

**REPORT TO CONGRESS
ON THE ACTIVITIES AND OPERATIONS
OF THE
PUBLIC INTEGRITY SECTION
FOR 2019**



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

**Submitted Pursuant to
Section 603 of the Ethics in Government Act of 1978**

INTRODUCTION

This Report to Congress is submitted pursuant to the Ethics in Government Act of 1978, which requires the Attorney General to report annually to Congress on the operations and activities of the Justice Department's Public Integrity Section. The Report describes the activities of the Public Integrity Section during 2019. It also provides statistics on the nationwide federal effort against public corruption during 2019 and over the previous two decades.

The Public Integrity Section was created in 1976 in order to consolidate in one unit of the Criminal Division the Department's oversight responsibilities for the prosecution of criminal abuses of the public trust by government officials. Section attorneys prosecute selected cases involving federal, state, or local officials, and also provide advice and assistance to prosecutors and agents in the field regarding the handling of public corruption cases. In addition, the Section serves as the Justice Department's center for handling various issues that arise regarding public corruption statutes and cases.

An Election Crimes Branch was created within the Section in 1980 to supervise the Department's nationwide response to election crimes, such as voter fraud and campaign-financing offenses. The Director of Election Crimes reviews all major election crime investigations throughout the country and all proposed criminal charges relating to election crime.

During the year, the Section maintained a staff of approximately thirty attorneys, including experts in extortion, bribery, election crimes, and criminal conflicts of interest. The Section management included: AnnaLou Tirol, Acting Chief; John D. Keller, Deputy Chief; Todd Gee, Deputy Chief; Robert Heberle, Deputy Chief; and Richard C. Pilger, Director, Election Crimes Branch. Corey Amundson became Chief of the Public Integrity Section on September 30, 2019.

Part I of the Report discusses the operations of the Public Integrity Section and highlights its major activities in 2019. Part II describes significant cases prosecuted by the Section in 2019. Part III presents nationwide data regarding the national federal effort to combat public corruption over the last two decades.

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PART I

OPERATIONAL RESPONSIBILITIES OF THE PUBLIC INTEGRITY SECTION

A. RESPONSIBILITY FOR LITIGATION

The work of the Public Integrity Section focuses on public corruption, that is, crimes involving abuses of the public trust by government officials. Most of the Section's resources are devoted to investigations involving alleged corruption by government officials and to prosecutions resulting from these investigations. Decisions to undertake particular matters are made on a case-by-case basis, given Section resources, the type and seriousness of the allegation, the sufficiency of factual predication reflecting criminal conduct, and the availability of federal prosecutive theories to reach the conduct.

Cases handled by the Section generally fall into one of the following categories: recusals by United States Attorneys' Offices, sensitive cases, multi-district cases, referrals from federal agencies, and shared cases. These categories are discussed below.

1. Recusals by United States Attorneys' Offices

The vast majority of federal corruption prosecutions are handled by the local United States Attorney's Office for the geographic district where the crime occurred, a fact demonstrated by the statistical charts in Part III of this Report. At times, however, it may be inappropriate for the local United States Attorney's Office to handle a particular corruption case.

Public corruption cases tend to raise unique problems of public perception that are generally absent in more routine criminal cases. An investigation of alleged corruption by a government official, whether at the federal, state, or local level, or someone associated with such an official, always has the potential of becoming a high-profile case simply because its focus is on the conduct of a public official. In addition, these cases are often politically sensitive because their ultimate targets tend to be politicians or government officials appointed by politicians.

A successful public corruption prosecution requires both the appearance and the reality of fairness and impartiality. This means that a successful corruption case involves not just a conviction but public perception that the conviction was

warranted, not the result of improper motivation by the prosecutor, and is free of conflicts of interest. In a case in which the local conflict of interest is substantial, the local office is removed from the case by a procedure called recusal. Recusal occurs when the local office either asks to step aside, or is asked to step aside by Department headquarters, as primary prosecutor. Federal cases involving corruption allegations in which the conflict is substantial are usually referred to the Public Integrity Section either for prosecution or direct operational supervision.

Allegations involving possible crimes by federal judges almost always require recusals of the local offices for significant policy, as well as practical reasons. Having the case handled outside the local offices eliminates the possible appearance of bias, as well as the practical difficulties and awkwardness that would arise if an office investigating a judge were to appear before the judge on other matters. Thus, as a matter of established Department practice, federal judicial corruption cases generally are handled by the Public Integrity Section.

Similar concerns regarding the appearance of bias also arise when the target of an investigation is a federal prosecutor, a federal investigator, or other employee assigned to work in or closely with a particular United States Attorney's Office. Thus, cases involving United States Attorneys, Assistant United States Attorneys (AUSAs), or federal investigators or employees working with AUSAs in the field generally result in a recusal of the local office. These cases are typically referred to the Public Integrity Section.

2. Sensitive and Multi-District Cases

In addition to recusals, the Public Integrity Section handles other special categories of cases. At the request of the Assistant Attorney General for the Criminal Division, the Section handles cases that are highly sensitive and cases that involve the jurisdiction of more than one United States Attorney's Office.

