he had to Mr. Abramoff and Italia Federici.<sup>5</sup>

Emails released in 2005 show Mr. Griles had numerous contacts with Mr. Abramoff and his close associate Italia Federici, head of the Council of Republicans for Environmental Advocacy.<sup>6</sup> In March 2001, just seven days before he became deputy secretary of the Interior Department, Mr. Griles met with Mr. Abramoff. An email Ms. Federici sent to Mr. Abramoff stated, “I ended up sharing a cab with Steve. He really enjoyed meeting you and was grateful for the strategic advice on BIA and Insular Affairs. You definitely made another friend.”<sup>7</sup>

While at DOI, Mr. Griles generally was not involved in tribal issues. Nevertheless, as Michael Rossetti, former General Counsel for the Interior Department, testified during congressional hearings, “he [Mr. Rossetti] was alarmed that Mr. Griles all of a sudden had an

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<sup>1</sup> Matthew Daly, Nethercutt Joins Firm Led by Ex-Cheney Energy Advisor, *Associated Press*, January 31, 2005. (Exhibit 1)

<sup>2</sup> John Heilprin, Energy Lobbyist a Target in Ethics Probe, *Associated Press*, January 10, 2007. (Exhibit 2)

<sup>3</sup> See generally U.S. v. Abramoff, Crim. No. 06-001, Plea Agreement (D.D.C. Jan. 3, 2006). (Exhibit 3)

<sup>4</sup> Jason McLure, Lobbying Firm Cuts Ties To Name Partner Under Investigation in Abramoff Probe, *Legal Times*, January 18, 2007. (Exhibit 4)

<sup>5</sup> Susan Schmidt, Ex-Interior Deputy a Target in Abramoff Probe, *The Washington Post*, January 10, 2007. (Exhibit 5)

<sup>6</sup> Senate Committee on Indian Affairs, Oversight Hearing on Tribal Lobbying Matters Part 2, 109<sup>th</sup> Congress, 1<sup>st</sup> Session, 94-96, 98, 101, 103 (Nov. 2, 2005) [hereinafter “Hearing on Tribal Lobbying”]. (Exhibit 6)

<sup>7</sup> Email message from Italia Federici to Jack Abramoff (March 1, 2001). (Exhibit 7)



inexplicable desire” to intervene on issues affecting Mr. Abramoff’s tribal clients.<sup>8</sup> Mr. Griles admitted during his 2005 congressional testimony that Mr. Abramoff had offered him a job at Greenberg Traurig, the lobby shop run by Mr. Abramoff.<sup>9</sup> A former Greenberg Traurig employee testified that Mr. Abramoff described Mr. Griles as “his guy.”<sup>10</sup>

Mr. Griles has denied to Senate investigators that he ever assisted Mr. Abramoff’s clients.<sup>11</sup> The same investigators found “marked inconsistency between Griles’ and Rossetti’s testimony on the narrow issue of whether Griles tried to insinuate himself in decision-making processes affecting any of Abramoff’s Tribal clients.”<sup>12</sup>

Following reports that Mr. Griles was a target in the government’s corruption probe, the lobbying firm Lundquist, Nethercutt & Griles severed all ties with Mr. Griles.<sup>13</sup>

While at DOI, Mr. Griles was a controversial figure and was criticized by DOI’s Inspector General, along with the entire ethics process at the agency, for maintaining ties to companies that were his former lobbying clients.<sup>14</sup> During his confirmation hearing to be deputy secretary of DOI, Mr. Griles pledged to recuse himself from any matters that could affect his former lobbying firm or any of the companies that he had represented.<sup>15</sup> Within weeks of his Senate confirmation, however, Mr. Griles began meeting with former clients on regulatory matters important to them. For example, Mr. Griles attended at least 16 meetings with administration or industry officials to

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<sup>8</sup> Hearing on Tribal Lobbying, p. 105.

<sup>9</sup> *Id.*, p. 104.

<sup>10</sup> Senate Committee on Indian Affairs, ‘Gimme Five’-Investigation of Tribal Lobbying Matters, 109th Congress, 2<sup>nd</sup> Session, p. 240 (Sept. 5, 2006) [hereinafter “Gimme Five Hearing”]. (Exhibit 8)

<sup>11</sup> Letter from Barry M. Hartman, Kirkpatrick & Lockhart Nicholson Graham LLP, to John McCain (Jan. 3, 2006). (Exhibit 9)

<sup>12</sup> Gimme Five Hearing, p. 244.

<sup>13</sup> McClure, *Legal Times*, Jan. 18, 2007

<sup>14</sup> See generally U.S. Department of the Interior, Office of Inspector General, J. Steven Griles Report of Investigation, PI-SI-02-0053-I. (Exhibit 10); Schmidt, *The Washington Post*, Jan. 10, 2007.

<sup>15</sup> Eric Pianin, Official’s Lobbying Ties Decried; Interior’s Griles Defends Meetings as Social, Informational, *The Washington Post*, September 25, 2002. (Exhibit 11)

discuss air pollution issues.<sup>16</sup> These included a meeting with Electric Power Research Institute, an industry group represented by National Environmental Strategies, his former lobbying firm, and a meeting with 12 utility executives for the Edison Electrical Institute, all former clients of Mr. Griles.<sup>17</sup> Among other topics, the participants discussed rules to reduce the number of government suits brought against older coal-fired power plants for violations of the Clean Air Act; the rules were subsequently changed to reduce the number of such suits.<sup>18</sup> Mr. Griles also played a key role in decisions related to coal bed methane development in Wyoming's Powder River Basin, wetland permit rule changes affecting coal mining, and oil and gas leasing on the Outer Continental Shelf, all of which benefitted his former employers and clients, including National Environmental Strategies.<sup>19</sup>

In addition, Mr. Griles maintained a financial link to National Environmental Strategies. As a condition of his Senate confirmation, Mr. Griles sold his interest in the firm.<sup>20</sup> Under the terms of the sales agreement, Mr. Griles continued to receive annual payments of \$284,000 from his former firm for four years while receiving his government salary.<sup>21</sup>

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<sup>16</sup> Id.

<sup>17</sup> Id.

<sup>18</sup> Id.

<sup>19</sup> Pianin, *The Washington Post*, Sept. 25, 2002.

<sup>20</sup> Id.

<sup>21</sup> Id.

**ANDREA K. GRIMSLEY, U.S. Department of Homeland Security**

Andrea K. Grimsley served as the chief of the Headquarters General Contracts Branch for the U.S. Immigration and Customs Enforcement (“ICE”) Office of Procurement of the Department of Homeland Security (“DHS”) from April 29, 1996 until her retirement on January 31, 2004.<sup>1</sup> In that capacity, she had primary authority for oversight and procurement activities.<sup>2</sup> On February 2, 2004, after retiring from federal service, Ms. Grimsley began working as an account executive with FedBid, a private company that provides web-based procurement services to government agencies.<sup>3</sup>

Ms. Grimsley negotiated her post-government employment with FedBid starting in late November 2003, while still employed by DHS.<sup>4</sup> In late November 2003, Ms. Grimsley sought advice from the ethics office at ICE about a potential conflict of interest relating to her employment negotiations with FedBid.<sup>5</sup> After discussions with that office, Ms. Grimsley sent an e-mail to an ethics officer stating she would not participate in any matters involving FedBid.<sup>6</sup>

Notwithstanding this email, Ms. Grimsley continued to participate in matters involving FedBid from late November 2003 through February 2, 2004.<sup>7</sup> In November 2003, she was assigned responsibility as the contracting officer for DHS’s acquisition of 65,000 pistols to be distributed among all DHS divisions, including ICE.<sup>8</sup> On January 6, 2004, Ms. Grimsley directed one of her subordinates to include the requirement that all bidders register with FedBid on the Request for Information for the handgun contract.<sup>9</sup> Two days later, FedBid offered Ms. Grimsley

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<sup>1</sup> *U.S. v. Grimsley*, Crim No.05-499M, Administrative Settlement Agreement (Document 12-5), p. 1 (D.D.C. Oct. 6, 2005). (Exhibit 1)

<sup>2</sup> *U.S. v. Grimsley*, Crim No.05-499M, Misdemeanor Information, ¶ 2 (D.D.C. Sept. 16, 2005) [hereinafter “Information”]. (Exhibit 2)

<sup>3</sup> *Id.*, ¶ 11f.

<sup>4</sup> *Id.*, ¶ 11.

<sup>5</sup> *Id.*, ¶ 10.

<sup>6</sup> Information, ¶ 10.

<sup>7</sup> *Id.*, ¶ 11.

<sup>8</sup> *Id.*, ¶¶ 6-7.

<sup>9</sup> *Id.*, ¶ 11a.

a position.<sup>10</sup> On January 13, 2004, ICE issued a Request for Information from potential handgun contractors that required offering contractors to submit their pricing quotes through FedBid.<sup>11</sup>

On September 16, 2005, Ms. Grimsley was charged with a financial conflict of interest.<sup>12</sup> She reached a plea agreement with the government<sup>13</sup> and was sentenced to one year of probation, a \$1,000 fine and 40 hours of community service.<sup>14</sup>

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<sup>10</sup> Information, ¶ 11c.

<sup>11</sup> Id., ¶ 9.

<sup>12</sup> Id.

