

**REPORT TO CONGRESS**  
**ON THE ACTIVITIES AND OPERATIONS**  
**OF THE**  
**PUBLIC INTEGRITY SECTION**  
**FOR 1983**



**Public Integrity Section**  
**Criminal Division**  
**United States Department of Justice**

**Submitted Pursuant to**  
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C/O

COPY

REPORT TO CONGRESS ON THE  
ACTIVITIES AND OPERATIONS OF  
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1983

Submitted pursuant  
to Section 529 of the  
Ethics in Government Act  
of 1978

## ANNUAL REPORT TO CONGRESS

Section 529 of the Ethics in Government Act of 1978 requires the Attorney General to "report to Congress on the activities and operations" of the Public Integrity Section each year. This Report covers calendar year 1983.

The Public Integrity Section is part of the Criminal Division of the Department of Justice, and was established in 1976. The Section was given the responsibility for overseeing and coordinating the federal effort to combat corruption through the prosecution of elected and appointed public officials at all levels of government. The Section is also responsible for supervising the handling of election crimes, investigations and prosecutions. Its attorneys prosecute selected cases against federal, state and local officials, and are available as a source of advice and expertise to law enforcement officials at all levels of government. In addition, the Section serves as a center for the planning and coordination of nationwide programs against public corruption.

In light of this broad range of responsibilities, the Public Integrity Section is modest in size. It was staffed by approximately 24 attorneys throughout 1983. Continuity and consistency in the interpretation and application of complex laws governing the conduct of public officials has been ensured by the Section's senior litigators, who include among them experts in election law, conflicts of interest, bribery, and the statutes providing federal jurisdiction over corruption at the state and local levels, such as the Hobbs Act and mail fraud statutes. Gerald E. McDowell was Chief of the Section in 1983.

Part I of this Report describes the present operations and functions of the Public Integrity Section, highlighting the major activities of 1983, and Part II details the cases handled by the Section during 1983. Part III presents data on the national effort to combat public corruption during 1983, based on the Section's annual survey of United States Attorneys.

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## PART I

### DESCRIPTION OF THE PUBLIC INTEGRITY SECTION

#### A. GENERAL OPERATIONAL RESPONSIBILITIES OF THE PUBLIC INTEGRITY SECTION

##### 1. Responsibility for Litigation

Most of the Public Integrity Section's resources are devoted to operational responsibility for selected prosecutions, and supervision of sensitive investigations involving alleged abuse of the public trust. It should be kept in mind that because of its limited resources, the Section can handle only a finite group of corruption cases each year; most corruption cases are handled locally by the U.S. Attorneys' Offices, with only a select few being prosecuted out of Washington by the Public Integrity Section. Furthermore, the Section seeks always to maintain sufficient staffing flexibility to assume responsibility for handling special investigations assigned to it by the Department of Justice. These matters are often very sensitive, demanding prompt, professional handling and absorbing substantial resources, though they often do not result in a criminal prosecution. For example, in 1983 the investigation of allegations of high-level misconduct at the Environmental Protection Agency absorbed months of work by several prosecutors.

The Section also has established its own special projects and priorities, to guide the use of new or complex corruption statutes by federal prosecutors, and provide training to investigators and prosecutors in the United States Attorneys' Offices. These priority areas in 1983 included election crimes, conflicts of interest crimes, crimes by law enforcement officers, and crimes by immigration officers, among others. These projects and priorities are described in more detail in Section B of this Report.

Finally, the Public Integrity Section accepts responsibility for a limited number of additional corruption cases each year, as resources permit. Decisions to undertake particular prosecutions are made on a case-by-case basis, based on the following considerations:

Recusals. It is extremely important that fairness and impartiality be maintained in conducting government

corruption investigations. If the United States Attorney has had a significant business, social, political, or other relationship with any subject or principal witness in a corruption case, then it is generally inappropriate for the United States Attorney or his or her office to conduct the investigation and prosecution. Cases in which the conflict is substantial are usually transferred to the Public Integrity Section for prosecution or direct supervision. Cases involving federal judges always require the recusal of the United States Attorney's Office, and all such cases are handled by the Public Integrity Section.

In 1983, for example, the Public Integrity Section indicted United States District Judge Harry Claiborne, a case for which the Section assumed responsibility when the U.S. Attorney's Office was recused. Similar problems often arise when the target of the investigation is an investigator or prosecutor; even if there is no technical conflict of interest, having worked closely with a person in the past and possibly needing to work with them in the future may make investigating criminal allegations concerning them difficult. Under these circumstances, the U.S. Attorney frequently refers the case to the Public Integrity Section, which handled a number of cases of this sort in 1983.

Provision of Manpower or Expertise. When the available manpower or expertise in the United States Attorney's Office is insufficient to undertake a significant corruption case, the Public Integrity Section often provides attorneys to serve as lead counsel, cocounsel, or secondary counsel. For example, the Section provided cocounsel to the U.S. Attorney's Office in the Eastern District of Virginia to assist with the prosecution of international arms dealer and former CIA agent Edwin Wilson and other related cases. The Section's participation also may serve as valuable training to prosecutors in the field, who learn through working with Section attorneys the statutes uniquely applicable and the investigative techniques most useful in such cases. This has been the approach the Section has used most often in election crimes cases, such as its 1983 project in Clay County, North Carolina, described in more detail later in this Report. The expectation is that after the Section's participation in the initial cases, attorneys in the field will have the interest and expertise necessary to continue to actively pursue corruption cases.

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

Federal Agency Referrals. Referrals from the federal agencies are an important part of the Section's workload. Ever since the Inspectors General were authorized for the various agencies, it has worked closely with them, encouraging their investigations, coordinating joint investigations with the FBI and Postal Inspectors and ensuring that their cases receive prompt prosecutive attention. The Section also spends a significant amount of time training the agents in the statutes involved in corruption cases and the investigative approaches that work best in such cases. As a result of its efforts, a substantial percentage of the Section's cases are referrals directly from the agencies.

## 2. Independent Counsel Matters

Since the Ethics in Government Act (28 U.S.C. §591, et seq.) was passed, the Public Integrity Section has been responsible for supervising the administration of the Independent Counsel (formerly Special Prosecutor) provisions of the Act. Both the procedures and time limits of the provisions are strict, and therefore, particularly in view of the sensitivity of many of these matters, they are handled as high priorities of the Section.

Under the Independent Counsel provisions, if "specific information" is received by the Justice Department alleging that certain high government

officials have committed a crime, the Attorney General must request that the court appoint an Independent Counsel within 90 days, unless preliminary investigation conclusively establishes there are no reasonable grounds to believe that further investigation or prosecution is warranted. If the preliminary investigation disposes of the matter, a report must be prepared and filed with the court. The Public Integrity Section is typically responsible for supervising the initial investigation, and preparing a recommendation to the Attorney General as to whether the Independent Counsel provisions have been triggered and whether any further investigation is warranted. In 1983, the Section handled several Independent Counsel matters, and participated in several lawsuits challenging the Department of Justice's interpretation and application of the law.

### 3. Technical Assistance

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

Advice and Training. The Public Integrity Section is staffed with specialists with considerable experience prosecuting corruption cases. When not operationally involved in a case, Section attorneys are available to advise on substantive questions, investigative methods, indictment drafting, and motions. Also in 1983, the Section devoted substantial efforts to formal training of investigators and prosecutors, sponsored a four-day training seminar designed to teach the special statutes and techniques available to prosecute corruption cases, and provided lecturers to several other seminars.

Authorization. In order to achieve uniformity among corruption prosecutions, the Section reviews certain investigations and indictments, as directed by the Assistant Attorney General for the Criminal Division. Authorization from the Section before federal prosecution may proceed is currently required in all election-related cases, and in corruption cases brought under the Hobbs Act.

General Assistance and Supervision. Close Departmental supervision of prosecutions is often extremely important in public corruption cases, which



are typically delicate, complex and highly visible. Section attorneys are occasionally called upon to travel to districts across the country to conduct a careful review of sensitive cases, evaluating the quality of the investigative work and the adequacy of the proposed indictments. The presence of Public Integrity Section attorneys helps to ensure that these important public corruption cases are properly developed and brought to trial, since the Section can often identify problems early on and either provide needed assistance, or, if necessary, assume operational responsibility for the prosecution.

The Section has developed considerable expertise in the supervision and oversight of the use of undercover operations in serious corruption cases. The Section Chief sits on the FBI's Undercover Review Committee, and is familiar with the practical problems involved in such operations. Thus, the Section has the ability to manage this sensitive investigative technique, and to advise law enforcement personnel on its use.