Cases may be sensitive for a number of reasons. Because of its importance, a particular case may require close coordination with high-level Department officials. Alternatively, the case may require substantial coordination with other federal agencies in Washington. The latter includes cases involving classified information that require careful coordination with intelligence agencies. Sensitive cases may also include those that are so politically controversial on a local level that they are most appropriately handled in Washington.

In addition to sensitive cases, this category encompasses multi-district cases, that is, cases involving allegations that cross judicial district lines and, as a result, fall under the jurisdiction of two or more United States Attorneys' Offices. In these cases, the Section occasionally is asked to coordinate the investigation among the various United States Attorneys' Offices, to handle a case jointly with one or more United States Attorney's Office, or, when appropriate, to assume operational responsibility for the entire case.

3. Federal Agency Referrals

In another area of major responsibility, the Section handles matters referred directly by federal agencies concerning possible federal crimes by agency employees. The Section reviews these allegations to determine whether an investigation of the matter is warranted and, ultimately, whether the matter should be prosecuted.

Agency referrals of possible employee wrongdoing are an important part of the Section's mission. The Section works closely with the Offices of Inspector General (OIGs) of the executive branch agencies, as well as with other agency investigative components, such as the Offices of Internal Affairs and the Criminal Investigative Divisions. In addition, the Section invests substantial time in training agency investigators in the statutes involved in corruption cases and the investigative approaches that work best in these cases. These referrals from the various agencies require close consultation with the referring agency's investigative component and prompt prosecutive evaluation.

4. Requests for Assistance/Shared Cases

The final category of cases in which the Section becomes involved is cases that are handled jointly by the Section and a United States Attorney's Office or other component of the Department. At times, the available prosecutorial resources in a United States Attorney's Office may be insufficient to undertake sole responsibility for a significant corruption case. In this situation the local office may request the assistance of an experienced Section prosecutor to share responsibility for prosecuting the case. On occasion, the Section may also be asked to provide operational assistance or to assume supervisory responsibility for a case due to a partial recusal of the local office. Finally, the Public Integrity Section may be assigned to supervise or assist with a case initially assigned to another Department component.

B. SPECIAL SECTION PRIORITIES

In addition to the general responsibilities discussed above, in 2019 the Public Integrity Section continued its involvement in a number of priority areas of criminal law enforcement.

1. Election Crimes

One of the Section's law enforcement priorities is its supervision of the Justice Department's nationwide response to election crimes. The prosecution of all forms of election crime is a high Departmental priority, and headquarters' oversight in this area is designed to ensure that the Department's nationwide response to election crime matters is uniform, impartial, and effective. In 1980, the Election Crimes Branch was created within the Section to handle this supervisory responsibility.

The Election Crimes Branch oversees the Department's handling of all election crime allegations other than those involving federal voting rights, which are handled by the Civil Rights Division. Specifically, the Branch provides advice and guidance on three types of election crime cases: (1) vote frauds, such as vote buying and absentee ballot fraud; (2) campaign-financing crimes, most notably under the Federal Election Campaign Act (FECA); and (3) patronage crimes, such as political shakedowns and misuse of federal programs for political purposes. Vote frauds and campaign-financing offenses are the most significant, and most common types of election crimes.

The election-related work of the Section and its Election Crimes Branch falls into the following categories:

a. Consultation and Field Support. Under long-established Department procedures, the Section's Election Crimes Branch reviews all major election crime investigations, including all proposed grand jury investigations and FBI full-field investigations, and all election crime charges proposed by the various United States Attorneys' Offices for legal and factual sufficiency. (Justice Manual 9-85.210.) The Branch is also often consulted before a United States Attorney's Office opens a preliminary investigation into a vote fraud allegation, although this is not required.

In the area of campaign-financing crimes, Department procedures require consultation with headquarters before any investigation, including a preliminary investigation, is commenced by a United States Attorney's Office. (Justice Manual 9-85.210.) The increased coordination with the Section at the initial stage of a

criminal investigation of a FECA matter enables the Department to coordinate, when necessary, with another federal agency, the Federal Election Commission, which has civil enforcement authority over FECA violations.

The Section's consultation responsibility for election matters includes providing advice to prosecutors and investigators regarding the application of federal criminal laws to vote fraud, patronage crimes, and campaign-financing crimes, and the most effective investigative techniques for particular types of election offenses. In addition, the Election Crimes Branch helps draft election crime charges and other pleadings when requested.

The majority of the Branch's consultations are in the following two categories: vote fraud, also known as election fraud or ballot fraud; and campaign financing crimes arising under the FECA. During 2019, the Branch assisted in evaluating allegations, helping to structure investigations, and drafting charges for United States Attorneys' Offices around the country in these areas of law enforcement.

b. Litigation. Section attorneys investigate and prosecute selected election crimes, either by assuming total operational responsibility for the case or by handling the case jointly with a United States Attorney's Office or other Department component.

c. District Election Officer Program. The Branch also assists in implementing the Department's long-standing District Election Officer (DEO) Program. This Program is designed to ensure that each of the Department's 94 United States Attorneys' Offices has a trained prosecutor available to oversee the handling of election crime matters within the district and to coordinate district responses with Department headquarters regarding these matters.

The DEO Program involves appointing an Assistant United States Attorney in each federal district to serve a two-year term as a DEO and providing periodic training for the DEOs in the handling of election crime and voting rights matters.