<sup>13</sup> U.S. v. Grimsley, Crim No.05-499M, Plea Agreement (D.D.C. Sept. 25, 2006). (Exhibit 3)

<sup>14</sup> Former Department of Homeland Security Official Sentenced on Guilty Plea to Conflict of Interest Charge, *US Fed News*, December 9, 2005. (Exhibit 4)

**DONALD W. KEYSER, U.S. Department of State**

For over three decades, Donald W. Keyser was a high-level official with the Department of State.<sup>1</sup> Most recently, he served as principal deputy assistant secretary for East Asian and Pacific Affairs – the number two job in the bureau.<sup>2</sup> Previously, Mr. Keyser was deputy director of the State Department’s Bureau of Intelligence and Research. In 2000, while he served in that role, then-Secretary of State Madeleine K. Albright suspended him for 30 days and reassigned him because of lax security surrounding a missing top-secret laptop. Mr. Keyser was one of at least six people who were disciplined over the missing computer, which contained thousands of pages of documents about weapons proliferation issues and was never found.<sup>3</sup>

In December 2005, Mr. Keyser pleaded guilty to: unauthorized possession of more than 3,500 classified documents; lying to Department of State investigators about his sexual relationship with an intelligence officer with Taiwan’s National Security Bureau (“NSB”), Isabelle Cheng, a matter pertinent to the issue of whether he engaged in espionage for Taiwan; and lying on a U.S. Customs Declaration form in September 2003 by not listing Taiwan as a country that he had visited when, in fact, he had spent three days there.<sup>4</sup> Mr. Keyser also lied about this trip on State Department security clearance forms, which required him to disclose any foreign travel.<sup>5</sup>

Email records from October 2002 to August 2004 between Mr. Keyser and Ms. Cheng indicate that Mr. Keyser provided extensive information to Ms. Cheng, which was valuable to her work as an intelligence officer for the NSB.<sup>6</sup> The two also met frequently for lunches and dinners,<sup>7</sup> and once traveled to New York together.<sup>8</sup> Although Mr. Keyser claimed he was not

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<sup>1</sup> Carol Morello, Arrest Shocks Former State Department Colleagues, *The Washington Post*, September 17, 2004. (Exhibit 1)

<sup>2</sup> Id.

<sup>3</sup> Jerry Markon, Powell Aide Gave Papers to Taiwan, FBI Says, *The Washington Post*, September 16, 2004. (Exhibit 2)

<sup>4</sup> U.S. v. Keyser, Crim. No. 05-543, Memorandum in Support of Motion to Find Defendant in Material Breach of Plea Agreement and to Release Government from Its Plea Obligations, p. 2 (E.D. Va. July 5, 2006) [hereinafter “Gov’t Memo”]. (Exhibit 3)

<sup>5</sup> Markon, *The Washington Post*, Sept. 16, 2004; Jerry Markon, Former State Official Gets 1 Year Over Documents, *The Washington Post*, January 23, 2007. (Exhibit 4)

<sup>6</sup> Gov’t Memo, pp. 7-12.

<sup>7</sup> Id., pp. 29-34.

<sup>8</sup> Id., p. 11.

assisting Ms. Cheng with her duties as an intelligence officer, on several occasions he passed envelopes with State Department documents to her during their meetings, requesting that the information he provided not be attributed to him.<sup>9</sup> Once he even identified other Americans to Ms. Cheng who he believed were suitable for recruitment by NSB.<sup>10</sup> FBI surveillance of Mr. Keyser, who was married, and Ms. Cheng, who was engaged, revealed that the two engaged in sexual activity.<sup>11</sup>

Mr. Keyser initially claimed he had limited contact with anyone besides Ms. Cheng while in Taiwan in 2003, but later amended this statement, claiming that he met with Ms. Cheng and her boss to discuss U.S. interests and to ensure that the message of U.S. policy toward Taiwan was getting through.<sup>12</sup> Assistant Secretary of State James A. Kelly, Mr. Keyser's superior at the time, said that had he known of Mr. Keyser's plans to visit Taiwan, he would not have permitted the trip because the United States does not maintain formal diplomatic relations with Taiwan.<sup>13</sup>

In July 2004, Mr. Keyser retired from the East Asia bureau, but was still assigned to the State Department's Foreign Service Institute in Arlington, Virginia.<sup>14</sup> On September 15, 2004, he was charged with illegally removing government documents and two counts of false statements.<sup>15</sup> Mr. Keyser entered into a plea agreement with prosecutors in December 2006, promising to cooperate fully with their investigation in exchange for not being charged further for his actions. Prosecutors later sought to void the plea bargain, claiming that Mr. Keyser had not fulfilled his end of the deal.<sup>16</sup> In January 2007, he was sentenced to one year in prison.<sup>17</sup>

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<sup>9</sup> Id., p. 11.

<sup>10</sup> Gov't Memo, p 19.

<sup>11</sup> Id., pp. 27-29.

<sup>12</sup> Id., pp. 20-26.

<sup>13</sup> Markon, *The Washington Post*, Sept. 16, 2004.

<sup>14</sup> Id.

<sup>15</sup> Id.; Gov't Memo., p. 1.

<sup>16</sup> Jerry Markon, Alleging Lack of Cooperation, Prosecutors Seek to Void Plea in Classified-Document Case, *The Washington Post*, August 6, 2006. (Exhibit 5)

<sup>17</sup> Markon, *The Washington Post*, Jan. 23, 2007.

**JOHN T. KORSMO**, *Federal Housing Finance Board*

John T. Korsmo served as chairman of the Federal Housing Finance Board (“FHFB”) from 2002 until 2004.<sup>1</sup> The FHFB is an independent executive branch agency that regulates a national network of 12 Federal Home Loan Banks that supply funds to lenders to finance home loans.<sup>2</sup> Mr. Korsmo resigned from the FHFB in April 2004, amid charges that he made false statements to the Senate Banking Committee and an inspector general’s office that was investigating his role in a 2002 fundraiser.<sup>3</sup> In March 2005, Mr. Korsmo was charged with making material false statements.<sup>4</sup>

These charges stemmed from Mr. Korsmo’s participation in a fundraising event for a congressional candidate. In September 2002, Mr. Korsmo and his wife agreed to help plan an October fundraiser for Rick Clayburgh, a personal friend who was running for a House seat in North Dakota.<sup>5</sup> Mr. Korsmo agreed to appear as a “special guest” at the \$500-a-plate fundraiser and his wife promised to provide the campaign with invitation lists for the event.<sup>6</sup> Sometime in September 2002, Mr. Korsmo requested contact information from a FHFB employee for the 12 Federal Home Loan Bank presidents and others associated with the Federal Home Loan Bank system.<sup>7</sup> Upon receiving the information, Mr. Korsmo emailed the list to his wife who, in turn, forwarded the list to Mr. Clayburgh’s campaign committee.<sup>8</sup>

On October 9, 2002, and October 18, 2002, following media reports about Mr. Clayburgh’s fundraising event, Senator Paul Sarbanes (D-MD), then chairman of the Senate Banking, Housing and Urban Affairs Committee, which has oversight jurisdiction over the

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<sup>1</sup> Rob Blackwell, Korsmo Admits Lying About Invitations, *American Banker*, March 23, 2005 (Exhibit 1); U.S. Department of Justice, Criminal Division, Public Integrity Section, Report to Congress on the Activities and Operations of the Public Integrity Section for 2005, p. 22 [hereinafter “Public Integrity Report”]. (Exhibit 2)

<sup>2</sup> Public Integrity Report, p. 22.

<sup>3</sup> Blackwell, *American Banker*, Mar. 23, 2005; Justice: Korsmo to Plead Guilty, *UPI*, March 22, 2005. (Exhibit 3)

<sup>4</sup> U.S. v. Korsmo, Crim. No. 05-00104, Information, ¶ 12 (D.D.C. Mar. 22, 2005) [hereinafter “Information”]. (Exhibit 4)

<sup>5</sup> Id., ¶¶ 3-4; Blackwell, *American Banker*, Mar. 23, 2005.

<sup>6</sup> Blackwell, *American Banker*, Mar. 23, 2005; Information, ¶ 4.

<sup>7</sup> Information, ¶ 5.

<sup>8</sup> Id., ¶¶ 6-7.

FHFB, sent two letters to Mr. Korsmo.<sup>9</sup> Those letters questioned whether Mr. Korsmo or any member of FHFB's staff knew why Home Loan Bank officials were solicited for the fundraiser and whether Mr. Korsmo or any member of FHFB's staff provided contact information for these bank officials to Mr. Clayburgh's campaign.<sup>10</sup> Sen. Sarbanes also asked FHFB's Office of the Inspector General ("OIG") to review Mr. Korsmo's participation in the fundraiser.<sup>11</sup> During subsequent interviews by the Senate Banking, Housing and Urban Affairs Committee and the OIG, Mr. Korsmo stated that he had no knowledge of how the campaign obtained contact information for the Home Loan Bank executives who were invited to the fundraiser.<sup>12</sup>

In April 2005, Mr. Korsmo pleaded guilty to making false charges to the Senate Committee on Banking, Housing and Urban Affairs and the OIG.<sup>13</sup> In July 2005, Mr. Korsmo was sentenced to 18 months of unsupervised probation and fined \$5,000.<sup>14</sup> He also agreed not to work in the executive branch of government for 10 years.<sup>15</sup> As part of his guilty plea, Mr. Korsmo admitted that his letter to Senator Sarbanes was false and that he knew before the fundraiser that his wife had provided the campaign committee with detailed contact information for the banking officials. Mr. Korsmo also admitted that he lied to OIG agents regarding his knowledge that his wife had provided the contact lists to the campaign.<sup>16</sup>

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<sup>9</sup> Id., ¶ 9.