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

#### B. 1983 SPECIAL PROJECTS, INITIATIVES, AND ACHIEVEMENTS OF THE PUBLIC INTEGRITY SECTION

Because of its limited resources, the Public Integrity Section focuses its attention on a limited number of specific projects each year. In spite of these limitations the Section managed to mount substantial initiatives or handle major projects in each of its primary areas of responsibility in 1983. In the area of crimes by federal personnel, it handled the EPA investigation, concluded a major probe of visa-selling in the State Department, and mounted a major campaign against corruption in law enforcement, including judicial corruption. In the area of state and local

corruption, the Section concluded its long-term investigations in Kentucky and Chicago, and began a new focus on the problem of drug-related corruption. Finally, in the area of election crimes, the Section worked on major projects in North Carolina, Pennsylvania and Missouri.

1. Corruption Affecting the Federal Government:

A major responsibility of the Section has been handling those "special investigations" that surface from time-to-time, but cannot be planned for or anticipated. Most of these have centered around Washington politics and have been extremely sensitive. In 1983, the Section conducted the Department's investigation into possible wrong-doing in the upper echelons of the Environmental Protection Agency, a probe which culminated in the conviction of former Assistant Administrator Rita Lavelle for perjury and obstruction of Congressional proceedings. The Section also supervised the inquiry into the Carter Briefing Book matter. Allegations against federal legislators often fall into the "special investigation" category as well, and in 1983, the Section indicted Congressman George Hansen for lying on his financial disclosure forms about large loans from Texas silver speculator Nelson Bunker Hunt.

Investigations and prosecutions of federal judges and law enforcement personnel were a major undertaking of the Section in 1983. The problem of judicial corruption, serious and extremely difficult to combat, became an important priority with the Section handling two major prosecutions of federal judges on bribery charges. One judge was acquitted of the charges, though his alleged co-conspirator was convicted in another trial, and the case against the second judge is pending. Furthermore, the Section handled several other prosecutions of individuals within the criminal justice system, including a prosecutor charged with bribery, and a top-level DEA official charged with embezzling funds from his agency.

The Section has developed valuable expertise and close working relationships with the CIA, the State Department, and other agencies with overseas operations, enabling it to prosecute a number of cases with national security implications or occurring in whole or

in part overseas. In the past, these cases received little attention because they are plagued by legal and diplomatic complications, extremely expensive travel, uncooperative witnesses and evidence beyond the reach of process. Despite these problems, the Section has actively pursued such cases, with considerable success. For example, in 1983, the Section's Deputy Chief was co-counsel with a U.S. Attorney's Office in the prosecution of notorious international gun runner and former CIA agent Edwin Wilson for his dealings with Libya, and handled several related prosecutions. A number of CIA agents were prosecuted for embezzling funds from their agency, and a major probe of visa-selling within the State Department to Iranians fleeing their country was completed in 1983.

2. Corruption Involving State and Local Government:

Investigation and prosecution of corruption involving the state and local levels of government continued to be a major priority of the Section. The wide-ranging probes that the Section has been handling for several years involving corruption in state government in Kentucky and Illinois were largely concluded in 1983. According to a major Kentucky newspaper, the Louisville Courier-Journal, the Section's long and difficult probe in that state resulted in "millions of taxpayers' dollars be[ing] saved by reform of the State's insurance buying practices since those palmy days. . . . [T]he light that was shed has helped to bring a welcome change to Kentucky politics and government." Also in 1983 the Section began a new emphasis on local corruption linked to drug trafficking, a project initiated with a major series of indictments in Mississippi.

3. Election Crimes:

The Election Crimes Branch of the Public Integrity Section consists of three attorneys who are trained in the complex and unusual law and investigative techniques involved with criminal corruptions of the franchise. The Branch oversees the enforcement of federal criminal laws dealing with election fraud, criminal patronage offenses, and violations of federal criminal statutes dealing with campaign finance and lobbying. The Branch approves and closely supervises all federal criminal investigations predicated on the

federal election laws, it approves all election-related prosecutions, it conducts training seminars to educate investigators and prosecutors in the investigation and prosecution of election fraud, and it assumes operational responsibility for the prosecution of particularly difficult, complex or sensitive election crimes cases. The Branch also is responsible for implementing the Justice Department's Election Day Officer Program during national general elections. The object of this program is to facilitate the reporting of election-related misconduct while polls are open and to initiate investigations when appropriate.

During 1983, the Election Crimes Branch conducted major election fraud investigations in several counties in North Carolina, and concluded a two-year project in Luzerne County, Pennsylvania. In addition, the Branch participated in important appeals in the Fourth and Third Circuits concerning the applicability of the mail fraud statute to vote frauds directed at local elections; and handled an appeal in the Eleventh Circuit addressing the facial constitutionality of the 1907 Tillman Act (2 U.S.C. 441b), which prohibits corporate and union financial participation in federal campaigns. Finally, the Branch worked with the U.S. Attorney's Office in Chicago, where new investigative techniques were developed and successfully utilized to detect incidences of vote fraud in a populous urban environment.

#### 4. General Developments

Major developments occurred in other areas of the Section's responsibilities as well. There were substantial amendments to the Special Prosecutor - now Independent Counsel - provisions of the Ethics in Government Act, requiring considerable study and interpretation in application.

The new Victim-Witness Assistance Act provided the Section both with new obligations to victims and witnesses, and with new opportunities to ensure that when the Government is the victim (as is true in most of the Section's cases), its losses are adequately compensated. In 1983 alone, the Section obtained more than \$4 million in restitution for the Government, and well over \$300,000 in compensation for private victims. The Section also obtained sentences against defendants totalling over \$375,000 in fines. Notably, the

Section's entire budget for 1983 was less than \$2 million.

The Section also used the obstruction of justice and contempt of court statutes to address unusual situations that did not readily fit other criminal statutes. For example, in 1983, the Section used the obstruction statute to prosecute a "rainmaker," an individual who claimed, with no foundation in fact, to have a "fix" in with a New York judge, and solicited a bribe from a defendant, ostensibly on the judge's behalf. In another case, contempt of court sanctions were used against a court-appointed public defender who obtained additional payment from a client he had been appointed to defend for free.

All in all, 1983 was a productive and successful year for the Section. In the years since the Section was founded, enormous strides have been made in the federal effort to combat public corruption, as the statistics gathered at the end of this Report suggest. The number of convictions of those who betray their public trust have increased many-fold; flexible prosecutive theories have gained judicial acceptance; and effective new investigative techniques began to be used with great success. Nevertheless, much remains to be done, and corruption continues to be one of the most difficult law enforcement problems facing federal prosecutors today.

PART II

PUBLIC INTEGRITY SECTION  
INDICTMENTS, PROSECUTIONS AND APPEALS IN 1983

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

This section of the Report is divided according to the level of government affected by the corruption. Also included is a special section on Election Crimes, which receive special emphasis by the Public Integrity Section. The prosecutions and indictments reported below reflect the Section's work during 1983 and the status of its cases as of December 31, 1983. This section of the Report also provides statistics on the number of matters closed without prosecution during 1983, and the number of matters open at the end of the year.

A. PROSECUTIONS OF CORRUPTION AFFECTING THE EXECUTIVE BRANCH

. Rita M. Lavelle, former Assistant Administrator for Solid Waste and Emergency Response, Environmental Protection Agency (EPA), was found guilty by a jury in the District of Columbia of making a false statement to the EPA, endeavoring to obstruct a proceeding of the Subcommittee on Oversight and Investigations of the Committee on Energy and Commerce of the U.S. House of Representatives, perjury before the U.S. Senate Committee on Environment and Public Works, and perjury before the House Subcommittee on Investigations and Oversight of the Committee on Public Works and Transportation. Lavelle was acquitted on one charge of perjury before the Senate Committee.

. Jerry N. Jenson, the Director of the Drug Enforcement Administration Training Center in Glynco, Georgia, and former Deputy Administrator of the DEA, the number two position in the Administration, pled guilty to a charge of embezzlement.

In 1982 and 1983, Jenson submitted two travel vouchers to the DEA falsely claiming more than \$4,000 in moving and transportation expenses which were never in fact incurred. Jenson agreed to pled guilty to an information charging a misdemeanor violation of 18 U.S.C. §641. He also agreed to resign, and to make full restitution of the money he wrongfully claimed.

. Donald Ellison, former Regional Administrator for Region One of the General Services Administration, pled guilty to a two count felony information charging him with conspiracy and misapplication of bank funds. Ellison was Region One Administrator in 1982. Prior to that time he had been a Senior Vice President of Merchants Savings Bank in Manchester, New Hampshire. The charges arose out of his activities while an officer of the bank. The first count of the information charged him with embezzling more than \$213,000 from the Bank. A second count charged that he conspired with four vendors who did business with the Bank to willfully misapply funds and to cause false entries to be made in the books and records of the bank.