The DEO Program is also a crucial feature of the Department's nationwide Election Day Program, which takes place during the federal general elections held in November of even-numbered years. The Election Day Program ensures that federal prosecutors and investigators are available both at Department headquarters in Washington, DC, and in each district to receive complaints of election irregularities while the polls are open. As part of the Program, press releases are

issued in Washington, DC, and in each district before the November federal elections that advise the public of the Department's enforcement interests in deterring and prosecuting election crimes and protecting voting rights. The press releases also provide contact information for the DEOs, local FBI officials, and Department officials in the Criminal and Civil Rights Divisions at headquarters, who may be contacted on Election Day by members of the public who have complaints of possible vote fraud or voting rights violations.

d. Inter-Agency Liaison with the Federal Election Commission. The Election Crimes Branch is the formal liaison between the Justice Department and the Federal Election Commission (FEC), an independent federal agency that shares enforcement jurisdiction with the Department over willful violations of the Federal Election Campaign Act (FECA). The FEC has exclusive civil jurisdiction over all FECA violations, while the Department has exclusive criminal jurisdiction over FECA crimes.

e. Inter-Agency Liaison with the Office of Special Counsel. The Branch also serves as the Department's point of contact with the United States Office of Special Counsel (OSC). The OSC has jurisdiction over noncriminal violations of the Hatch Act, 5 U.S.C. §§ 1501-1509, 7321-7326, which may also involve criminal patronage crimes that are within the Department's jurisdiction.

2. Conflicts of Interest Crimes

"Conflicts of interest" is a wide-ranging and complex area of law, with many layers of administrative and oversight responsibility. Moreover, the federal criminal conflicts of interest laws overlap to some extent with the sometimes broader ethics restrictions imposed by civil statutes, agency standards of conduct, Presidential orders, and, in the case of attorneys, bar association codes of conduct.

The Public Integrity Section's work in the conflicts area falls into the following categories:

a. Criminal Referrals from Federal Agencies and Recusals. The Section's criminal enforcement role comes into play with respect to a narrow group of conflicts of interest matters, namely, those that involve possible misconduct proscribed by one of the federal conflicts of interest statutes, 18 U.S.C. §§ 203-209. These crimes are prosecuted either by a United States Attorney's Office or by the Public Integrity Section. Conflicts of interest matters are often referred to the Section by the various federal agencies. If investigation of a referral is warranted,

the Section coordinates the investigation with the Inspector General for the agency concerned, the FBI, or both. If prosecution is warranted, the Section prosecutes the case. If a civil remedy may be appropriate in lieu of criminal prosecution, the Section or the Inspector General may refer the case to the Civil Division of the Department of Justice for its review.

b. Coordination. The Public Integrity Section works with the United States Office of Government Ethics (OGE) to coordinate conflicts of interest issues with OGE and other executive branch agencies and offices. The purpose of this coordination is to ensure that the overall legislative and enforcement efforts in this area are both complementary and consistent. OGE has broad jurisdiction over noncriminal conduct by executive branch personnel, as well as the authority to provide guidance concerning the coverage of the federal criminal conflicts of interest statutes. The Section's coordination with OGE ensures that consistent guidance is provided with respect to the overlapping criminal, civil, and administrative interests implicated by the statutory and regulatory restrictions on federal personnel.

C. LEGAL AND TECHNICAL ASSISTANCE

1. Training and Advice

The Public Integrity Section is staffed with specialists who have considerable experience investigating and prosecuting corruption cases. Section attorneys participate in a wide range of formal training events for federal prosecutors and investigators. They are also available to provide informal advice on investigative methods, charging decisions, and trial strategy in specific cases.

The Section also conducts a public corruption seminar, held annually, at the National Advocacy Center. Speakers at this seminar typically include both the Section's senior prosecutors and Assistant United States Attorneys from the field who have handled significant corruption cases. The seminar provides training for federal prosecutors regarding the statutes most commonly used in corruption cases, guidance in the use of the complex and difficult investigative techniques necessary to investigate government corruption, and advice from experienced prosecutors on conducting corruption trials.

2. Legal Advisor to the Integrity Committee of the Council of Inspectors General on Integrity and Efficiency

Pursuant to the Inspector General Reform Act of 2008, Pub. L. No. 110-409, 122 Stat. 4302 (Oct. 14, 2008), the designee of the Chief of the Public Integrity Section serves as Legal Advisor to the Integrity Committee of the Council of Inspectors General on Integrity and Efficiency (CIGIE). The CIGIE is a body composed of the Inspectors General of the various agencies of the executive branch of the federal government. The Integrity Committee of the CIGIE is charged with handling allegations against Inspectors General and senior members of their staff.

In addition, the Integrity Committee is charged with establishing policies and procedures to ensure consistency in conducting administrative investigations. The Committee's procedures, drafted with the assistance of the Public Integrity Section, provide a framework for the investigative function of the Committee. Allegations of wrongdoing by Inspectors General and their senior staff are initially reviewed by an Integrity Committee working group, with assistance from the Public Integrity Section, for potential criminal prosecution. In noncriminal matters, the procedures guide the Committee's process for reviewing or investigating alleged misconduct and for reporting on its findings. The Public Integrity Section also advises the Integrity Committee on matters of law and policy relating to its investigations.