<sup>10</sup> Information, ¶ 9.

<sup>11</sup> Id., ¶ 10.

<sup>12</sup> Id., ¶ 12.

<sup>13</sup> Public Integrity Report, p. 22.

<sup>14</sup> *UPI*, Mar. 22, 2005; Housing Board Ex-Chairman Pleads Guilty, *Associated Press*, April 7, 2005 (Exhibit 5); Hannah Bergman, In Brief: Korsmo Fined, Given 18 Months Probation, *American Banker*, July 12, 2005. (Exhibit 6)

<sup>15</sup> Bergman, *American Banker*, July 12, 2005.

<sup>16</sup> Public Integrity Report, pp. 22-23.



**KEVIN D. MARLOWE, U.S. Department of Defense**

Kevin D. Marlowe is the former chief of plans, Requirements and Acquisitions for the Defense Information Systems Agency (“DISA”),<sup>1</sup> an agency within the Department of Defense responsible for communications and computer systems in the military.<sup>2</sup> It maintains a regional data processing center at the naval base in Mechanicsburg, Pennsylvania.<sup>3</sup> As the chief procurement manager for the agency, Mr. Marlowe was responsible for ensuring that the military received the “best value.” According to prosecutors, however, Mr. Marlowe was actually “concerned with lining his own pockets.”<sup>4</sup>

Over the course of four years, Mr. Marlowe and his family received \$500,000<sup>5</sup> in secret payments and other benefits from Vector Systems, a small defense company “whose only source of revenue came from government contracts” that Mr. Marlowe obtained for it.<sup>6</sup> Mr. Marlowe owned a “secret financial interest” in Vector Systems<sup>7</sup> and was able to steer \$18.1 million to the company.<sup>8</sup> In return, Mr. Marlowe had use of a Vector credit card with which he financed vacations and created a secret trust fund solely for himself and his wife.<sup>9</sup>

According to court records, Mr. Marlowe’s criminal scheme started when he attempted to convince his supervisor to purchase software that he and Benjamin D. Share, the owner of Vector, were selling for \$1 million.<sup>10</sup> Months later, a DISA audit found “several questionable”

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<sup>1</sup> U.S. Department of Justice, Press Release, Senior Government Official and Local Attorney Sentenced in Connection With \$18.1 Million Contract Procurement Fraud at Navy Base in Mechanicsburg, PA, March 28, 2006 [hereinafter “DOJ Press Release”]. (Exhibit 1)

<sup>2</sup> Elizabeth Evans, Dillsburg Man Sentenced in Navy Scam, *The York Dispatch*, March 29, 2006. (Exhibit 2)

<sup>3</sup> DOJ Press Release.

<sup>4</sup> U.S. v. Marlowe, Crim No. 04-285-SHR, Government Sentencing Memorandum, p. 10 (M.D. Pa. Mar. 24, 2006) [hereinafter “Gov’t Sentencing Memo”]. (Exhibit 3)

<sup>5</sup> Id., p. 4.

<sup>6</sup> Id., p. 2.

<sup>7</sup> Id.

<sup>8</sup> DOJ Press Release.

<sup>9</sup> Id.

<sup>10</sup> Gov’t Sentencing Memo, p. 10.

transactions by Mr. Marlowe that benefitted Vector.<sup>11</sup> As a result, DISA's inspector general suspended Mr. Marlowe's contract authority.<sup>12</sup> Mr. Marlowe's response was to file a gender discrimination suit that targeted some of his former colleagues. He alleged that female staff were spreading misleading information "concerning allegations of criminal conduct."<sup>13</sup> After the case was settled, Mr. Marlowe continued to steer contracts to Vector; a data-mining investigation revealed that 31% of the data processing center's contracts were directed to Vector.<sup>14</sup>

Mr. Marlowe pleaded guilty to conspiracy to defraud the United States, wire fraud, conflict of interest and perjury<sup>15</sup> and was sentenced to more than 12 years in prison.<sup>16</sup> Vector's owner, Benjamin Share, was sentenced to 10 years in prison for his role in the fraudulent scheme.<sup>17</sup> Mr. Marlowe was also found guilty for participating in two other schemes: making false statements to the Social Security Administration and defrauding a New Jersey environmental remediation firm.<sup>18</sup>

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<sup>11</sup> Id.

<sup>12</sup> Id., pp. 10-11.

<sup>13</sup> Id., p. 11.

<sup>14</sup> Gov't Sentencing Memo, p. 11.

<sup>15</sup> U.S. v. Marlowe, Crim No. 04-285-SHR, Plea Agreement, pp. 2-3 (M.D. Pa. Sept. 13, 2005). (Exhibit 4)

<sup>16</sup> U.S. v. Marlowe, Crim No. 04-285-SHR, Judgement, p. 3 (M.D. Pa. Apr. 2, 2006). (Exhibit 5)

<sup>17</sup> Id.

<sup>18</sup> DOJ Press Release.

**JOSE M. MIRANDA, *Broadcasting Board of Governors***

Jose M. Miranda (a/k/a “Chema”) served as programs director at TV Martí, where he was responsible for selecting and acquiring programs for broadcast.<sup>1</sup> In November 2006, a federal grand jury in Miami, Florida indicted Mr. Miranda for “unlawfully participating in government matters in which he had a financial interest . . . and falsely report[ing] no outside income in financial disclosure forms with the government.”<sup>2</sup> Specifically, the indictment alleged that between November 2001 and December 2004, Mr. Miranda received \$100,000 from Perfect Image Film and Video Productions (“PIFVP”), a vendor with which TV Martí was doing business.<sup>3</sup> Mr. Miranda accepted the payment during the same time that he approved requisitions and invoices for services rendered by Perfect Image to TV Martí.<sup>4</sup> Additionally, Mr. Miranda was charged with making false representations in his financial disclosure reports for 2002, 2003 and 2004.<sup>5</sup> In each of those years, Mr. Miranda claimed that he had no income other than his \$103,000 government salary<sup>6</sup> when, in fact, he was receiving over \$100,000 in kickbacks from PIFVP.<sup>7</sup> Mr. Miranda is currently on a \$250,000 personal surety bond.<sup>8</sup>

TV Martí is operated by the Office of Cuba Broadcasting (“OCB”), a component of the International Broadcasting Bureau (“IBB”). IBB provides administrative and engineering support for U.S. government-funded non-military international broadcast services and is supervised by the Broadcasting Board of Governors, an independent federal agency responsible for all U.S. government and government sponsored broadcasts.<sup>9</sup> According to federal records obtained by *The Miami Herald*, the OCB paid at least \$239,000 to PIFVP from 2001 to 2006.<sup>10</sup>

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<sup>1</sup> U.S. Department of Justice, Press Release, Former Director of Programs of TV Martí Indicted on Conflict of Interest Charges, November 17, 2006 [hereinafter “DOJ Press Release”], (Exhibit 1)

<sup>2</sup> Id.

<sup>3</sup> U.S. v. Miranda, Crim. No. 06-20707, Indictment, Count 1, ¶ 2 (S.D. Fla. Nov. 16, 2006) [hereinafter “Indictment”]. (Exhibit 2)

<sup>4</sup> Id.

<sup>5</sup> Id., Counts 2-4, ¶ 4.

<sup>6</sup> Oscar Corral, TV Martí Executive Indicted, *The Miami Herald*, November 18, 2006. (Exhibit 3)

<sup>7</sup> Indictment, Count 1, ¶ 2.

<sup>8</sup> DOJ Press Release.

<sup>9</sup> Id.

<sup>10</sup> Corral, *The Miami Herald*, Nov. 18, 2006.

**WILLIAM G. MYERS III, U.S. Department of the Interior**

William G. Myers III is the former solicitor for the Department of the Interior (“DOI”).<sup>1</sup> Before and after his stint as DOI’s top lawyer, Mr. Myers worked for the law firm Holland & Hart representing mining, cattle and other industries.<sup>2</sup>

On May 1, 2001, prior to his appointment as solicitor, Mr. Myers entered into a recusal agreement in which he represented that while at DOI he would not deal with former clients and supporters.<sup>3</sup> Mr. Myers specifically agreed not to “participate in any particular matter involving specific parties in which I know that Holland & Hart, LLP, is a party or represents a party.”<sup>4</sup> The recusal period was to begin on the date Mr. Myers was confirmed by the U.S. Senate, July 12, 2002.<sup>5</sup> Notwithstanding these representations, during his one-year recusal period Mr. Myers met with clients of his former law firm at least nine times, according to an investigation by the DOI inspector general.<sup>6</sup> DOI’s inspector general has forwarded this information to the Office of Government Ethics (“OGE”).<sup>7</sup>

For example, Mr. Myers met with former clients with cattle interests at least seven times during the fall of 2001 and the summer of 2002.<sup>8</sup> At least five of these meetings may have

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<sup>1</sup> Mike Soraghan, Nominee Attended Abramoff Party. The Court Pick Has Said That He Had No Contact With the Convicted Lobbyist, but His Schedule Hints Otherwise, *The Denver Post*, December 3, 2006. (Exhibit 1)

<sup>2</sup> Henry Weinstein, Interior Attorney Pushed Land Deal; U.S. Agency’s Chief Lawyer, Now an Appeals Court Nominee, Urged Turning Over Publicly Owned Parcel to Firm, *The Los Angeles Times*, March 8, 2004. (Exhibit 2)

<sup>3</sup> Letter from William G. Myers to Wendell K. Sutton, Deputy Assistant Secretary for Human Resources, U.S. Department of the Interior (May 1, 2001). (Exhibit 3)

<sup>4</sup> Id.