Ellison was sentenced to serve two years in prison on the substantive count, and five years suspended sentence on the conspiracy count. He also agreed to cooperate with the on-going investigation and will attempt to make full restitution of the monies embezzled.

. In a related case, Guy Domestico was sentenced to six months in prison, five years probation, and ordered to pay restitution for his part in a conspiracy to embezzle funds from the bank. Domestico pled guilty to a one count information charging him with conspiring with Donald Ellison to embezzle in excess of \$26,000 from the bank.

. In another related prosecution, Richard M. Jacobs of Manchester, New Hampshire pled guilty to two counts of a 28 count indictment. Jacobs, a former Republican mayoral candidate in Manchester, and former Treasurer of the State Republican Party, was charged with conspiring with Donald Ellison to embezzle funds from the bank and with 26 substantive counts of embezzlement totaling \$42,584. Jacobs was also charged with obstruction of justice for allegedly submitting false documents in response to a grand jury subpoena.

. Finally, John Matson, owner of a typesetting business in Manchester, New Hampshire pled guilty to a one count felony information charging him with conspiracy to violate 18 U.S.C. §656 (bank embezzlement). Matson had been a participant in the embezzlement scheme involving Donald Ellison.

Matson was charged with conspiring with Ellison to embezzle more than \$39,000 from Merchants Savings Bank. Under the terms of his plea agreement, he must make restitution to the bank of all monies received by him as a result of the scheme.

. Linda Ann Carroll, a former employee of the United States International Communication Agency, was sentenced to two years supervised probation for her felony violation of 18 U.S.C. §641. Carroll had pled guilty, admitting that from January 1979 through June 1982, she had converted \$10,900 of USICA funds to her own use. Carroll accomplished this by submitted some eighty fraudulent vouchers for the reimbursement of supplies she falsely claimed to have brought for USICA.

As part of a plea agreement, Carroll made restitution of approximately \$9,000.

. Former Central Intelligence Agency disbursing officer Ostella Criss, Jr. was sentenced to a two year term of imprisonment after pleading guilty to an indictment charging him with embezzling \$80,100 in disbursing funds from the CIA.



. Robert C. Dennis, Jr., former Financial Analyst in the Economic Development Administration of the United States Department of Commerce, was sentenced to serve time in a halfway house, probation and a \$5,000 fine pursuant to his plea of guilty to a one-count information charging him with violating 18 U.S.C. §208(a), a federal conflict of interest statute. The charge was that Dennis took official action in recommending a \$2.57 million disbursement of a \$10 million federal loan to the Youngstown Steel Corporation at a time when he had a personal financial interest in the administration of that loan. While Dennis was the EDA official directly responsible for administering the loan and protecting the interests of the United States, he was negotiating with officers of the Youngstown Steel Corporation to purchase a steel mill from the corporation which had been purchased with the proceeds of the loan and was part of the loan collateral.

. Jerry K. Hirsch, a former Immigration and Naturalization Service examiner, was sentenced in the District of Columbia to a total of six years incarceration and \$30,000 in fines as a result of guilty pleas he entered to one count of bribery and one count of conspiracy. The charges arose from a scheme to fraudulently provide permanent resident cards to Iranians by means of the submission of false documents to INS and the bribery of Hirsch to approve them. This sentencing was the termination of a three-year investigation into the processing of applications for permanent residence by the Washington, D. C. district office of INS, which also resulted in the conviction of five co-conspirators of Hirsch's.

. Shams Javid and Kheiri Javid were also sentenced for their involvement in the visa-selling scheme. Shams Javid had been found guilty by a jury of one count of conspiracy and seventeen false statement counts; Kheiri Javid was found guilty of two false statement counts. Mr. Javid received the maximum sentence of five years' imprisonment, plus the maximum fine of \$10,000 on the conspiracy count, plus two years' imprisonment and the maximum fine of \$10,000 on each false statement count, for total fines of \$180,000.

On each of the two false statement counts, Mrs. Javid was sentenced to three months imprisonment and three years probation. In addition, Mrs. Javid received a fine of \$5,000 on each count, for a total of \$10,000.

. Hassan Mohammadi was also sentenced for his involvement in the visa-selling scheme. Mohammadi pled guilty to one count of conspiracy and one count of submitting false documents to INS.

Mohammadi received five years' suspended sentence and four years probation with the condition that he perform 200 hours of community service in the first two years of probation. In addition, Mohammadi received the maximum fine of \$10,000 on each count, for a total of \$20,000.

. In another related case, Zahed Rashidi was sentenced for his involvement in the visa-selling scheme to five years suspended sentence and placed on three years probation. In addition, Rashidi received the maximum fine of \$10,000.

. Finally, Ashraf Tiller was sentenced for her involvement in the visa-selling scheme. Tiller had pled guilty to one count of submitting false documents to the INS, in violation of 18 U.S.C. §1001. Tiller was sentenced to serve three years probation, conditioned on the payment during that period of a \$5,000 fine.

. A jury sitting in the Northern District of Georgia returned a verdict of guilty on both counts of an indictment against former federal prosecutor Frank Robin, Jr., of Houston, Texas.

Robin had been hired in July 1983 to work on a multi-district, multi-agency investigation into drug smuggling and money laundering known as "Operation Lonestar". Three weeks after Robin began work, a Miami investigator working for the targets of the investigation received a call from someone calling himself "Charles India." India offered to sell confidential grand jury and investigative information for \$200,000. The information offered included memoranda of witness interviews, the details of an FBI "sting" operation and the names of four confidential informants. Instead of accepting the offer, the targets' attorney came to the FBI, and by the end of the investigation, a complex chain of evidence, together with voice identifications, had identified Robin as "India."

Robin was sentenced to 10 years imprisonment on the bribery count, and 5 years probation plus a \$5,000 fine on the obstruction of justice count.

. Rebecca Murphy, a former employee of the Department of Justice, pled guilty to an information that charged her with a misdemeanor violation of 18 U.S.C. §641, and was sentenced to one year's supervised probation.

Murphy had earlier admitted submitting fraudulent time and attendance records that caused her to be paid almost \$3,400 for overtime hours that she had not worked. Additionally, she admitted using the Justice Department computer to place three hundred hours of leave she had not earned into her annual and sick leave accounts.

As part of a plea agreement, Murphy made full restitution for the money she embezzled and in an interview detailed the manner in which she obtained access to the computer.

. Former Central Intelligence Agency Operations Officer Peter Philip Kapusta pled guilty to charges that he submitted false expense vouchers to the CIA. The vouchers were submitted to account for CIA funds Kapusta claimed to have expended while interviewing former citizens of the Soviet Union who had emigrated to the United States.

Kapusta received a two-year suspended sentence, and 300 hours of community service. Also, Kapusta has repaid the United States \$35,000.

. Jeffrey Glatz, who pled guilty to theft of \$10,000 from the CIA, was sentenced to two years' supervised probation under the Federal Youth Correction Act, 18 U.S.C. §5010(a). As special conditions of probation, Glatz is required to perform 300 hours of community service and to continue receiving psychiatric help. Glatz had previously made restitution of the \$10,000 and of an additional \$5,066. The latter sum represented a separate theft which, under the terms of the plea agreement, was not prosecuted.

. On appeal, the U.S. Court of Appeals for the Fourth Circuit affirmed the conviction of Edwin Paul Wilson, international arms dealer and former CIA agent, on charges involving the export of firearms to Libya. Wilson had arranged to ship several handguns to Libyans in Europe, and to sell and ship an M-16 automatic rifle to Libya.

. In a case developed as a result of the Wilson investigation, Hussein K.E.I. Salem, individually and as president of the Egyptian American Transport and Services Corporation (EATSCO), pled guilty to a three-count information charging Salem and EATSCO with conspiracy and submitting to the Defense Security Assistance Agency false statements regarding the cost of shipping military goods to Egypt. The charges arose from a scheme, in operation from November, 1979 through February, 1982, to inflate the costs of ocean freight and packing and consolidation charged on the shipment of defense items to Egypt, and to falsely represent on invoices submitted to the DSAA that the inflated costs were actual costs, thereby concealing the profit derived. False invoices were submitted on thirty-four shipments. Salem was sentenced to pay a fine of \$20,000 on two counts, and EATSCO was sentenced to pay a fine of \$20,000. Further, Salem repaid the United States \$3,020,000.