3. Legislative Activities

An important responsibility of the Public Integrity Section is the review of proposed legislation that may affect, directly or indirectly, the investigation and prosecution of public officials and those who seek to corrupt these officials. The Section is often called upon to comment on legislation proposed by Congress, by the Administration, or by other departments of the executive branch; to draft or review testimony for congressional hearings; and to respond to congressional inquiries concerning legislative proposals. On occasion, the Section drafts legislative proposals relating to various corruption matters.

4. Case Supervision and General Assistance

Public corruption cases are often controversial, complex, and highly visible. These factors may warrant Departmental supervision and review of a particular case. On occasion Section attorneys are called upon to conduct a careful review of a sensitive public corruption case, evaluating the quality of the investigative work and the adequacy of any proposed indictments. Based on its experience in this area, the

Section can often identify tactical or evidentiary problems early on and either provide needed assistance or, if necessary, assume operational responsibility for the prosecution.

The Section also has considerable expertise in the supervision of the use of undercover operations in serious corruption cases. The Section serves on the FBI's Criminal Undercover Operations Review Committee. A number of the Section's senior prosecutors have experience in the practical and legal problems involved in such operations and have the expertise to employ this sensitive investigative technique effectively and to advise law enforcement personnel on its use.

5. International Advisory Responsibilities

The Public Integrity Section actively participates in the area of international law enforcement. The Section regularly provides briefings and training on United States public corruption issues to visiting foreign delegations and continues the efforts of the United States to assist foreign countries in their quest to combat public corruption and election crime in their respective countries. This assistance includes participation in international proceedings and coordination with other components of the Justice Department and the State Department on the Administration's positions in this area.

Section experts continue to address visiting foreign officials in investigations and prosecutions of public corruption. These presentations are generally conducted under the auspices of the State Department's Foreign Visitor Program and the Justice Department's Office of Overseas Prosecutorial Development, Assistance, and Training.

PART II

PUBLIC INTEGRITY SECTION INDICTMENTS AND PROSECUTIONS IN 2019

INTRODUCTION

As described in Part I, the Public Integrity Section's role in the prosecution of public corruption cases ranges from sole operational responsibility for the entire case to approving an indictment or to providing advice on the drafting of charges. Part II of the Report provides examples of noteworthy public corruption cases for which the Section had either sole or shared operational responsibility during 2019.

In 2019, the Section's case work resulted in numerous guilty pleas, as well as several trial convictions in Texas, Kentucky, Puerto Rico, Virginia, and California. The Section tried five cases in 2019 resulting in the convictions of six defendants.

The descriptions of the Section's significant cases for calendar year 2019 are separated into categories, based on the branch or level of government affected by the corruption. Election crime cases are grouped separately. Unrelated cases in each category are separated by triple lines. When a conviction but not a sentencing took place in 2019, the sentencing may be reported in this report or in a later year's report.

FEDERAL JUDICIAL BRANCH

The Public Integrity Section has sole responsibility for the investigation and prosecution of federal judges due to the potential appearance issues that might arise if a local United States Attorney's Office were to investigate an allegation of wrongdoing by a judge before whom that United States Attorney's Office appears on a regular basis. The investigation of allegations of criminal wrongdoing in the federal judicial branch is a very sensitive matter. These investigations may involve intrusions into pending federal cases, cooperation from parties or witnesses who are appearing before the court, or potential disruption of the normal judicial process. In addition, the Section must coordinate closely with supervisory judges and the Administrative Office of United States Courts to facilitate the assignment of magistrates and judges from outside of the judicial district to handle requests during the investigation, such as grand jury supervision, or applications for warrants or electronic surveillance. The Public Integrity Section has developed substantial experience and expertise in these matters over the years. During 2019, the Section brought no cases involving the federal judicial branch.

FEDERAL LEGISLATIVE BRANCH

The Public Integrity Section plays a central role in the effort to combat corruption in the federal legislative branch. These cases raise unique issues of inter-branch comity, and they are always sensitive given the high-profile stature of elected officials. The Section has developed substantial expertise regarding the unique protections provided to Members of Congress and their staff by the Speech or Debate Clause set forth in Article I of the Constitution and has worked closely and effectively with House and Senate counsel and the Ethics Committees in both houses. Department procedures require consultation with the Section in all investigations involving a Member of Congress or a congressional staff member. (Justice Manual 9-85.110.) In addition to handling its own cases, the Section routinely provides advice and guidance to prosecutors across the country regarding these sensitive investigations. During 2019, the Section handled several cases involving legislative branch corruption, including the cases described below.

United States v. Tong, Northern District of California

On October 8, 2019, a federal jury found James Tong, an Oakland-area real estate developer, guilty of making contributions to a federal campaign in the names of other individuals.

According to the evidence presented at trial, in 2012 and 2013, Tong made \$38,000 in conduit contributions to the initial and reelection campaigns of a candidate who was running for the U.S. House of Representatives. Tong provided envelopes of cash to his bank manager and another business associate and directed them to give the cash to individuals in the community, who then used Tong's cash to write checks in their own names to the campaign for the U.S. congressional candidate. Tong leveraged financial obligations and the implied loss of business opportunities to induce his bank manager and business associate to distribute cash in the community to be contributed. The network of straw donors included dozens of conduits, including at least one foreign national who was not eligible to make donations in federal elections. Tong also directed his middlemen to conceal the scheme by instructing the straw donors not to deposit the cash; and he later directed one of the middlemen to withhold information from the FBI after he was interviewed.