<sup>5</sup> Department of the Interior Inspector General, Office of Investigations, Case Title: Myers, William G., III, Case Number: PI-NM-03-0309-1, p. 2 (Nov. 24, 2003) [hereinafter “DOI IG Report”]. (Exhibit 4)

<sup>6</sup> Id., pp. 4-19.

<sup>7</sup> Id., p. 55.

<sup>8</sup> Letter to Amy Comstock, Director of the Office of Government Ethics, from Friends of the Earth and Public Employees for Environmental Responsibility (Aug. 5, 2003). (Exhibit 5)

violated the recusal agreement,<sup>9</sup> given that at Holland & Hart Mr. Myers was counsel to the Litigation Committee for the National Cattleman's Beef Association.<sup>10</sup> Mr. Myers also helped to start the group Cattlemen Advocating Litigation, a group that challenges environmental laws.<sup>11</sup>

Mr. Myers' tenure at DOI was mired in further controversy. Months before leaving the agency, Mr. Myers convinced Reps. John Doolittle (R-CA) and Wally Herger (R-CA) to introduce legislation to give away \$1 million in land to a private company. After Mr. Myers' departure, DOI reversed its stand and now opposes the legislation.<sup>12</sup>

After resigning from DOI on October 10, 2003,<sup>13</sup> Mr. Myers was nominated by President Bush for a seat on the U.S. Court of Appeals for the Ninth Circuit.<sup>14</sup> In the face of considerable opposition, the president eventually withdrew Mr. Myers' nomination.<sup>15</sup> One obstacle to his confirmation was Mr. Myers' representation to members of Congress reviewing his nomination that he had no contact with Jack Abramoff when, according to Mr. Myers' own official schedule, he had attended a party organized for the now-convicted lobbyist.<sup>16</sup>

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<sup>9</sup> DOI IG Report, pp. 5, 13-19.

<sup>10</sup> Letter to Amy Comstock, Director of the Office of Government Ethics, from Friends of the Earth and Public Employees for Environmental Responsibility (Aug. 5, 2003).

<sup>11</sup> Jeffrey Rosen, The Unregulated Offensive, *The New York Times*, April 17, 2005. (Exhibit 6)

<sup>12</sup> Weinstein, *The Los Angeles Times*, Mar. 8, 2004.

<sup>13</sup> DOI IG Report, p. 55.

<sup>14</sup> Faith Bremner, Another Bush Court Nominee Divides Republicans, Democrats, *Gannett News Service*, April 1, 2004. (Exhibit 7)

<sup>15</sup> David G. Savage and Henry Weinstein, 4 White Flags Fly in Court Fight; With the Senate in the Hands of the Democrats, The Most Controversial of Bush's Judicial Nominees are Withdrawn, *The Los Angeles Times*, January 10, 2007. (Exhibit 8)

<sup>16</sup> Soraghan, *The Denver Post*, Dec. 3, 2006.

**JANET REHNQUIST, U.S. Department of Health and Human Services**

From August 2001 through May 2003, Janet Rehnquist served as inspector general of the Department of Health and Human Services (HHS).<sup>1</sup> Ms. Rehnquist resigned from this position on June 1, 2003, while the subject of ongoing investigations by the U.S. General Accounting Office (“GAO”) and the Integrity Committee of the President’s Council on Integrity and Efficiency.<sup>2</sup> Ms. Rehnquist is the daughter of former Chief Justice William Rehnquist.<sup>3</sup>

The GAO opened its investigation into the activities at HHS’s Office of the Inspector General (“OIG”) under Ms. Rehnquist’s leadership at the request of the Senate Committee on Finance and the Senate Special Committee on Aging.<sup>4</sup> GAO concluded that Ms. Rehnquist created an atmosphere of anxiety and distrust within the OIG and took a number of actions that showed poor judgement and undermined the independence of the office.<sup>5</sup>

Specifically, GAO found that Ms. Rehnquist compromised the independence of the OIG in the following cases:

- In April 2002, Ms. Rehnquist delayed a planned audit of the Retirement System of Florida at the request of Governor Jeb Bush, who was running for re-election, while media reports were suggesting the audit report might have a major effect on the race. The audit revealed that Florida had received excessive federal contributions of about \$571 million that the state would be required to return.<sup>6</sup>
- In February 2000, the OIG alleged that York Hospital in York, Pennsylvania, had submitted improper claims for Medicare beneficiaries. Ms. Rehnquist sought a quick settlement of the matter at the urging of three members of Congress. The

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<sup>1</sup> U.S. General Accounting Office, Report to Congressional Committees, Department of Health and Human Services Review of the Management of Inspector General Operations, Report No. GAO-03-685, p. 1 (June 10, 2003) [hereinafter “GAO HHS Report”]. (Exhibit 1)

<sup>2</sup> Janet Rehnquist Resigns, *CBSNews.com*, March 4, 2003, available at <http://www.cbsnews.com/stories/2003/03/04/politics/main542782.shtml> (Exhibit 2); GAO HHS Report, p. 1.

<sup>3</sup> *CBSNews.com*, Mar. 4, 2003.

<sup>4</sup> GAO HHS Report, p. 1.

<sup>5</sup> Id.; see also Robert Pear, Report Criticizes Health Dept. Inspector General as a Poor Manager, *The New York Times*, June 6, 2003. (Exhibit 3)

<sup>6</sup> GAO HHS Report, pp. 8-9.

OIG's former chief counsel claimed Ms. Rehnquist pressured him to settle the case, saying, "I hate this case, get rid of it." Although OIG lawyers had estimated the hospital's potential liability to be \$726,000, the OIG settled the case for \$270,000.<sup>7</sup>

- When two medical societies threatened to sue HHS over a regulation that resulted in claims denials, Ms. Rehnquist intervened at the request of one of the lawyers representing the societies who was a personal friend of hers. Ms. Rehnquist directed her chief counsel to contact the law firm and begin negotiations and severely admonished him when he delayed acting until he could consult with the appropriate HHS attorney.<sup>8</sup>
- Ms. Rehnquist delayed publication of an OIG report on adjusted community rate proposals for 14 months while awaiting agency comment from an administrator who initially disagreed with the OIG's findings. The delay diminished the usefulness of the report to congressional committees and created the appearance that Ms. Rehnquist was unduly influenced by the agency, thereby compromising her independence.<sup>9</sup>

Further, the GAO report investigated personnel changes Ms. Rehnquist implemented that resulted in a widespread perception of unfairness and raised anxiety among her staff.<sup>10</sup> From September 2001 to November 2002, approximately 20 senior managers were reassigned, retired, or resigned from the OIG headquarters.<sup>11</sup> Ten of these officials had extensive government service experience and played important leadership roles within the office.<sup>12</sup> In addition, the promotion of a close advisor to Ms. Rehnquist raised a legal concern because selection process protocol was not followed.<sup>13</sup>

In addition, the GAO report concluded that Ms. Rehnquist had demonstrated poor

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<sup>7</sup> Id., pp. 9-10.

<sup>8</sup> Id., pp. 10-11.

<sup>9</sup> Id., pp. 11-12.

<sup>10</sup> GAO HHS Report, pp. 12-15.

<sup>11</sup> Id., p. 12.

<sup>12</sup> Id.

<sup>13</sup> Id., p. 15.

judgement in a number of instances.<sup>14</sup> For example, Ms. Rehnquist exhibited serious lapses in judgement when she improperly obtained a firearm (that she kept in her office) and law enforcement credentials.<sup>15</sup>

Finally, the report questioned the legitimacy of Ms. Rehnquist's official travel.<sup>16</sup> For example, Ms. Rehnquist took a trip to San Francisco and Phoenix that spanned eight days, even though the only official activities that the investigators found documented were two 30-minute speeches.<sup>17</sup> In addition, Ms. Rehnquist was involved in personal activities with other senior managers on staff during these trips, creating a perception that the trips were planned for non-business purposes.<sup>18</sup>

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<sup>14</sup> GAO HHS Report, p. 16.

<sup>15</sup> Id.

<sup>16</sup> Id., pp. 18-19.

<sup>17</sup> Id., p. 18.

<sup>18</sup> GAO HHS Report, p. 19.



**DAVID H. SAFAVIAN**, *Office of Management and Budget and the General Services Administration*

David H. Safavian served as administrator of the federal procurement office in the White House Office of Management and Budget from November 2004 to September 2005.<sup>1</sup> From May 2002 to January 2004, Mr. Safavian was the chief of staff for the administrator of the General Services Administration (GSA).<sup>2</sup> He also was a former colleague and personal friend of convicted Washington lobbyist Jack Abramoff.<sup>3</sup>

In September 2005 -- three days after resigning his post as the Bush administration's top procurement official -- Mr. Safavian was arrested and charged with perjury and obstruction of the criminal investigation into Mr. Abramoff.<sup>4</sup> These charges stemmed from the FBI's investigation into whether Mr. Safavian, while a government employee, provided assistance to Mr. Abramoff in his business deals and then lied about this fact in response to questions from GSA officers, the Senate Committee on Indian Affairs and the FBI.<sup>5</sup>

In August 2002, while at GSA, Mr. Safavian joined Mr. Abramoff on a golf trip to Scotland with former Rep. Bob Ney (R-OH), former Christian Coalition leader Ralph Reed, and lobbyist and former Ney chief of staff Neil Volz.<sup>6</sup> In advance of the golf outing, Mr. Safavian sought guidance from a GSA ethics officer as to whether he could attend given that Mr. Abramoff was paying for the cost of a chartered jet to Scotland and ethics rules prohibit employees from receiving gifts from anyone seeking an official action by the agency.<sup>7</sup> In an email to the GSA ethics officer, Mr. Safavian stated that Mr. Abramoff "is a lawyer and lobbyist, but one that has no business before GSA (he does all of his work on Capitol Hill)."<sup>8</sup> Based on

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<sup>1</sup> U.S. v. Safavian, Crim. No. CR-05-370, Indictment, ¶ 1 (D.D.C. Oct. 5, 2005) [hereinafter "Indictment"]. (Exhibit 1)

<sup>2</sup> Id.