. In another related case, Air Freight International, Inc. pled guilty to a one count criminal information charging AFI with filing false invoices with the Defense Security Assistance Agency relating to the costs of shipping military goods to Egypt under the Foreign Military Sales Program. The criminal information charged that AFI filed false invoices which failed to disclose profits made by AFI for the costs of ocean freight, packing and consolidation relating to the shipment of military goods to Egypt.

AFI was fined the maximum penalty of \$10,000 pursuant to a plea agreement between the United States and AFI. The agreement provided that AFI would pay the United States \$924,000 in settlement of all civil claims; and pay \$76,000 to the Federal Maritime Commission for possible violations of the Shipping Act of 1916.

. Barbara Jean Carter, an employee of the Agency for International Development, was placed on supervised probation for one year. Carter entered a plea of guilty to an information which charged her with theft of approximately \$600 in the form of improper payment for annual leave hours. The offense involved the falsification of her time and attendance records.

Pursuant to a plea agreement, Carter pled guilty to a misdemeanor violation of 18 U.S.C. §641; resigned her position with the AID, and forfeited claim to money

in her retirement account equal to the amount of money she was improperly paid.

. Richard T. Salazar, former Executive Director of the State Department's Bureau of African Affairs, pled guilty to a misdemeanor count of violating 22 D.C. Code §1301(a) (obtaining property by false pretenses). Salazar admitted that he submitted travel vouchers claiming full per diem for several trips to Africa when he was entitled to only one half per diem because his lodging had been provided by the government. Pursuant to a plea agreement, Salazar also has resigned from the State Department and made restitution of \$2,104.

. Jearlien Shank pled guilty to one misdemeanor count of 18 U.S.C. §641, theft of government property. Shank, while a CIA secretary, stole a \$2400 travel advance which had been issued for use by a covert employee. She was sentenced at the time of plea to a suspended sentence of 30 days in jail, 90 days probation and 100 hours of community service. She had previously resigned and made full restitution.

. Special Agent Norman Weiler of the Internal Revenue Service's Portland, Oregon Division pled guilty to a one count indictment which charged him with embezzlement of government funds. Weiler was given two advances of government funds in the total amount of \$11,000 for use in two undercover investigative operations in Portland and in Phoenix, Arizona. Rather than using those funds for government purposes, Weiler immediately deposited them with a commodity broker for "investment" in the commodities market, where they were soon lost.

Weiler, a 13 year veteran of the Service, was for several years a Group Manager of the Criminal Investigations Division in Portland. He has retired and agreed to repay the embezzled funds from his retirement.

. In addition to the prosecutions described above, the Section declined prosecution in 116 matters involving the Executive Branch of the federal government. Seventy-seven such matters were open at the end of 1983.

B. PROSECUTIONS OF CORRUPTION AFFECTING  
THE LEGISLATIVE BRANCH

. A federal grand jury sitting in the District of Columbia returned a four count indictment against Congressman George Vernon Hansen of Idaho charging him with making false statements to the United States House of Representatives in violation of 18 U.S.C. §1001. The false statements were contained in the financial disclosure forms filed by the Congressman for calendar years 1978 through 1981. The indictment centered on Hansen's failure to report transactions involving \$135,000 in personal loans made to him in 1981 by individuals in Southern Virginia, a \$61,503.42 personal loan made in 1980 to Hansen and his wife by Nelson Bunker Hunt of Texas, an \$87,475 profit made by the Hansens on the purchase and sale of silver futures contracts during a two day period in 1979, and a \$50,000 personal loan made to the Hansens by a Dallas, Texas bank and guaranteed by Nelson Bunker Hunt.

Hansen has since been convicted by a jury on all four counts.

In a pretrial appeal taken by Hansen, the D.C. Circuit ruled that Congressman Hansen's financial disclosure forms filed pursuant to the Ethics in Government Act (EIGA) were not covered by the Speech or Debate Clause of the Constitution, which provides immunity to Members of Congress for their legislative acts.

. Also in 1983, the Section closed four matters involving the federal Legislative Branch without prosecution and five such matters were open at the end of the year.

C. PROSECUTIONS OF CORRUPTION AFFECTING  
THE JUDICIAL BRANCH

. U.S. District Judge Harry Claiborne was indicted in the District of Nevada on charges of bribery, fraud, obstruction of justice, false statements on his income tax returns and false statements on his financial disclosure report. It was alleged that Claiborne solicited bribes from brothel-owner Joe Conforti to influence the outcome of an appeal of Conforti's tax evasion conviction, and to influence Claiborne's handling of subpoenas to Conforti employees during a tax investigation.

There has since been a mistrial in the case, when the jury was unable to reach a verdict. Claiborne's retrial is pending.

. Anthony J. Buffalano was sentenced in the Eastern District of New York to a year and a day after he was convicted by a jury for endeavoring to influence, obstruct, and impede the due administration of justice. The indictment charged that Buffalano solicited a sum of money from an individual awaiting sentencing, falsely representing that Buffalano would insure a lenient sentence by bribing a judge. At trial, the defense contended that a mere rip-off could not violate the statute because it would not affect the due administration of justice.

The Government did not dispute that Buffalano's primary intent was to defraud. The Government's theory was that solicitation of a defendant in a pending criminal sentencing is an obstruction of justice because, if successful, the solicitation would be likely to affect the administration of justice, because the defendant would forego legitimate opportunities to defend himself.

Buffalano is a former assistant in the Brooklyn district attorney's office and served briefly as an assistant district attorney in Queens. Buffalano has also served as counsel to the Police Benevolent Association and was employed as a law secretary for a judge of the New York State Supreme Court at the time of the solicitation. During the investigation, he also held a position as a matrimonial court referee.

On appeal, Buffalano's conviction was set aside because the appellate court concluded that the jury instructions had been faulty. His retrial is pending.

. U.S. District Judge Alcee L. Hastings was acquitted in a jury trial of charges of bribery. In an earlier separate trial, his alleged co-conspirator, attorney William Borders, had been convicted on the same charges.

In a related appeal, the United States Court of Appeals for the Eleventh Circuit decided in re: Post-Newsweek Stations, Inc., (Alcee L. Hastings), ruling in favor of the United States that the federal rules which prohibit the televising, broadcasting or photographing of federal criminal trials are constitutional.

After Judge Hastings' acquittal, the Eleventh Circuit Court of Appeals Judicial Council initiated a disciplinary proceeding against him, based both on the bribery charges and on other allegations of judicial misconduct. As custodian of Grand Jury records sought by the Investigating Committee appointed by the Council, the Public Integrity Section is participating in litigation surrounding the Judicial Council's inquiry. The contested records have been ordered to be released to the Investigating Committee, an order which Judge Hastings is now appealing.

. Mark D. Schaffer, former Chief of the Federal Court Division of the Defender Association of Philadelphia, was found guilty of criminal contempt, 18 U.S.C. §401, and sentenced to a \$500 fine. Schaffer admitted accepting a \$2,500 patio and \$1,500 cash for assisting in the representation of a client he had been appointed by the Court to represent for free. In addition, Schaffer was dismissed from his position with the Defender Association, and the government is providing the bulk of its file to the disciplinary staff of the Pennsylvania Bar.

Schaffer's acceptance of remuneration for assisting in representing a supposedly indigent client violated express prohibitions in both the District Court's Criminal Justice Act Plan and the Criminal Justice Act (CJA) itself, 18 U.S.C. §3006A. While the CJA contains no criminal penalties, the Court ruled that both the Court's plan and the magistrate's appointment order incorporating the CJA were specific and definite "orders" of the Court, the violation of which was punishable by criminal contempt. This case was the first use of Section 401 to punish violation of a Court's Criminal Justice Act Plan or a magistrate's order of appointment.

. James David "Shoes" Osticco was sentenced to serve eight years in prison and fined \$13,000 as a result of his conviction for obstruction of justice and conspiracy. The 1983 Annual Report of the Pennsylvania Crime Commission identified Osticco as an organized crime "capo" and underboss in the state.

Osticco's sentence and conviction resulted from an investigation of jury tampering in a 1977 federal prosecution of alleged fraud in connection with the federally assisted cleanup efforts which followed in the wake of destruction caused by Hurricane Agnes. The



heavy rains which accompanied the 1972 storm inflicted severe flood damage in the Wilkes-Barre/Scranton area. The trial received wide news media exposure and came to be called the "flood fraud trial." After the seven-week prosecution, the jury reported that it was deadlocked at eleven to one for conviction, and a mistrial was declared. Subsequently, the defendants entered pleas of nolo contendere.

Thereafter, an investigation was initiated when allegations of jury tampering emerged. Roseanne Donahue, the former wife of Charles Cortese, admitted she was the juror on the "flood fraud trial" panel who held out for acquittal. Eventually, Donahue entered a plea of guilty to obstruction of justice. Donahue admitted that she voted not guilty at the request of her then-husband, Charles Cortese, who received \$1,000 and other things of value from Osticco in return for influencing Donahue.