United States v. Gerald Lundergan and Dale Emmons, Eastern District of Kentucky

On September 12, 2019, a federal jury found Gerald Lundergan, former president of a Kentucky-based corporation, and Dale Emmons, a political consultant, guilty of conspiring to make approximately \$200,000 in unlawful corporate contributions to the 2013-14 U.S. Senate campaign of Lundergan's daughter, Alison Lundergan Grimes, and for causing the campaign to make false statements and submit false reports to the Federal Election Commission ("FEC").

According to the evidence at trial, Lundergan used the corporate funds of S.R. Holding Co., Inc., ("S.R. Holding") to pay for goods and services provided by consultants and vendors to the Grimes campaign. These corporate contributions included payments for campaign consulting services provided by Emmons and others; audio-video production, lighting, and staging for campaign events; campaign merchandise; campaign robocalls inviting individuals to campaign fundraising events; and campaign mailers, among other things. Lundergan paid for some of these expenses directly using S.R. Holding funds. Other S.R. Holding funds were used to pay Emmons for his own consulting services to the Grimes campaign, and to finance payments by Emmons's consulting firm to multiple Grimes campaign vendors.

The evidence at trial demonstrated that Lundergan and Emmons were aware that these payments were unlawful and concealed the payments from campaign compliance officials, causing them to file false reports with the FEC that failed to report the source and amount of the corporate contributions. The defendants also caused disclaimers to be inserted into hundreds of thousands of campaign robocalls and thousands of pieces of campaign mail, falsely informing Kentucky voters that the calls and mailings at issue had been paid for by the Grimes campaign.

FEDERAL EXECUTIVE BRANCH

The Public Integrity Section frequently receives allegations of corruption in the executive branch from federal law enforcement agencies, including the FBI, the Inspectors General for the various departments and agencies, and United States military investigators. These matters involve a careful balancing of the requirements of a criminal investigation and the operational needs of the executive offices involved. During 2019, the Section handled a number of cases involving executive branch corruption, several of which are described below.

United States v. Zaldy Sabino, Eastern District of Virginia

On October 4, 2019, a federal jury found Zaldy Sabino, a contracting officer with the U.S. Department of State, guilty of conspiracy, bribery, honest services wire fraud, and making false statements. According to the evidence presented at trial, between November 2012 and early 2017, Sabino and the owner of a Turkish construction firm engaged in a bribery and procurement fraud scheme in which Sabino received at least \$521,862.93 in cash payments from the Turkish owner while Sabino supervised multi-million dollar construction contracts awarded to the Turkish owner's business partners. Sabino concealed his unlawful relationship by, among other things, making false statements on financial disclosure forms and during his background reinvestigation.

United States v. Daniel Hernandez, Southern District of Texas

On February 5, 2019, Daniel Hernandez, an associate of a former U.S. Border Patrol agent, pleaded guilty to conspiring to accept money in return for helping to smuggle marijuana and other illegal drugs into the United States. According to admissions made in connection with his plea, between 2013 and May 2014, Hernandez and the Border Patrol agent agreed, and took overt acts, to facilitate the trafficking of illegal drugs, including marijuana, into the United States from Mexico on behalf of a drug trafficking organization. In exchange for cash payments, they provided an individual they believed to be a member of the drug trafficking

organization with U.S. Customs and Border Protection (“CBP”) sensor locations, the locations of unpatrolled roads at or near the U.S.-Mexico border, the number of Border Patrol agents working in a certain area, keys to unlock CBP locks located on gates to ranch fences along the border, and CBP radios. In total, Hernandez accepted approximately \$5,000 in cash in return for facilitating shipments of illegal narcotics into Texas without law enforcement detection.

On August 28, 2019, Hernandez was sentenced to 48 months in prison followed by one year of supervised release.

United States v. Ramon Torry, Middle District of Florida

On April 9, 2019, Ramon Torry, a former employee of the United States Army Reserve, pleaded guilty to wire fraud and theft of government funds as part of a scheme to steal more than \$400,000 from the 63rd Regional Support Command at Moffett Field in Mountain View, California. According to admissions made in connection with his plea, in February 2016, Torry began creating fake invoices for work allegedly performed by a California production company for the production of a Public Service Announcement (PSA) touting the Command’s accomplishments as well as for training and other services that were never performed. Torry directed others in the Command to make payments to the production company totaling more than \$414,000. He then directed Person A at the company to kick back more than \$300,000 of those funds to Torry, which he converted to his own use and that of others.

On September 24, 2019, Torry was sentenced to 18 months in prison followed by three years of supervised release.

STATE AND LOCAL CORRUPTION

The Public Integrity Section plays a major role in combating corruption at all levels of government, including corruption relating to state or local public officials. During 2019, the Section handled a number of cases involving state and local corruption, several of which are described below.