<sup>3</sup> R. Jeffrey Smith and Susan Schmidt, Bush Official Arrested in Corruption Probe, *The Washington Post*, September 20, 2006. (Exhibit 2)

<sup>4</sup> Id.

<sup>5</sup> U.S. v. Safavian, Crim. No. 05-0501, Affidavit of Jeffrey A. Reising, Special Agent, FBI, In Support of Criminal Complaint Charging David Hossein Safavian (D.D.C. Sept. 16, 2005. (Exhibit 3)

<sup>6</sup> Smith and Schmidt, *The Washington Post*, Sept. 20, 2006.

<sup>7</sup> Id.

<sup>8</sup> Indictment, ¶ 18. Although the indictment refers to Mr. Abramoff as "Lobbyist A," Mr. Abramoff's identity was confirmed at Mr. Safavian's trial.

the information Mr. Safavian provided the ethics officer, he was granted permission to attend the golf outing.<sup>9</sup>

Around the same time as the Scotland trip, Mr. Abramoff “repeatedly” contacted Mr. Safavian regarding procuring property managed by the GSA for Mr. Abramoff’s clients.<sup>10</sup> Mr. Safavian emailed Mr. Abramoff with advice as to how best to secure a lease on GSA property and forwarded internal GSA memos regarding GSA land use requirements to Mr. Abramoff.<sup>11</sup> Mr. Safavian also arranged a meeting between GSA officials and Mr. Abramoff’s wife the day before the Scotland trip.<sup>12</sup> Mr. Abramoff, for his part, emailed Mr. Safavian requesting his comments on a draft letter to be sent by two members of the House of Representatives to the GSA Administrator (Mr. Safavian), urging him to consider providing certain organizations with preferential contracting opportunities in developing GSA property.<sup>13</sup>

Mr. Safavian was charged with lying about his contacts with Mr. Abramoff on three occasions after his initial misrepresentation to the GSA ethics officer: (1) in 2003, in response to questions from the GSA’s inspector general; (2) in a March 17, 2005 letter to the Senate Committee on Indian Affairs; and (3) during a May 26, 2005 FBI interview.<sup>14</sup> During these interviews, Mr. Safavian falsely stated that Mr. Abramoff had no business before GSA and later lied to the FBI about his dealings with Mr. Abramoff and the financing of the Scotland trip.<sup>15</sup>

On June 20, 2006 a jury convicted Mr. Safavian of four charges of false statements and obstructing investigations.<sup>16</sup> In October 2006, Mr. Safavian was sentenced to 18 months in prison.<sup>17</sup>

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<sup>9</sup> Id., ¶ 19.

<sup>10</sup> Id., ¶ 7.

<sup>11</sup> Id., ¶¶ 8, 10, 12-14.

<sup>12</sup> Indictment, ¶ 16.

<sup>13</sup> Id. at ¶ 9.

<sup>14</sup> Smith and Schmidt, *The Washington Post*, Sept. 20, 2006.

<sup>15</sup> Id.

<sup>16</sup> U.S. Department of Justice, Press Release, Former GSA Chief of Staff David Safavian Sentenced to 18 Months in Prison on Charges of Obstruction, Making False Statements, October 27, 2006. (Exhibit 4)

<sup>17</sup> Id.

**ROBERT T. SCHOFIELD, U.S. Department of Homeland Security**

Robert T. Schofield worked for 30 years in the Washington district office of what is now called the U.S. Citizenship and Immigration Services (“USCIS”), located within the Department of Homeland Security. That office processes immigration applications.<sup>1</sup> Between 1998 and 2004, Mr. Schofield served as assistant deputy director of Examinations, with responsibility for a range of activities, including hearing appeals from immigration applicants.<sup>2</sup> Previously, he worked at the former Immigration and Naturalization Service (“INS”) where he once was demoted for “conduct unbecoming of a government employee” and had an “inappropriate relationship” with a woman connected to an INS criminal probe.<sup>3</sup> When INS officials confronted Mr. Schofield with that relationship, he fled to east Asia where he charged \$36,000 worth of unauthorized purchases on his government-issued credit card.<sup>4</sup> Mr. Schofield was never prosecuted for these actions. Subsequently, when the Department of Homeland Security took over the INS’s functions in 2003, he was promoted to a supervisor.<sup>5</sup>

In June 2006, Mr. Schofield was arrested and charged with illegally granting residency and issuing naturalization certificates to more than 100 unqualified immigrants as part of an eight-year long scam run out of his Fairfax, Virginia office.<sup>6</sup> In one case, an unqualified immigrant was granted residency after meeting Mr. Schofield’s wife in the Philippines, and then living with Mr. Schofield and babysitting his step-child for a year.<sup>7</sup> When stopped by a U.S. Customs official at the airport, the immigrant provided Mr. Schofield’s name, cell phone number and home telephone number from memory.<sup>8</sup> Typically, Mr. Schofield worked through a network of brokers who brought him immigrants needing citizenship, a green card, or entry into the

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<sup>1</sup> U.S. v. Robert T. Schofield, Crim. No. 06-427, Memorandum Opinion, p. 1 (E.D. Va. Nov. 22, 2006). (Exhibit 1)

<sup>2</sup> Jerry Markon, Fairfax Man Accused of Illegally Helping Immigrants, *The Washington Post*, June 30, 2006 (Exhibit 2); Jerry Markon, Immigration Official Pleads Guilty to Falsifying Documents, *The Washington Post*, December 1, 2006. (Exhibit 3)

<sup>3</sup> Markon, *The Washington Post*, June 30, 2006.

<sup>4</sup> Id.

<sup>5</sup> Id.

<sup>6</sup> A Look at Corruption Cases Involving Immigration Officers, *Associated Press*, September 18, 2006 (Exhibit 4); U.S. Official Pleads Guilty of Accepting Bribes from Asians, *The Press Trust of India*, December 1, 2006. (Exhibit 5)

<sup>7</sup> *Associated Press*, Sept. 18, 2006.

<sup>8</sup> Id.

United States.<sup>9</sup>

In November 2006, Mr. Schofield pleaded guilty and admitted receiving more than \$600,000 in bribes (up to \$10,000 per immigrant) for falsifying documents for illegal immigrants.<sup>10</sup> He used some of the money to buy a \$387,000 home.<sup>11</sup> Following his arrest, Mr. Schofield was placed on indefinite suspension without pay from USCIS and he resigned in November 2006.<sup>12</sup> He is currently in prison awaiting sentencing in February 2007, when he could face up to 25 years in prison.<sup>13</sup>

In July 2006, Sen. Charles Grassley (R-IA) sent a letter to Emilio T. Gonzalez, Director of USCIS, regarding Mr. Schofield's arrest and demanding to know how "a man with this history was in a supervisory position in [USCIS], where he could exploit his position of trust to sell U.S. citizenship to the highest bidder?"<sup>14</sup>

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<sup>9</sup> Id.; Markon, *The Washington Post*, June 30, 2006.

<sup>10</sup> DHS Official Admits Taking Bribes to Fake Documents, *CNN.com*, December 1, 2006 (Exhibit 6); Markon, *The Washington Post*, Dec. 1, 2006.

<sup>11</sup> Markon, *The Washington Post*, Dec. 1, 2006.

<sup>12</sup> Pauline Arrillaga, How to Secure Homeland If Some Guarding Borders Have Turned?, *Associated Press*, September 23, 2006 (Exhibit 7); Markon, *The Washington Post*, Dec. 1, 2006.

<sup>13</sup> *The Press Trust of India*, Dec. 1, 2006.

<sup>14</sup> U.S. Senator Charles Grassley, Press Release, Grassley Demands Answers from CIS About Continued Internal Corruption, July 5, 2006, available at [http://grassley.senate.gov/index.cfm?FuseAction=PressReleases.Detail&PressRelease\\_id=5120](http://grassley.senate.gov/index.cfm?FuseAction=PressReleases.Detail&PressRelease_id=5120). (Exhibit 8)

**THOMAS A. SCULLY**, *U.S. Department of Health and Human Services*

Thomas A. Scully is the former administrator of the Centers for Medicare and Medicaid Services (“CMS”), the component of the Department of Health and Human Services (“HHS”) that provides health insurance to more than 75 million Americans.<sup>1</sup> Before joining CMS, Mr. Scully ran the Federation of American Hospitals and was the associate director of the Office of Management and Budget.<sup>2</sup> He resigned from CMS after it was revealed that he was engaged in job negotiations with law and investment firms with clients who would be affected by provisions of the Medicare bill, for which he was the administration’s lead negotiator.<sup>3</sup>

Federal rules bar appointees from discussing post-government employment with companies that could benefit from matters handled by those appointees.<sup>4</sup> HHS ethics rules state that employees who seek jobs outside of government should recuse themselves from any official matter that involves the potential employer.<sup>5</sup> On May 12, 2003, Mr. Scully received a waiver from the HHS ethics office that permitted him to look for employment in the health care sector because it was “neither practicable, nor in the interest of the Department, for Mr. Scully to remain disqualified from such a large number of important and broadly applicable matters while he is seeking future employment.”<sup>6</sup>

Under the terms of this waiver, Mr. Scully could look for employment with firms representing the pharmaceutical and healthcare industries while still functioning as the top negotiator on the legislative overhaul of the Medicare program.<sup>7</sup> The result was that lawmakers

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<sup>1</sup> Robert Pear, Medicare Chief Joins Firm With Health Clients, *The New York Times*, December 19, 2003. (Exhibit 1)

<sup>2</sup> Mary Agnes Carey, Scully Resigning as Medicare Chief After Negotiating With Possible Employers, *Congressional Quarterly Daily Monitor*, December 3, 2003. (Exhibit 2)

<sup>3</sup> Carey, *Congressional Quarterly Daily Monitor*, Dec. 3, 2003.