. As a result of the same investigation, Charles "Chuckie" Cortese was sentenced to five years' imprisonment. Cortese entered a plea of guilty to a one count indictment charging him with lying before a federal grand jury.

. As a result of the same investigation, Samuel Lovecchio was sentenced to serve a period of three months in prison, followed by a period of two years probation, and to pay a \$10,000 fine. Lovecchio was convicted by a jury of making false declarations when he testified before the grand jury.

. Six cases involving the federal Judicial Branch were closed without prosecution in 1983, and ten matters were pending at the end of the year.

D. PROSECUTIONS OF STATE AND LOCAL CORRUPTION

. Former Kentucky Secretary of the Governor's Cabinet, James E. Gray and Kentucky businessman Charles J. McNally were indicted by a Special Federal Grand Jury. The eight count indictment charged that Gray and McNally conspired to violate the mail fraud statute and to impair and impede the IRS in the ascertainment, computation, assessment and collection of federal taxes. The indictment also charged them with seven

counts of mail fraud. The charges arose from a scheme which channelled Commonwealth of Kentucky Workmen's Compensation insurance commissions to the defendants.

Gray and McNally have since been convicted by a jury on two of the eight counts. The trial judge dismissed the remaining counts, and his ruling is now on appeal.

. The Fifth Circuit Court of Appeals affirmed the conviction of Arlan Lamar Robinson for extortion under the Hobbs Act, 18 U.S.C. §1951, and for violations of 18 U.S.C. §1001. Robinson now stands sentenced on three counts to a total of 14 years imprisonment and a \$30,000 fine.

. A Grand Jury investigating major drug trafficking and related public corruption on the Mississippi Gulf Coast returned four indictments charging twelve persons with conspiracy to kill Federal law enforcement officers, cocaine importation, marijuana cultivation, firearms violations and perjury.

Charged in one of the indictments was Howard Leroy Hobbs, Sheriff, Harrison County, Mississippi and Craig M. Monroe, Jr., Assistant Sheriff. The two are charged with conspiring to import, possess and distribute approximately eight hundred kilograms of cocaine. The government alleges that Hobbs and Monroe accepted cash payments from Drug Enforcement Agents posing as drug traffickers. In return for the payments, Hobbs and Monroe provided protection for what they believed to be the importation of cocaine to a remote farm in southern Mississippi.

. In the Northern District of Illinois, the trial judge directed verdicts of acquittal at the close of the Government's evidence in the mail fraud prosecution of Allen Bahn, Elliott Epstein, John Filan and Robert Touhy. The three public official defendants had been charged with agreeing to award state electronic data processing contracts to defendant Bahn in return for approximately \$100,000 in campaign contributions to former Illinois Governor, Dan Walker.

. Also in 1983 the Section closed eleven matters involving state and local officials without prosecution, and ten such matters were open at the end of the year.

E. ELECTION FRAUD CASES

. Alice Mae Yarborough and her daughter Vernie Mae Yarborough pled guilty to one count of multiple voting in the June 8, 1982 primary election in Darlington County, South Carolina, in violation of 42 U.S.C. §1973i(e). The Yarboroughs were poll officials who utilized their access to the poll list and voting machine to forge voter's names and vote numerous ballots for "no show" voters during the election.

The defendants were sentenced to three years' imprisonment, with all but 30 days suspended, and five years' probation. As conditions of probation the defendants were required to participate in community self-help programs, to give 150 hours of community service during their first year of probation, and to refrain from any political activity involving the federal, state, or local elective process during their entire period of probation.

. The Eleventh Circuit Court of Appeals, sitting en banc, upheld the facial First Amendment constitutionality of the 1907 Tillman Act, 2 U.S.C. §441b, the federal campaign finance statute that regulates corporate and union financial participation in federal election campaigns. This decision brings to an end a two-year declaratory judgment suit brought in the name of the Athens Lumber Company and its stockholders seeking to have this important campaign finance law declared facially defective.

Several previous decisions have held the Tillman Act to be constitutional as applied to various situations. However, until now no federal appeals court has ruled directly on the facial constitutionality of this law. The Tillman Act is among the most important of federal law regulating campaign financial activity in federal elections.

. Sorkis Webbe, Sr., his son Sorkis Webbe, Jr. and four other individuals were indicted for vote fraud and obstruction offenses arising out of a successful scheme to fraudulently affect the outcome of a close legislative contest for Missouri State Representative in 1980.

. A federal grand jury in Tampa, Florida returned a four-count indictment against Allen Z. Wolfson and

Louis Rocha, Jr. charging them with violations of campaign financing statutes embodied in the Federal Election Campaign Act. The criminal actions relate to contributions made in 1980 to the Carter/Mondale Presidential Committee and the U.S. Senatorial campaign of William Gunter.

The indictment charged that Wolfson and Rocha made contributions to the campaigns through the use of conduits and in amounts which exceeded the statutory limitations of \$1,000 each. Wolfson and Rocha accomplished this by soliciting individuals to issue personal checks to the campaigns for \$1,000 and in turn reimbursing the individuals for the contributions by checks drawn on Certified Financial Consultants, Inc., a corporation controlled by Wolfson.

. A federal jury in Scranton, Pennsylvania returned judgments of conviction in the vote-fraud trial of Bob A. Clapps and Robert T. Powell. Clapps is a Councilman in Exeter Borough and Chairman of the Luzerne County Democratic Party's 5th Legislative District. Powell is a former police chief and a notary public. The indictment alleged that the defendants defrauded the voters of Luzerne County of their right to fair and non-corrupt elections by submitting false and fraudulent absentee ballot materials.

Clapps was sentenced to two years' imprisonment. Powell received a prison term of 18 months. Both defendants received \$1000 fines.

. Robert Loftus pled guilty to conspiracy to violate the federal mail fraud statute (18 U.S.C. §1341) through devising a scheme to procure and cast fraudulent absentee ballots in the 1981 election held to select candidates for local offices in Luzerne County. Loftus is the incumbent Mayor of Pittston, Pennsylvania and the incumbent Chairman of the Luzerne County Democratic Party, positions that he has held since 1961. Loftus also agreed to resign his mayoralty and party leadership positions.

. In Statesville, North Carolina, five defendants were convicted and sentenced for their roles in subverting the 1982 general election in Alexander County, North Carolina. A federal jury had convicted four of the defendants of mail fraud, conspiracy, and multiple-voting for their fraudulent voting of absentee ballots of nursing home residents. The fifth defendant

had pled guilty to a charge of multiple-voting (42 U.S.C. §1973i(e)), and had testified for the Government during the trial of her co-conspirators. The lead defendants, Deputy Sheriff Mark Douglas Odom and Deputy Clerk of Court Joyce Geraldine Beach, each received a sentence of five years' imprisonment for their convictions on twenty-eight counts of mail fraud, and a concurrent five-year term on their convictions for conspiracy and multiple-voting. Benny Carol Dyson, a Democratic Party official, received a sentence of two years' imprisonment on his mail fraud convictions, and a concurrent two years for conspiracy and multiple-voting. John Edward Lackey, a CPA and part-time dispatcher in the Sheriff's office, was fined \$3,000 and given a sentence of one year's probation on his multiple-voting conviction. The Judge sentenced the cooperating defendant, Donna Leigh Wike, under the Young Adult Offenders Program (18 U.S.C. §4216) at the recommendation of the government. Wike, a twenty-two year old notary, was given a thirty-day suspended sentence, and thirty days' probation.

. In Bryson City, North Carolina, eight defendants were convicted and sentenced for their roles in subverting the November 1982 election in Clay County, North Carolina.

The trial evidence showed a massive vote-buying scheme, with the defendants purchasing votes for the Democratic Party slate at prices ranging between \$50 and \$125 per voter. The jury considered 33 counts, and returned guilty verdicts on all but one. Convicted of conspiracy (18 U.S.C. §371) and thirty counts of vote-buying (42 U.S.C. §1973i(c)) were the newly elected sheriff Howard Barnard, County Magistrate Harvey Auberry, election official Frankie M. Campbell, and businessman Glenn Martin. Barnard was also convicted of obstruction of justice (18 U.S.C. §1503) for encouraging a witness to lie about her receipt of money for voting (42 U.S.C. 1973i(e)). Also indicted with these defendants were James C. Cherry and Jack Harmon Parker. Edgar Eugene Jones had previously pled guilty to conspiracy and 19 counts of vote-buying, and testified for the government.