United States v. Maddox et al, Northern District of Florida

On August 6, 2019, suspended Tallahassee City Commissioner Scott Charles Maddox and business associate Janice Paige Carter-Smith pleaded guilty to honest services fraud and tax fraud conspiracy. According to admissions made in connection with the pleas, Maddox accepted large sums of money in exchange for favorable actions on various issues that came before the City of Tallahassee. Carter-Smith admitted to participating with Maddox in these criminal acts. As alleged in the indictment, Maddox and Carter-Smith conspired to operate two companies, Governance Inc. and Governance Services LLC, as one entity they referred to as "Governance." Governance was part of a racketeering enterprise that accepted bribes and extorted money from Governance clients under color of Maddox's office through fear of the economic harm Maddox could inflict through his influential position as a City Commissioner. Maddox and Carter-Smith pleaded guilty to charges of defrauding a bank of more than \$250,000 through two fraudulent short sales of real property, lying to federal agents about Governance and other matters, and violating federal tax laws by conspiring to interfere with the IRS and filing false tax returns.

In May 2019, a federal grand jury returned a superseding indictment, adding charges that John Burnette participated with Maddox and Carter-Smith in extorting representatives of a company seeking to develop properties in Tallahassee to pay money to Maddox through Governance in exchange for Maddox's assistance as a public official in the proposed projects. The superseding indictment alleged that Burnette arranged the logistics of bribe payments of \$10,000 per month to Maddox through Governance and told the company representatives that Maddox would cause economic harm to their company if they stopped making the \$10,000 monthly payments to Maddox. The superseding indictment further alleged that Burnette made numerous false statements to the FBI.

United States v. Rodolfo Delgado, Southern District of Texas

On July 11, 2019, a federal jury found Rodolfo Delgado, a Texas state district judge, guilty of conspiracy, federal program bribery, violations of the Travel Act, and obstruction of justice. Delgado was a justice in the Thirteenth Court of Appeals for the State of Texas. He was previously the presiding judge for the 93rd District Court for the State of Texas, which has jurisdiction over criminal and civil cases located within Hidalgo County. According to the evidence presented at trial, as a district judge, Delgado conspired with an attorney from January 2008 to November 2016 to accept bribes in exchange for favorable judicial consideration on criminal cases pending in his courtroom. As part of an investigation conducted by the FBI, Delgado also accepted bribes on three separate occasions in exchange for agreeing to release three of the attorney's clients on bond in cases pending before his court. The first two bribes totaled approximately \$520 in cash and the third bribe, which occurred in January 2018, totaled approximately \$5,500 in cash. After Delgado learned of the FBI's investigation, he also attempted to obstruct justice by contacting the attorney and providing a false story about the payments.

Delgado was sentenced on September 25, 2019, to 60 months' imprisonment, to be followed by two years of supervised release.

United States v. Jeremy Hutchinson, Eastern District of Arkansas, Western District of Arkansas, Western District of Missouri

On June 25, 2019, former Arkansas State Senator Jeremy Hutchinson pleaded guilty to accepting multiple bribes and tax fraud in connection with a multi-district investigation spanning the Eastern and Western Districts of Arkansas and the Western District of Missouri. Pursuant to his plea agreement, Hutchinson agreed to plead guilty in the Western District of Missouri to conspiracy to commit federal program bribery; in the Eastern District of Arkansas to filing a false tax return; and in the Western District of Arkansas to conspiracy to commit federal program bribery.

As part of his plea, Hutchinson admitted that he was hired as outside counsel by an unidentified individual who owned and operated orthodontic clinics throughout the State of Arkansas, and in exchange for payments and legal work,

Hutchinson pushed legislation beneficial to the individual. Hutchinson admitted that he was provided legal work to conceal the corrupt nature of his arrangement and that he would have never been hired by the individual if not for his position as an elected official. Hutchinson further admitted as part of his plea that in 2011, he stole over \$10,000 in state campaign funds for his own personal use and also falsified his 2011 tax returns, including by failing to report \$20,000-per-month payments he received from one law firm and other sources of income he knowingly and intentionally concealed from his taxes. Hutchinson also admitted that, in exchange for bribes, he and other elected officials provided favorable legislative and official action for a charity, including directing funds from Arkansas's General Improvement Fund.

FEDERAL ELECTION CRIMES

As described in Part I, during 2019, the Public Integrity Section continued its nationwide oversight of the handling of election crime investigations and prosecutions. Set forth below are examples of the Section's 2019 casework in this area.

United States v. Prakazrel Michel and Low Taek Jho, District of Columbia

On May 2, 2019, Prakazrel "Pras" Michel, an entertainer and businessman and Low Taek Jho, a Malaysian financier, also known as "Jho Low," were charged with one count of conspiracy to defraud the United States government and for making foreign and conduit campaign contributions during the United States presidential election in 2012. Michel also was charged with one count of a scheme to conceal material facts and two counts of making a false entry in a record in connection with the conspiracy.

According to the allegations in the indictment, between June 2012 and November 2012, Low directed the transfer of approximately \$21,600,000 from foreign entities and accounts to Michel for the purpose of funneling significant sums of money into the United States presidential election as purportedly legitimate contributions, all while concealing the true source of the money. To facilitate the excessive contributions and conceal their true source, Michel allegedly paid approximately \$865,000 of the money received from Low to about 20 straw donors, or conduits, so that the straw donors could make donations in their names to a

presidential joint fundraising committee. In addition, according to the indictment, Michel personally directed more than \$1 million of the money received from Low to an independent expenditure committee also involved in the presidential election in 2012.