<sup>4</sup> 5 C.F.R. § 2635.604; *see also* Amy Goldstein, Administration Alters Rules on Ethics Waivers; Only White House Can Approve Key Officials’ Job Talks With Firms, *The Washington Post*, January 14, 2004. (Exhibit 3)

<sup>5</sup> 45 C.F.R. §§ 73.735-801(a)(5); *see also* Robert Pear, Health Industry Bidding to Hire Medicare Chief, *The New York Times*, December 3, 2003. (Exhibit 4)

<sup>6</sup> Memorandum from Associate General Counsel for Ethics to Secretary, Department of Health and Human Services (May 12, 2003). (Exhibit 5)

<sup>7</sup> U.S. House of Representatives, Press Release, Stark, Schakowsky Question Ethics of Waiver Provided to Medicare Administrator Scully, December 11, 2003 [hereinafter “H.R. Press Release”]. (Exhibit 6) *See also* Letter from Joan Claybrook and Frank Clemente, Public Citizen,

“who relied on Mr. Scully for information were kept in the dark”<sup>8</sup> about the fact that he was seeking employment from firms that could benefit from the legislation “during the critical period of his negotiations over Medicare policy.”<sup>9</sup>

While acting as the lead negotiator for the Bush administration on “the broadest overhaul of Medicare since the program’s inception,”<sup>10</sup> Mr. Scully “arranged government travel in order to facilitate his personal employment.”<sup>11</sup> On one trip, he was reimbursed \$26.84 for parking and mileage to a D.C. appointment that he claimed was 19 miles away when, in fact, it was only two miles from his HHS office.<sup>12</sup> On another trip, Mr. Scully improperly billed the government for a trip to Atlanta, where he met with representatives of Alston & Bird, one of his future employers.<sup>13</sup> To avoid legal troubles, Mr. Scully agreed to pay \$9,782 for the trips he billed improperly to the federal government.<sup>14</sup>

Mr. Scully’s work as administrator for CMS generated significant controversy. For example, Richard S. Foster, the actuary for CMS, testified before Congress that Mr. Scully had threatened to fire him if he disclosed a less-than-flattering cost estimate for the administration’s prescription drug benefit program.<sup>15</sup> Also, as a former hospital lobbyist, Mr. Scully was criticized for negotiating a weak settlement of fraud claims involving HCA Inc., the biggest

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to Dara Corrigan, Acting Principal Deputy Inspector General, Department of Health and Human Services (Dec. 22, 2003). (Exhibit 7)

<sup>8</sup> H.R. Press Release.

<sup>9</sup> Letter from Joan Claybrook and Frank Clemente, Public Citizen, to Marilyn L. Glynn, Acting Director of U.S. Office of Government Ethics (Jan. 13, 2004). (Exhibit 8)

<sup>10</sup> H.R. Press Release.

<sup>11</sup> U.S. Department of Justice, In re Alleged Violation of 31 U.S.C. § 3729 on the part of Thomas A. Scully, Settlement Agreement, p. 1 (July 6, 2006). (Exhibit 9)

<sup>12</sup> Id., p. 2.

<sup>13</sup> Id., p. 3.

<sup>14</sup> Amy Goldstein, Former Bush Advisor Agrees to Pay for Trips, *The Washington Post*, July 11, 2006. (Exhibit 10)

<sup>15</sup> U.S. Department of Health & Human Services Inspector General, Statement by Dara Corrigan, Acting Principal Deputy Inspector General, Department of Health and Human Services on Thomas Scully and Richard Foster Investigation, July 6, 2004 (Exhibit 11); *see also* Robert Pear, Agency Sees Withholding of Medicare Data from Congress as Illegal, *The New York Times*, May 4, 2004. (Exhibit 12)

member of Mr. Scully's former employer, the Federation of American Hospitals.<sup>16</sup>

On December 18, 2003, Mr. Scully announced he would be joining the law firm Alston & Bird<sup>17</sup> and the investment firm Welsh, Carson, Anderson & Stowe.<sup>18</sup> Both of these firms have clients and investments that substantially benefitted from the revamped Medicare legislation.

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<sup>16</sup>Anne C. Mulkern, Watchdogs or lap dogs? When advocates become regulators  
President Bush has installed more than 100 top officials who were once lobbyists, attorneys or  
spokespeople for the industries they oversee, *The Denver Post*, May 23, 2004. (Exhibit 13)

<sup>17</sup> Pear, *The New York Times*, Dec. 19, 2003.

<sup>18</sup> Goldstein, *The Washington Post*, July 11, 2006.

**DAVID SMITH, U.S. Department of the Interior**

David Smith served as deputy assistant secretary for Fish and Wildlife and Parks at the Department of Interior (“DOI”) from July 2002<sup>1</sup> until his resignation on July 21, 2006.<sup>2</sup> Prior to that he served as counselor to DOI Assistant Secretary Craig Mason.<sup>3</sup> According to a report issued by DOI’s Office of the Inspector General (“OIG”) on May 16, 2006, Mr. Smith’s involvement in the designation of Houston as a port of entry for imported wildlife was inappropriate<sup>4</sup> and Mr. Smith failed to comply with regulations regarding the acceptance of gifts.<sup>5</sup>

The OIG opened an investigation based on a complaint that Mr. Smith inappropriately designated Houston as a port of entry for imported fish and wildlife products into the United States<sup>6</sup> in order to benefit Mike Simpson, his friend and personal taxidermist.<sup>7</sup> Mr. Simpson was an executive of the Safari Club International (“SCI”), a worldwide safari hunting organization to which Mr. Smith also belonged.<sup>8</sup> According to the complaint, Mr. Smith had been overheard by a supervisory Fish and Wildlife Service law enforcement official saying that if Houston was not designated as a port of entry, he would not designate Memphis or Louisville either.<sup>9</sup> Subsequently, Fish and Wildlife Service law enforcement officials were instructed to meet with Mr. Simpson at his taxidermy shop in Houston, Texas, to allay his concerns about a recent

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<sup>1</sup> U.S. Department of Interior Press Release, Secretary Norton Appoints David P. Smith Deputy Assistant Secretary for Fish and Wildlife and Park, July 5, 2005 [hereinafter “DOI Press Release”]. (Exhibit 1)

<sup>2</sup> John Heilprin, Buffalo-Killing Interior Official Resigns, *Associated Press*, July 19, 2006. (Exhibit 2)

<sup>3</sup> DOI Press Release.

<sup>4</sup> U.S. Department of the Interior, Office of Inspector General, Investigative Report on David Smith, Deputy Secretary, Fish and Wildlife and Parks, p. 2 (May 15, 2006) [hereinafter “DOI IG Report”]. (Exhibit 3)

<sup>5</sup> Id.; Memorandum from Earl E. Devaney, Inspector General, U.S. Department of the Interior to Brian Waidmann, Chief of Staff (May 15, 2006) [hereinafter “Devaney Memo”]. (Exhibit 4)

<sup>6</sup> DOI IG Report, p. 2.

<sup>7</sup> Edward T. Pound, A Buffalo Not Roaming, *U.S. News and World Report*, July 16, 2006. (Exhibit 5)

<sup>8</sup> DOI IG Report, pp. 2, 3, 9.

<sup>9</sup> Id., p. 3.



agency decision affecting local port policy in Houston.<sup>10</sup> According to a Fish and Wildlife law enforcement officer, the only reason Mr. Simpson received such personal attention from the agency was because of his close friendship with Mr. Smith.<sup>11</sup>

Mr. Smith signed the rule designating Houston on November 29, 2004.<sup>12</sup> On January 5, 2005, Houston became a designated port along with Memphis and Louisville.<sup>13</sup> The OIG found that given Mr. Smith's personal relationships with those who benefitted directly from the port's designation, including Mr. Simpson, his inappropriate involvement in the designation created the appearance of preferential treatment.<sup>14</sup>

The OIG also investigated an allegation that Mr. Smith accepted a bison as an illegal gratuity.<sup>15</sup> During the weekend of December 3, 2004, Mr. Smith attended an SCI meeting at a ranch in Texas owned by SCI official Dan Duncan,<sup>16</sup> where he shot and killed a bison.<sup>17</sup> When questioned by investigators, Mr. Smith admitted that he took the bison's shoulder mount, skull, tanned hide and hooves from the hunt.<sup>18</sup> After twice denying that he had been given any bison meat, Mr. Smith finally admitted he had taken 20 pounds of meat for which he did not pay.<sup>19</sup> On February 8, 2005, one day after his interview with federal officials, Mr. Smith paid Mr. Duncan in full for the bison in response to an invoice also dated February 8, 2005.<sup>20</sup> The OIG concluded that Mr. Smith violated regulations regarding the acceptance and disposition of prohibited gifts set forth in the Standards of Ethical Conduct for Employees of the Executive Branch, 5 C.F.R. Part 2635.<sup>21</sup>

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<sup>10</sup> Id.