Three of the defendants were public officials, each of whom was sentenced to time in prison. Sheriff Howard Barnard received a prison term of two and a half years and a fine of \$3,000. County Magistrate Auberry received a 15-month sentence and a fine of \$2,000. Two other co-defendants, election official Frankie Campbell and businessman Glen Martin, were sentenced to three

years of probation and fines of \$2,000. Former Republican Sheriff Hartsell Moore, who was defeated by Barnard in his 1982 reelection effort, received a prison term of 15 months and a \$2,000 fine on his guilty plea to two counts of vote-buying.

Two other individuals, who pled guilty and co-operated with the government, were also sentenced. Edgar Eugene Jones, who testified in the Barnard trial that he had personally purchased over 100 votes for Sheriff Barnard at a minimum of \$50 per vote, received a sentence of three years' probation and a \$500 fine. Another defendant, Charles Matheson, who was slated to testify regarding his purchasing of votes for Sheriff Moore, pled guilty and received a 3-year period of probation, and a fine of \$200.

Jack Harmon Parker, head of the Clay County Office of the North Carolina Highway Department, subsequently pled guilty to conspiracy to buy votes in violation of 18 U.S.C. §597. He received a sentence of one-year imprisonment, which was suspended, 3 years probation, and a \$1,000 fine.

. A federal grand jury in Asheville, North Carolina indicted five additional individuals for vote-buying in connection with recent elections in Clay County and Alexander County, North Carolina.

Timothy Cox, a money-man for the Democratic faction in Clay County, was charged with one count of conspiracy to buy votes (18 U.S.C. §371) and twenty-nine counts of vote-buying (42 U.S.C. §1973i(c)) in connection with the November 1982 general election. Cox's co-conspirators include seven previously indicted public and party officials, headed by Sheriff Howard Barnard. Christie Roach, another vote-buyer for the Democrats in Clay County, was charged with eight counts of vote-buying.

Three Alexander County residents were also indicted on vote-buying charges: William Hammer (6 counts), Joseph Mallard (5 counts), and Aaron Mallard (5 counts). The Mallards are employed by the North Carolina Department of Transportation, and bought votes for Democratic candidates in Alexander County. Hammer, a private businessman, bought votes for the Republicans.

. The Section closed twenty-one election crimes matters without prosecution in 1983, and nineteen such matters were open at the end of the year.

PART III

FEDERAL PROSECUTIONS OF CORRUPT PUBLIC OFFICIALS

Each year, the Public Integrity Section collects information from the United States Attorneys about the public corruption cases their Offices have handled. This portion of the Report describes the results of the 1983 survey, and summarizes information from earlier surveys. Tables I-III display the numbers, types, dispositions, and geographical distribution of the reported cases.

Also presented below are descriptions of a sample of public corruption cases nationwide considered by the U.S. Attorneys to be their most significant achievements in the corruption area. Predictably, some of these cases are "small;" corruption is not a uniformly serious problem. What the cases show, however, is that federal prosecutors nationwide are sensitive to the inherent seriousness of corruption offenses, and pursue them vigorously. The sample includes only those cases handled exclusively by the United States Attorneys' Offices; numerous other major corruption cases were handled jointly by the United States Attorneys' Offices and the Public Integrity Section, and are described in Part II of this Report. The sample cases are organized according to the level of government affected by the corruption.

A. SELECTED CORRUPTION CASES NATIONWIDE, HANDLED BY  
THE U.S. ATTORNEYS' OFFICES

1. Corruption and Official Misconduct at the  
Federal Level

a. The Executive Branch

- Florida, S.D. - The United States Marshal for the Southern District of Florida was convicted, along with two others, for participating in a scheme to influence a warden of the Metropolitan Correction Center to make special arrangements for a federal inmate, the son of one of the defendants.

- Florida, S.D. - A suspended Group Supervisor with the Drug Enforcement Administration pled guilty to charges of obstructing justice and of seeking and accepting an unlawful gratuity.

- Florida, S.D. - A Special Agent of the U.S. Customs Service pled guilty to seeking and receiving bribes in exchange for information about an interagency narcotic interdiction program.

- Georgia, N.D. - A criminal investigator for the Office of Inspector General, U.S. Department of Agriculture, was convicted for embezzling food stamps, falsifying case reports, and making false statements to the Office of Inspector General. The investigator had been working on an undercover investigation of food stamp trafficking.

- Illinois, C.D. - The postmaster of a small post office was convicted of embezzling more than \$18,000 in postal funds.

- New Jersey - An investigation into several hundred fraudulent filings with the Immigration and Naturalization Service (INS) and corruption of INS employees resulted in the conviction of fifteen defendants including attorneys, aliens, and three INS officials.

- New York, S.D. - An INS undercover investigation of Oriental white slavery and public corruption resulted in 23 convictions. Those prosecuted included the Deputy Clerk of the District Court for the Southern District of New York, attorneys, and owners and operators of Korean massage parlors in New York City.



- New York, S.D. - An investigation of corruption and bribery at the Metropolitan Correction Center resulted in the indictment of nine correctional officers, seven of whom were convicted in 1983, for accepting bribes from inmates in exchange for smuggling cash, narcotics, and other items into the inmates.

- Pennsylvania, E.D. - Three government employees, four private citizens and two corporations were convicted in a RICO prosecution involving bid-rigging, bribery, and fraud in the operation of the Defense Department's contract program at the Defense Industrial Supply Center facility in Philadelphia. The investigation involved \$12 million worth of spare parts contracts over a three year period.

- South Carolina - A County Supervisor for the Farmers Home Administration and an employee of the Agricultural Stabilization and Conservation Service were convicted of conspiring to defraud the Farmers Home Administration of over \$825,000. The County Supervisor, who had the authority to approve loans, created applications for loans in the names of fictitious farmers. Using bank accounts and post office boxes in fictitious names, checks for loan proceeds were received, endorsed, deposited, and converted to the defendants' use.

- South Carolina - A Unit Collections Officer for the U.S. Forest Service was convicted of embezzling more than \$750,000. For eight years the Officer was responsible for collecting more than \$10 million per year and then depositing the money daily in a bank for transfer to the U.S. Treasury. The money she collected represented sales of timber, maps, and recreation permits from South Carolina's two national forests. Over a two year period she made many late deposits, and in some instances failed to make deposits at all. Almost all of the money has been recovered since the investigation, but the government had to borrow money to replace funds it should have had in the bank, and the interest on the money borrowed has been calculated to exceed \$56,000.

- Tennessee, W.D. - 78 IRS seasonal employees were convicted of making false statements to

obtain unemployment benefits. In total, the government was defrauded of more than \$50,000.

- Texas, N.D. - In June, 1983, an investigation of corruption within the Army and Air Force Exchange Service (AAFES) was concluded. This investigation, which had begun in 1977 and was conducted by a Federal Task Force, resulted in 60 convictions, which documented the payment of several million dollars of bribes and gratuities to procurement officials of AAFES. Twenty-four current and former government procurement officials were prosecuted. Several dozen vendors selling many millions of dollars of supplies to AAFES were prosecuted and debarred from dealing with the Federal government. Also, due to information developed by the grand jury in Dallas, related convictions were obtained in the Western District of Texas, Western District of New York, and Eastern District of Virginia.

## 2. The Judicial Branch

- Louisiana, E.D. - Through his ownership of a local bank, an attorney became involved with drug smugglers who were under federal investigation in a major narcotics case involving the importation of 544,000 pounds of marijuana. The attorney was convicted for accepting approximately \$600,000 from the smugglers in exchange for allegedly bribing a federal judge to dismiss a case then pending, and bribing federal prosecutors to end a grand jury investigation. The attorney kept the money and did not approach the judge or the prosecutors to fix the case.

- Michigan, E.D. - A prominent local attorney and a Bankruptcy Court Clerk were convicted of conspiring to manipulate the Bankruptcy Court's judicial selection procedure so that the attorney would not be assigned to a judge who set low attorney fees.

## B. CORRUPTION AND OFFICIAL MISCONDUCT AT THE STATE LEVEL

### 1. The Executive Branch

- California, E.D. - The Chairman of the State Teachers Retirement Systems Pension Fund was

charged with accepting a bribe in exchange for the Retirement System making a \$50 million loan to an oil drilling venture. He was a fugitive at the end of 1983.

- Georgia, N.D. - 1983 saw the culmination of statewide kickback prosecutions begun in 1982. The kickbacks were from a supplier of road building equipment and supplies. In 1983, the office obtained the conviction of a Probate Judge/County Commissioner for attempted extortion; County Commissioner for conspiracy to defraud the United States; the County Road Superintendent for attempted extortion; and the County Foreman of the Road Department for conspiracy to defraud the United States.