The indictment also alleged that Michel caused false reports to be submitted the Federal Election Commission (“FEC”), based on his conduit contributions and submitted a false declaration to the FEC.

United States v. Khawaja et al, District of Columbia

On November 7, 2019, a federal grand jury indicted Ahmad “Andy” Khawaja, George Nader, Roy Boulos, Rudy Dekermenjian, Mohammad “Moe” Diab, Rani El-Saadi, Stevan Hill and Thayne Whipple on charges related to an alleged scheme to make unlawful campaign contributions worth millions of dollars in connection with the 2016 election. According to the indictment, from March 2016 through January 2017, Khawaja conspired with Nader to conceal the source of more than \$3.5 million in campaign contributions, directed to political committees associated with a candidate for President of the United States in the 2016 election. By design, these contributions appeared to be in the names of Khawaja, his wife, and his company. In reality, they allegedly were funded by Nader. Khawaja and Nader allegedly made these contributions in an effort to gain influence with high-level political figures, including the candidate. As Khawaja and Nader arranged these payments, Nader allegedly reported to an official from a foreign government about his efforts to gain influence.

The indictment also alleged that, from March 2016 through 2018, Khawaja conspired with Boulos, Dekermenjian, Diab, El-Saadi, Hill, and Whipple to conceal Khawaja’s excessive contributions, which totaled more than \$1.8 million, to various political committees. Among other things, these contributions allegedly allowed Khawaja to host a private fundraiser for a presidential candidate in 2016 and a private fundraising dinner for an elected official in 2018.

The indictment further alleged that, from June 2019 through July 2019, Khawaja obstructed a grand jury investigation of this matter in the District of Columbia. Knowing that a witness had been called to testify before the grand jury, Khawaja allegedly provided that witness with false information about Nader and his

connection to Khawaja's company. Boulos, Diab, Hill, and Whipple also were charged with obstructing the grand jury's investigation by lying to the FBI.

United States v. Kyle Prall, Western District of Texas

On May 9, 2019, Kyle Prall, an entrepreneur, pleaded guilty for fraudulently soliciting hundreds of thousands of dollars in political contributions through several scam-PACs that he founded and advertised as supporting presidential candidates during the 2016 election cycle.

According to admissions made in connection with his plea, in 2015 and 2016, Prall created several political committees—including Feel Bern, HC4President and Trump Victory—which he advertised online to solicit contributions purportedly in support of presidential candidates in the 2016 election. Prall advertised that the contributions would be used to support the candidates in various ways, including by paying for transportation for voters to the polls; paying for training for volunteers to make phone calls and canvass neighborhoods to support the respective candidates; paying to help voters obtain appropriate identification documents; and making contributions directly to one of the candidates and to other organizations supporting his campaign. Prall admitted that of the \$548,428 in contributions to these political committees, he transferred \$205,496 to himself through sham LLCs that he created for the purpose of moving the money, while contributing less than \$5,100 to political causes. Prall used the remaining money for payment processing, web development, and online advertisements soliciting PAC contributions. Additionally, Prall used the political committees' debit cards to pay for his personal travel and entertainment expenses, such as travel to Jacksonville, Florida, and Belize; hotel stays in Miami Beach, Florida, and Austin, Texas; and food, hookah, alcohol and bottle service, "club dances performed by entertainers," room service, minibar charges, a deep-tissue massage, and a pet-cleaning fee.

On October 29, 2019, Prall was sentenced to 36 months in prison and ordered to pay \$548,428 in restitution and to forfeit \$205,496.68 in proceeds obtained from his offenses.

PART III

NATIONWIDE FEDERAL PROSECUTIONS OF CORRUPT PUBLIC OFFICIALS

INTRODUCTION

The tables in this section of the Report reflect data that is compiled from annual nationwide surveys of the United States Attorneys' Offices and from the Public Integrity Section.

As discussed in Part I, most corruption cases are handled by the local United States Attorney's Office in the district where the crime occurred. However, on occasion, outside prosecutors are asked either to assist the local office on a corruption case, or to handle the case entirely as a result of recusal of the local office due to a possible conflict of interest. The figures in Tables I through III include all public corruption prosecutions within each district including cases handled by the United States Attorneys' Offices and the Public Integrity Section. *

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TABLE I
NATIONWIDE FEDERAL PROSECUTIONS
OF CORRUPT PUBLIC OFFICIALS
IN 2019