<sup>11</sup> Id.

<sup>12</sup> Pound, *U.S. News and World Report*, July 16, 2006.

<sup>13</sup> DOI IG Report, p. 2.

<sup>14</sup> Devaney Memo.

<sup>15</sup> DOI IG Report, p. 2.

<sup>16</sup> Pound, *U.S. News and World Report*, July 16, 2006.

<sup>17</sup> DOI IG Report, p. 10.

<sup>18</sup> Id., pp. 2, 12.

<sup>19</sup> Id.

<sup>20</sup> Id., p. 12.

<sup>21</sup> Devaney Memo.

**JEFFREY H. STAYTON, U.S. Department of the Army**

Jeffrey H. Stayton was the former chief of the Aviation Division for the United States Army Test and Evaluation Command (“ATEC”).<sup>1</sup> While in that position, Mr. Stayton misused his authority to direct a \$4.7 million contract to Maverick Aviation (“Maverick”) to procure and modify two Russian helicopters in direct exchange for a \$61,000 bribe he received from Maverick’s owner, William Childree.<sup>2</sup>

In his capacity as technical representative for the contract, Mr. Stayton took actions that favored Maverick’s selection as the contract recipient, including substituting Maverick in place of another prospective bidder whose name Mr. Stayton removed.<sup>3</sup> Subsequently in December 2001, Mr. Stayton falsely certified that the contract was fully completed, which triggered a premature payment to Maverick of \$1.1 million.<sup>4</sup>

Approximately two weeks after Maverick received this payment, through a Maverick account, Mr. Childree gave Mr. Stayton \$61,071.75, which Mr. Stayton used to pay off the mortgage on his Spotsylvania, Virginia home.<sup>5</sup> Messrs. Stayton and Childree then took steps to conceal the nature and purpose of the payment. Mr. Stayton failed to disclose his solicitation or receipt of the payment to ATEC or Army personnel and failed to disclose the payment on his personal financial disclosure statements.<sup>6</sup>

On March 1, 2006, a federal grand jury indicted Mr. Stayton on two counts of honest services fraud and one count each of bribery and obstruction of justice.<sup>7</sup> Mr. Childree was also charged with two counts of honest services fraud and one count of bribery.<sup>8</sup>

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<sup>1</sup> U.S. Department of Justice, Press Release, Army Test And Evaluation Chief And Enterprise Alabama-based Private Contractor Charged with Bribery, Honest Services Wire Fraud, March 1, 2005 [hereinafter “DOJ Press Release”]. (Exhibit 1)

<sup>2</sup> U.S. v. Stayton, Crim. No. 06-66-MEF, Indictment, ¶¶ 6, 8 (M.D. Ala. March 1, 2006) [hereinafter “Indictment”] (Exhibit 2); DOJ Press Release.

<sup>3</sup> Indictment, ¶ 9a.

<sup>4</sup> Id., ¶ 9b.

<sup>5</sup> Id., ¶ 9c.

<sup>6</sup> Id., ¶¶ 9d(ii)-(iii).

<sup>7</sup> DOJ Press Release.

<sup>8</sup> Id.

**ROBERT J. STEIN**, *Coalition Provisional Authority*

Robert J. Stein was the comptroller and funding officer for the now disbanded Coalition Provisional Authority, South Central Region (“CPA-SC”) in Al-Hillah, Iraq.<sup>1</sup> Between October 2003 and June 2004, Mr. Stein controlled the expenditure of more than \$82 million in contracts from the Development Fund For Iraq (“DFI”).<sup>2</sup>

In November 2005, Mr. Stein and a contractor doing business in Iraq were arrested on charges of conspiring to commit money laundering and wire fraud in connection with a bribery and fraud scheme.<sup>3</sup> Mr. Stein was charged with personally accepting \$1,082,279 in bribes and payments<sup>4</sup> in exchange for over \$8,641,275 in contracts<sup>5</sup> from an American named Philip H. Bloom, who lives in Romania and owns businesses in Iraq.<sup>6</sup> Mr. Stein has also been accused of stealing more than \$2 million of Iraq and American funds<sup>7</sup> and stealing another \$600,000 in cash and goods from the Coalition Provisional Authority.<sup>8</sup> Some of the stolen money went to buy items such as grenade launchers, a Lexus, a Cessna airplane and several plots of real estate.<sup>9</sup>

Mr. Stein steered numerous contracts to Mr. Bloom, including contracts: to demolish the regional headquarters for the Baath Party; to upgrade security at the Al Hillah police academy; to construct the Regional Tribal Democracy Center; and to renovate the Karbala library with new furniture and online services.<sup>10</sup> In return, Mr. Bloom showered Mr. Stein with cash, plane

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<sup>1</sup> U.S. Department of Justice, Press Release, Former Coalition Provisional Authority Official and Contractor Arrested in Case Involving Fraud and Money Laundering Scheme in Iraq, November 17, 2005 [hereinafter “DOJ Press Release”]. (Exhibit 1)

<sup>2</sup> U.S. v. Stein, Jr., Crim. No. 05-581-AK, Affidavit of Special Agent Randolph O. Gregory, Jr., ¶ 3 (D.D.C. Nov. 4, 2005) [hereinafter “Gregory Affidavit”]. (Exhibit 2)

<sup>3</sup> DOJ Press Release.

<sup>4</sup> U.S. v. Stein, Crim. No. 05-581-AK, Factual Basis For Plea, ¶ 21 (D.D.C. Jan. 23, 2006) [hereinafter “Factual Basis For Plea”]. (Exhibit 3)

<sup>5</sup> Id., ¶ 16.

<sup>6</sup> Cary O’Reilly, Former U.S. Official Pleads Guilty in Iraq Reconstruction Fraud, *Bloomberg News*, February 2, 2006. (Exhibit 4)

<sup>7</sup> Factual Basis For Plea, ¶ 20.

<sup>8</sup> Id., ¶ 22.

<sup>9</sup> James Glanz, Wide Plot Seen in Guilty Plea in Iraq Project, *The New York Times*, February 2, 2006. (Exhibit 5)

<sup>10</sup> Gregory Affidavit, ¶ 6.

tickets, watches, alcohol, cigars and prostitutes.<sup>11</sup>

Messrs. Stein and Bloom also conspired to keep investigators off their trails by keeping bids under \$500,000, thereby avoiding scrutiny by CPA Baghdad as well as higher level scrutiny of the fraudulently awarded contracts.<sup>12</sup> They also conspired to rig each major bidding process by submitting one low bid and several dummy bids.<sup>13</sup> In an email to another co-conspirator, Mr. Stein said that he was “doing my best to keep a formal investigation from happening.”<sup>14</sup>

In February 2006, Mr. Stein pleaded guilty to one count of conspiracy, one count of bribery, one count of conspiracy to commit money laundering, one count of being a felon in possession of a firearm, and one count of possession of a machine gun.<sup>15</sup> On January 30, 2007, Mr. Stein was sentenced to nine years in prison, three years of probation and was ordered to forfeit \$3.6 million for his role in the bribery and fraud scheme.<sup>16</sup>

This is not Mr. Stein’s first run-in with federal authorities. In 1996, he was convicted for “access device fraud,”<sup>17</sup> for which he received an eight-month prison sentence<sup>18</sup> and was ordered to pay \$45,000 in restitution to a financial institution.<sup>19</sup>

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<sup>11</sup> U.S. v. Stein, Crim. No. 05-581-AK, Information, ¶ 16 (D.D.C. Jan. 23, 2006) [hereinafter “Information”]. (Exhibit 6)

<sup>12</sup> Gregory Affidavit, ¶ 8.

<sup>13</sup> Information, ¶ 13.

<sup>14</sup> Id., ¶ 57.

<sup>15</sup> U.S. v. Stein, Crim. No. 05-581-AK, Amended Plea Agreement, ¶ 2 (D.D.C. Feb 2, 2006). (Exhibit 7)

<sup>16</sup> Ex-Pentagon Contractor Gets Prison Term, *Associated Press*, February 2, 2007. (Exhibit 8)

<sup>17</sup> James Glanz, Issuing Contracts, Ex-Convict Took Bribes In Iraq, U.S. Says, *The New York Times*, November 18, 2005. (Exhibit 9)

<sup>18</sup> Mark Sherman, American Charged in Iraq Scheme an Ex-Con, *Associated Press*, November 17, 2005. (Exhibit 10)

<sup>19</sup> Gregory Affidavit, ¶ 12, n.1.