- Georgia, N.D. - An office manager for the Georgia Department of Labor was convicted of two counts of making false declarations before a grand jury. Although he was only sentenced to probation, the conviction was important because the FBI and U.S. Attorney's office had been encountering an alarming amount of misleading information from Department employees in the course of a corruption investigation. The conviction bolstered efforts to obtain additional information concerning allegations of widespread corruption within the Department.

- Georgia, M.D. - In a related case, a South Georgia Area Coordinator for the Department of Labor pled guilty to four counts of coercing campaign contributions on behalf of the Georgia Commissioner of Labor, from the Department of Labor employees. An office manager pled guilty to one count. These cases were part of a state-wide federal and state cooperative investigation into corruption within the Georgia Labor Department. The investigation has thus far resulted in state and/or federal indictments of 16 people throughout the State of Georgia including the Commissioner of Labor.

- Guam - A caseworker at the Department of Public Health and Social Services was convicted of embezzling \$23,000 worth of food stamps.

- Puerto Rico - The office prosecuted a number of cases involving police corruption. In one case, a high ranking officer of the Puerto

Rico Police was the leader of an organized gang involved in violations of the Hobbs Act. In another case, twenty three defendants, including four police officers, were indicted for conspiracy and theft from interstate shipments. As a result, an organized crime syndicate formed for the purpose of hijacking trailer vans was effectively stopped. In a third case a number of ranking police investigators were indicted for extortion violations.

## 2. The Legislative Branch

- Indiana, S.D. - A lobbyist who is a former State Representative was convicted of obstructing justice and making false statements before the grand jury.

- Nevada - A State Senator was convicted for extortion and bribery.

- Oklahoma, W.D. - A State Senator was convicted for extortion in wrongfully using his office to assist an Oklahoma City drug dealer in side-tracking his numerous legal problems and potential criminal charges.

## 3. The Judicial Branch

- Michigan, E.D. - A State District Court Judge and others were convicted in a case-fixing scheme.

- North Carolina, E.D. - A State District Court Judge was convicted of accepting over \$9,000 in bribes to protect an illegal gambling and drug smuggling group.

## C. CORRUPTION AND OFFICIAL MISCONDUCT AT THE LOCAL LEVEL

### 1. Non-Law Enforcement Corruption

- Alabama, S.D. - A County Superintendent of Education was convicted of mail fraud for his involvement in a kickback scheme with a school supply company.

- Arizona - The former comptroller and chief accountant of the Hualapai Indian tribe was convicted on charges of embezzling more than \$100,000.

- Connecticut - Two former officials of the New Haven Housing Authority and one private citizen were convicted of wire fraud in a scheme to "shakedown" a contractor who had bid on a construction project. They attempted to extract \$180,000 and the right to name subcontractors.

- Florida, M.D. - Three County Commissioners, together with an attorney, were convicted of conspiracy to commit extortion, and extortion under color of official right. They conspired to extort between \$75,000 and \$125,000 relating to a re-zoning petition pending before the County Commission.

- Idaho - A city Director of Transportation was convicted for taking kickbacks from a supplier. The supplies were grossly overpriced, and the city lost at least \$30,000.

- Illinois, N.D. - In a continuation of an investigation of the Cook County Board of Tax Appeals, one Board member and three more attorneys were convicted of extortion and RICO during 1983. This brings to 24 the total number of public officials convicted.

- Massachusetts - The former Budget Director of the City of Boston was convicted for fraudulently obtaining a disability pension which would have paid him over \$1,000,000.

- Massachusetts - A former City of Boston official was convicted for committing perjury after being compelled to testify, while serving a sentence for extortion. His conviction led to his cooperation, which accelerated investigations of corruption in Boston he had previously impeded.

- Missouri, E.D. - The Director of the St. Louis Convention Center was convicted of accepting \$30,000 from a local sport show promoter in return for favorable dates for his sports shows.

- Nevada - A Reno City Councilman was convicted of extortion and bribery.

- New Jersey - A former Mayor was convicted of conspiring to extort kickbacks from businesses seeking to develop waterfront property along the

- Texas, E.D. - The office completed the prosecution of a widespread scheme in which vendors would pay kickbacks to County Commissioners. In exchange, the Commissioners would approve for payment invoices of fictitious deliveries of supplies to the county. The two year investigation resulted in the conviction of forty Commissioners and salespersons in the district.

## 2. Law Enforcement Corruption

- Alabama, N.D. - A County Sheriff and three of his deputies were convicted for extorting money from bootleggers.

- Alabama, S.D. - A supernumerary District Attorney was convicted along with a Chief Investigator for drug smuggling.

- Arkansas, W.D. - A County Sheriff and his Chief Deputy were convicted of selling marijuana. The sheriff had previously been acquitted of murder charges and another charge of selling controlled substances.

- Florida, S.D. - A Miami police officer was convicted for conspiracy and travel act violations related to his protection of some narcotic transactions.

- Georgia, S.D. - The County Sheriff in the only county where the sheriff's office is the major law enforcement and investigating agency was convicted of ticket fixing. As a result, a county-wide police force was created and the Sheriff's Office lost funding for its investigative and law enforcement efforts.

- New York, S.D. - An undercover operation exposed substantial police corruption in two Manhattan precincts and disclosed activities of corrupt police officers who sought and accepted unlawful payments from unlicensed after-hours clubs. The defendants stole money taken from narcotics dealers, subsequently looted premises that had been burglarized, and committed perjury before the grand jury.

Hudson River. The mayor created a municipal entity, a local port authority, in order to carry out his extortionate plan. A member of the Township Committee and a political ally of the mayor pled guilty to attempting to assist the former mayor in avoiding prosecution by concealing from the FBI the fact that the mayor had offered him an \$80,000 bribe in return for his vote in support of a waterfront development project. Finally, a private developer pled guilty to conspiring to violate the securities laws by arranging to pay substantial kickbacks to various public officials, including the mayor, in return for the town's approval of a \$17,715,000 bond issue to fund his proposed waterfront development project.

- Ohio, N.D. - The Service Director of the City of Canton, and chief aid to the mayor, was convicted of accepting bribes in exchange for the award of a sales contract for garbage trucks. The conviction prompted the formation of joint federal/local task force to investigate corruption in Canton.

- Oklahoma - A statewide investigation of County Commissioners continued, with an additional 32 commissioners and former Commissioners convicted, and another 28 suppliers convicted.

- Oklahoma, W.D. - An Oklahoma County District Judge was convicted of violating the Hobbs Act and RICO Acts. He was charged with favorably disposing of cases and providing protection for criminal drug dealers, agreeing to dismiss cases in exchange for sums of money, and dissuading law enforcement personnel from further investigations of drug suspects.

- Tennessee, W.D. - As an outgrowth of a meeting of the District's Law Enforcement Coordinating Committee, the U.S. Attorney, working in conjunction with the State District Attorneys General for four different state judicial circuits, and with the FBI and the Tennessee Bureau of Investigation, conducted an extensive investigation of public corruption in rural West Tennessee countries before a federal grand jury. The investigation resulted in the prosecution of seven people in four cases.

- North Carolina, E.D. - A County Sheriff was convicted of having accepted \$50,000 to provide protection for a major drug smuggling operation.
- Tennessee, E.D. - In two separate cases, the office convicted a total of two County Sheriffs and twelve private citizens for conspiracy to import and distribute cocaine.
- Tennessee, W.D. - A Memphis Police Officer, two insurance company executives, and one other individual were convicted in a mail fraud scheme to defraud an insurance company of \$66,000. The police officer assisted insurance executives in faking an accident, fabricating a police report, and filing bogus claims to the insurance company.

D. ELECTION FRAUD

- Alabama, N.D. - A private citizen was convicted of operating a scheme to cast illegal ballots in the 1982 Democratic Primary in Alabama.
- New Mexico - Six local officials, including a County Commissioner Chairman, the Sheriff and the County Assessor, and three private citizens were prosecuted in a voting fraud scheme for payment and offers of payment to vote.
- Oklahoma, E.D. - The State Speaker of the House and the House Majority Leader were convicted of voter fraud.
- Texas, S.D. - Seven persons, from two rival factions within the party, were convicted for vote buying relating to the 1982 Texas Democratic Primary.



April, 1984

B. LIST OF TABLES

Table I	Federal Prosecutions of Corrupt Public Officials - Year Ended December 31, 1983
Table II	Federal Prosecutions of Corrupt Public Officials - January 1, 1974 to December 31, 1983
Table III	Federal Prosecutions of Corrupt Public Officials - Convictions by Districts - 1976-1983

TABLE I

FEDERAL PROSECUTIONS OF CORRUPT PUBLIC OFFICIALS

Year Ended December 31, 1983

Federal Officials

Indicted	460
Convicted	424
Awaiting Trial	58

State Officials

Indicted	81
Convicted	65
Awaiting Trial	26

Local Officials

Indicted	270
Convicted	226
Awaiting Trial	61

Others Involved

Indicted	262
Convicted	257
Awaiting Trial	77

Total

Indicted	1,073
Convicted	972
Awaiting Trial	222

TABLE 11  
 PROGRESS OVER THE LAST DECADE  
FEDERAL PROSECUTIONS OF CORRUPT PUBLIC OFFICIALS

	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Federal Officials										
- Indicted	59	53	111	129	133	128	123	198	158	460*
- Convicted	51	43	101	94	91	115	131	159	147	424
- Awaiting Trial on December 31	1	5	1	32	42	21	16	23	38	58
State Officials										
- Indicted	36	36	59	50	55	58	72	87	49	81
- Convicted	23	18	35	38	56	32	51	66	43	65
- Awaiting Trial on December 31	0	5	30	33	20	30	28	36	18	26
Local Officials										
- Indicted	130	139	194	157	171	212	247	244	257	270
- Convicted	87	94	100	164	127	156	168	211	232	226
- Awaiting Trial on December 31	4	15	98	62	72	67	82	102	58	61
Others involved										
- Indicted	66	27	199	171	198	289	279	349	265	262
- Convicted	56	24	144	144	135	252	202	294	249	257
- Awaiting Trial on December 31	0	2	70	83	71	69	87	70	72	77
Totals										
- Indicted	291	255	563	507	557	687	721	878	729	1,073
- Convicted	217	179	380	440	409	555	552	730	671	972
- Awaiting Trial on December 31	5	27	199	210	205	187	213	231	186	222

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

TABLE III

## FEDERAL PROSECUTIONS OF CORRUPT PUBLIC OFFICIALS

## Convictions of Public Officials by Judicial Districts

1976 - 1983

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>TOTAL</u>
Alabama, Northern	0	6	4	9	6	5	4	7	41
Alabama, Middle	9	4	5	10	22	3	6	6	65
Alabama, Southern	1	0	1	N/A	5	0	6	12	25
Alaska	4	3	0	0	0	0	0	6	13
Arizona	2	3	0	1	2	6	0	4	18
Arkansas, Eastern	1	3	2	3	4	2	0	9	24
Arkansas, Western	0	1	0	1	1	1	1	4	9
California, Northern	0	0	0	0	0	2	0	3	5
California, Eastern	0	0	0	0	N/A	0	3	0	3
California, Central	10	8	3	8	4	8	4	17	62
California, Southern	1	2	3	7	8	8	5	3	37
Colorado	0	1	1	0	0	0	1	13	16
Connecticut	0	5	4	4	7	0	4	15	39
Delaware	3	0	1	0	0	1	1	1	7

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

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>TOTAL</u>
District of Columbia	9	10	14	9	19	17	14	N/A	92
Florida, Northern	1	0	0	0	2	4	0	1	8
Florida, Middle	4	1	5	1	2	6	4	13	36
Florida, Southern	0	0	3	0	14	0	1	8	26
Georgia, Northern	6	2	6	1	2	2	5	20	44
Georgia, Middle	9	7	1	1	3	1	2	10	34
Georgia, Southern	0	1	0	4	2	8	3	8	26
Guam	N/A	N/A	2	0	N/A	2	0	1	5
Hawaii	0	0	0	0	0	0	3	2	5
Idaho	0	0	0	0	0	0	0	2	2
Illinois, Northern	N/A	N/A	16	27	25	35	20	16	139
Illinois, Central	1	0	8	2	2	0	0	3	16
Illinois, Southern	0	0	4	2	0	0	0	2	8
Indiana, Northern	4	6	5	3	7	2	3	0	30
Indiana, Southern	0	3	0	0	7	2	3	0	15
Iowa, Northern	0	0	0	0	0	0	0	0	0
Iowa, Southern	1	0	0	1	0	1	0	1	4
Kansas	9	4	0	3	N/A	7	0	3	26
Kentucky, Eastern	5	6	5	5	12	5	4	0	42

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>TOTAL</u>
Kentucky, Western	1	0	2	2	0	2	5	1	13
Louisiana, Eastern	N/A	N/A	6	7	8	13	4	19	57
Louisiana, Middle	1	0	0	1	1	3	2	5	13
Louisiana, Western	0	1	0	10	2	0	2	0	15
Maine	0	0	2	2	3	0	0	1	8
Maryland	2	5	20	11	11	3	2	10	64
Massachusetts	3	5	7	5	6	7	11	8	52
Michigan, Eastern	1	4	1	7	3	10	16	18	60
Michigan, Western	1	1	1	0	0	2	4	2	11
Minnesota	1	0	0	2	0	0	0	6	9
Mississippi, Northern	0	2	3	2	4	6	4	0	21
Mississippi, Southern	1	0	5	0	4	9	7	N/A	26
Missouri, Eastern	4	2	1	1	2	2	4	1	17
Missouri, Western	1	0	0	0	0	0	1	9	11
Montana	1	0	0	0	1	0	0	4	6
Nebraska	0	1	0	0	7	0	0	1	9
Nevada	1	1	1	3	0	2	0	2	10
New Hampshire	0	0	2	0	0	3	7	1	13
New Jersey	14	10	15	9	25	8	16	30	127
New Mexico	9	9	1	4	0	2	6	8	39

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>TOTAL</u>
New York, Northern	1	0	2	0	0	0	0	N/A	3
New York, Southern	0	8	3	33	17	30	36	49	176
New York, Eastern	21	21	7	1	22	11	11	14	108
New York, Western	0	5	1	5	6	1	0	5	23
North Carolina, Eastern	1	0	1	1	N/A	2	7	8	20
North Carolina, Western	0	0	0	0	0	2	0	6	8
North Carolina, Middle	*	*	*	0	0	0	0	1	1
North Dakota	0	0	0	1	0	0	0	4	5
Ohio, Northern	2	5	6	12	3	2	3	11	44
Ohio, Southern	12	18	7	21	10	2	0	4	74
Oklahoma, Northern	0	0	0	0	0	2	8	1	11
Oklahoma, Western	0	0	4	N/A	5	51	44	25	129
Oklahoma, Eastern	0	0	0	5	3	9	13	14	44
Oregon	0	0	1	0	0	0	0	6	7
Pennsylvania, Eastern	8	6	13	11	8	4	4	19	73
Pennsylvania, Middle	21	27	16	3	6	16	13	26	128
Pennsylvania, Western	9	39	12	7	N/A	4	7	3	81
Puerto Rico	1	5	0	N/A	0	0	1	2	9

\* = District did not exist.

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>TOTAL</u>
Rhode Island	N/A	N/A	0	N/A	0	4	0	2	6
South Carolina	19	15	8	10	11	25	8	22	118
South Dakota	0	0	0	2	0	0	0	2	4
Tennessee, Eastern	0	4	0	2	1	0	5	15	27
Tennessee, Middle	1	1	2	3	0	8	5	2	22
Tennessee, Western	2	7	3	5	7	7	4	85	120
Texas, Northern	6	4	4	7	5	5	15	9	55
Texas, Southern	8	3	6	6	1	0	1	11	36
Texas, Eastern	0	1	3	N/A	3	19	11	8	45
Texas, Western	4	2	0	N/A	3	6	8	11	34
Utah	0	0	2	1	N/A	4	0	5	12
Vermont	0	0	1	0	N/A	0	1	0	2
Virgin Islands	N/A	N/A	0	0	0	1	2	1	4
Virginia, Eastern	4	4	1	1	1	13	13	N/A	37
Virginia, Western	0	1	1	0	0	5	0	3	10
Washington, Eastern	0	0	0	0	0	0	0	0	0
Washington, Western	0	1	0	2	2	1	0	3	9
West Virginia, Northern	0	0	1	3	1	0	0	0	5



	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>TOTAL</u>
West Virginia, Southern	2	0	6	3	N/A	0	3	2	16
Wisconsin, Eastern	1	4	2	0	1	2	11	13	34
Wisconsin, Western	0	3	0	1	1	0	0	5	10
Wyoming	0	0	0	0	0	0	0	2	2

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>TOTAL</u>
West Virginia, Southern	2	0	6	3	N/A	0	3	2	16
Wisconsin, Eastern	1	4	2	0	1	2	11	13	34
Wisconsin, Western	0	3	0	1	1	0	0	5	10
Wyoming	0	0	0	0	0	0	0	2	2