**ROGER. G. STILLWELL, U.S. Department of the Interior**

Roger G. Stillwell worked in the Department of the Interior's ("DOI") Office of Insular Affairs ("OIA") from 2001 until August 2006, with responsibility for issues relating to the Commonwealth of the Northern Mariana Islands ("CNMI").<sup>1</sup> His duties included writing media releases, responding to general inquiries, and responding to Congress and the media.<sup>2</sup> DOI requested Mr. Stillwell's resignation after he pleaded guilty to failing to report gifts that he received from now convicted lobbyist Jack Abramoff.<sup>3</sup>

Mr. Stillwell first met Mr. Abramoff in 1995, while working for the CNMI governor who had retained Mr. Abramoff as CNMI's lobbyist.<sup>4</sup> At that time, Mr. Stillwell was responsible for ensuring that Mr. Abramoff was familiar with the complex issues related to the CNMI.<sup>5</sup> Once at OIA, Mr. Stillwell continued the relationship with Mr. Abramoff, sending him copies of internal emails that Mr. Stillwell sent to his boss.<sup>6</sup> In return, Mr. Abramoff provided Mr. Stillwell with concert and football tickets.<sup>7</sup> For example, on December 12, 2003, Mr. Stillwell accepted four tickets valued at \$2,147.20 to attend a Washington Redskins football game and three days later, he accepted two tickets valued at \$166 to attend a Simon and Garfunkel concert.<sup>8</sup> Mr. Stillwell failed to disclose these gifts in his October 2004 personal financial disclosure statement, thereby knowingly making materially false statements.<sup>9</sup>

On August 11, 2006, Mr. Stillwell pleaded guilty to falsely certifying on his financial

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<sup>1</sup> U.S. v. Stillwell, Crim. No. 06-300, Defendant Roger G. Stillwell's Memorandum in Aid of Sentencing, p. 2 (D.D.C. Dec. 22, 2006) [hereinafter "Sentencing Memo"]. (Exhibit 1)

<sup>2</sup> Id.

<sup>3</sup> Id., p. 2, n.1; U.S. v. Stillwell, Crim. No. 06-300, Factual Basis for Plea, ¶¶ 5-6 (D.D.C. Aug. 11, 2006) [hereinafter "Factual Basis for Plea"]. (Exhibit 2)

<sup>4</sup> Sentencing Memo, p. 3.

<sup>5</sup> Id.

<sup>6</sup> Susan Schmidt and James V. Grimaldi, The Fast Rise and Steep Fall of Jack Abramoff: How a Well-Connected Lobbyist Became the Center of a Far-Reaching Corruption Scandal, *The Washington Post*, December 29, 2005. (Exhibit 3)

<sup>7</sup> Susan Schmidt, Ex-Interior Deputy a Target in Abramoff Probe, *The Washington Post*, January 10, 2007. (Exhibit 4)

<sup>8</sup> Factual Basis for Plea, ¶ 6.

<sup>9</sup> Id., ¶¶ 7-8.

disclosure report that he did not receive gifts from one source totaling more than \$285.<sup>10</sup> On January 11, 2007, Mr. Stillwell was sentenced to two years probation and a \$1,000 fine.<sup>11</sup>

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<sup>10</sup> Id., ¶ 5.

<sup>11</sup> U.S. v. Stillwell, Crim. No. 06-300, Information, pp. 1, 2 (D.D.C. Jan. 11, 2007).  
(Exhibit 5)

**KENNETH TOMLINSON**, *Corporation for Public Broadcasting & Broadcasting Board of Governors*

### **Corporation for Public Broadcasting**

From October 2003 to September 2005, Kenneth Tomlinson served as chairman of the Corporation for Public Broadcasting (“CPB”).<sup>1</sup> On November 3, 2005, Mr. Tomlinson resigned from the CPB Board of Directors, one day after CPB’s inspector general released a report critical of Mr. Tomlinson’s leadership as chairman and alleging that he violated agency procedures, federal laws, and the Director’s Code of Ethics.<sup>2</sup>

The inspector general of CPB opened its investigation into alleged violations of the Public Broadcasting Act at the request of the ranking members of the House Committee on Appropriations and the House Committee on Energy and Commerce.<sup>3</sup> In a scathing report, the inspector general concluded that Mr. Tomlinson repeatedly crossed boundaries that had been set up to protect public television and radio from political interference.<sup>4</sup> The findings of the inspector general included:

- Mr. Tomlinson violated statutory provisions and the Director’s Code of Ethics by dealing directly with one of the creators of a new public affairs program during negotiations;
- Mr. Tomlinson used “political tests” as a major criteria to recruit a president and chief executive officer for CPB, in violation of statutory prohibitions against the use of such tests;
- Mr. Tomlinson hired a consultant to review program content for objectivity and balance without informing the Board and signed the contract without Board authorization;
- Executive management’s contracting for the services of lobbyists was not handled in accordance with CPB’s contracting procedures;

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<sup>1</sup> Corporation for Public Broadcasting, Office of the Inspector General, Review of Alleged Actions Violating The Public Broadcasting Act of 1967, as Amended, Report No. EPB503-602, p. 2 (Nov.15, 2005) [hereinafter “CPB IG Report”]. (Exhibit 1)

<sup>2</sup> Id. at I-ii; Paul Farhi, Kenneth Tomlinson Quits Public Broadcasting Board, *The Washington Post*, November 4, 2005. (Exhibit 2)

<sup>3</sup> CPB IG Report, p. 1.

<sup>4</sup> Stephen Labaton, Ex-Chairman of Public Broadcasting Violated Laws, Inquiry Suggests, *The New York Times*, December 9, 2005. (Exhibit 3)

- There were serious weaknesses in the corporate governance system and an environment that allowed Mr. Tomlinson and other CPB executives to operate without appropriate checks and balances, including top management’s attitudes about such internal controls.<sup>5</sup>

The inspector general’s investigation also revealed that Mr. Tomlinson had hired a consultant service and set up secret content studies of certain programs without proper board authorization and communication of his plans to the public broadcasting community.<sup>6</sup> In addition, Mr. Tomlinson hired a consultant to examine the objectivity and balance of the program “NOW with Bill Moyers,” in order to show that the program was not balanced.<sup>7</sup> When PBS, in response, took steps to balance its schedule by adding “Tucker Carlson: Unfiltered,” and “The Journal Editorial Report,” Mr. Tomlinson declined to have the consultant evaluate those programs and decided not to have the consultant produce a final report because, according to Mr. Tomlinson, the results would have been damaging to public broadcasting.<sup>8</sup> The report further revealed that Mr. Tomlinson’s involvement in selecting and intervening on behalf of *The Wall Street Journal* to win a CPB contract for the weekly program, “The Journal Editorial Report,” exceeded his role as chairman.<sup>9</sup> As part of those efforts, Mr. Tomlinson told senior staff not to interfere with his deal to bring the show to PBS.<sup>10</sup> Finally, in emails to CPB staff, Mr. Tomlinson told them to threaten to withhold funds from PBS if PBS did not balance its programming.<sup>11</sup>

The report also examined Mr. Tomlinson’s involvement in the recruitment process for a new CPB president.<sup>12</sup> The inspector general concluded that Mr. Tomlinson was strongly motivated by politic ideology when filling the position.<sup>13</sup>

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<sup>5</sup> CPB IG Report, pp. i-ii.

<sup>6</sup> Id., p. 7.

<sup>7</sup> Id., p. 8.

<sup>8</sup> Id.

<sup>9</sup> CPB IG Report, pp. 11-12.

<sup>10</sup> Id., p. 12.

<sup>11</sup> Id.

<sup>12</sup> Id., p. 13.

<sup>13</sup> CPB IG Report, p. 19.



## Broadcasting Board of Governors

After leaving the CPB, Mr. Tomlinson continued to serve as chairman for the Broadcasting Board of Governors (“BBG”), a position he had held since August 1, 2002.<sup>14</sup> The BBG is part of the State Department and oversees most government broadcasts to foreign countries.<sup>15</sup> In response to a congressional inquiry, the State Department’s Office of the Inspector General conducted an investigation into allegations of misconduct by Mr. Tomlinson.<sup>16</sup> The investigation revealed that, Mr. Tomlinson had used BBG resources to run his personal horse racing operation.<sup>17</sup> The State Department’s inspector general also concluded that Mr. Tomlinson had awarded a friend contracts totaling \$244,813.17 without the knowledge of other board members and without providing any of the required documentation to verify completed services.<sup>18</sup> Further, the investigation found Mr. Tomlinson had directed staff to work on matters unrelated to the BBG that involved both CPB business and other personal matters.<sup>19</sup> The report also revealed that from 2003 through 2005, Mr. Tomlinson requested compensation in excess of the 130-day maximum permitted by law for his position.<sup>20</sup>

After the release of the report, three members of the Broadcasting Board of Governors offered a resolution that called for Mr. Tomlinson’s resignation.<sup>21</sup> The resolution failed on a party-line vote of three to three.<sup>22</sup> On January 9, 2007, Mr. Tomlinson asked that his name not be submitted for reconfirmation as chairman of the BBG.<sup>23</sup>

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<sup>14</sup> White House nominations list:  
<http://www.whitehouse.gov/news/nominations/1476.html>

<sup>15</sup> Stephen Labaton, Broadcast Chief Misused Office, Inquiry Reports, *The New York Times*, August 30, 2006. (Exhibit 4)

<sup>16</sup> U.S. Department of State, Office of Inspector General, Report of Investigation (Aug. 22, 2006) [hereinafter “State IG Report”]. (Exhibit 5)

<sup>17</sup> Id., p. 2.

<sup>18</sup> Id.

<sup>19</sup> Id.

<sup>20</sup> State IG Report, p. 2.

<sup>21</sup> Stephen Labaton, Head of Broadcasts Board Survives Effort to Oust Him, *The New York Times*, September 14, 2006. (Exhibit 6)

<sup>22</sup> Id.

<sup>23</sup> Paul Farhi, Broadcast Board Chairman Asks for Replacement, *The Washington Post*, January 10, 2007. (Exhibit 7)