Federal Officials	
Charged	300
Convicted	307
Awaiting Trial	131

State Officials	
Charged	60
Convicted	63
Awaiting Trial	46

Local Officials	
Charged	213
Convicted	199
Awaiting Trial	111

Others Involved	
Charged	207
Convicted	165
Awaiting Trial	163

Totals	
Charged	780
Convicted	734
Awaiting Trial	451

TABLE II

**PROGRESS OVER THE LAST TWO DECADES:
FEDERAL PROSECUTIONS BY UNITED STATES ATTORNEYS' OFFICES
OF CORRUPT PUBLIC OFFICIALS**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
FEDERAL OFFICIALS										
Charged	441	502	478	479	424	445	463	426	518	425
Convicted	422	414	429	421	381	390	407	405	458	426
Awaiting Trial as of 12/31	92	131	119	129	98	118	112	116	117	107
LOCAL OFFICIALS										
Charged	92	95	110	94	111	96	101	128	144	93
Convicted	91	61	132	87	81	94	116	85	123	102
Awaiting Trial as of 12/31	37	75	50	38	48	51	38	65	61	57
PRIVATE CITIZENS INVOLVED IN PUBLIC CORRUPTION OFFENSES										
Charged	256	266	249	318	410	313	295	303	355	294
Convicted	242	261	188	241	306	311	266	249	302	276
Awaiting Trial as of 12/31	109	121	126	139	168	136	148	179	184	161
TOTALS										
Charged	1000	1,087	1,136	1,150	1,213	1,163	1,150	1,141	1,304	1,082
Convicted	938	920	1,011	868	1,020	1,027	1,030	1,014	1,129	1,061
Awaiting Trial as of 12/31	327	437	413	412	419	453	439	487	489	473

TABLE II (continued)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Totals
FEDERAL OFFICIALS											
Charged	422	412	381	337	364	458	354	383	275	300	8,287
Convicted	397	392	369	315	364	402	326	334	250	307	7,609
Awaiting Trial as of 12/31	103	110	108	113	111	153	170	169	165	131	X
STATE OFFICIALS											
Charged	168	93	100	133	80	123	139	63	85	60	2,108
Convicted	108	143	78	119	109	97	125	68	72	63	1,954
Awaiting Trial as of 12/31	105	41	68	68	33	66	74	53	59	46	X
LOCAL OFFICIALS											
Charged	296	282	319	334	231	259	234	223	171	213	5,264
Convicted	280	276	295	303	252	200	213	208	175	199	4,652
Awaiting Trial as of 12/31	146	127	135	149	100	135	148	150	110	111	X
PRIVATE CITIZENS INVOLVED IN PUBLIC CORRUPTION OFFENSES											
Charged	298	295	278	330	241	262	255	194	234	207	5,653
Convicted	251	296	318	300	264	205	222	227	198	165	5,088
Awaiting Trial as of 12/31	200	191	144	169	106	150	177	149	145	163	X
TOTALS											
Charged	1184	1082	1078	1134	916	1102	982	863	765	780	21,312
Convicted	1036	1107	1060	1037	989	904	886	837	695	734	19,303
Awaiting Trial as of 12/31	554	469	455	499	350	504	569	521	479	451	X

TABLE III

**UNITED STATES ATTORNEYS' OFFICES
FEDERAL PUBLIC CORRUPTION CONVICTIONS
BY DISTRICT OVER THE PAST DECADE**

U.S. Attorney's Office	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Totals
Alabama, Middle	1	9	8	9	8	6	2	4	3	5	55
Alabama, Northern	11	14	13	12	11	13	8	7	11	8	108
Alabama, Southern	3	0	1	2	0	1	0	0	0	1	8
Alaska	9	4	4	2	1	4	4	1	0	0	29
Arizona	16	18	34	40	29	18	8	18	29	26	236
Arkansas, Eastern	11	7	12	4	3	10	14	15	2	3	81
Arkansas, Western	6	1	3	0	2	3	0	1	4	4	24
California, Central	29	27	39	19	66	53	32	23	13	41	342
California, Eastern	12	20	4	4	10	12	14	12	8	8	104
California, Northern	3	3	7	3	9	12	8	12	4	11	72
California, Southern	0	2	39	37	10	7	10	13	7	5	130
Colorado	6	6	9	3	2	0	3	1	6	8	44
Connecticut	4	0	8	13	9	6	0	0	1	4	45
Delaware	1	2	3	5	0	1	0	2	0	2	16
District of Columbia	41	39	47	18	15	8	7	10	19	21	225
Florida, Middle	18	24	25	20	28	27	10	24	14	13	203
Florida, Northern	13	3	9	8	9	14	8	9	5	13	91
Florida, Southern	21	13	28	21	27	42	38	26	39	30	285
Georgia, Middle	0	11	11	9	10	11	2	6	1	4	65
Georgia, Northern	32	32	27	11	33	22	67	24	19	11	278
Georgia, Southern	5	2	4	7	4	1	4	5	2	0	34
Guam & NMI	3	5	1	2	3	10	1	0	2	2	29
Hawaii	0	3	2	0	4	5	0	2	2	5	23

TABLE III (continued)

U.S. Attorney's Office	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Totals
Idaho	0	3	6	4	1	3	4	1	7	2	31
Illinois, Central	0	2	1	6	10	0	1	4	0	3	27
Illinois, Northern	46	30	36	45	18	16	30	25	13	26	285
Illinois, Southern	6	9	7	18	4	3	4	5	5	3	64
Indiana, Northern	4	4	25	15	7	7	10	5	5	5	87
Indiana, Southern	8	2	7	8	10	5	10	4	4	1	59
Iowa, Northern	0	2	1	1	2	4	3	2	0	5	20
Iowa, Southern	11	1	3	2	2	2	6	2	2	0	31
Kansas	5	9	8	4	2	2	0	2	12	16	60
Kentucky, Eastern	28	25	19	12	15	10	17	15	7	14	162
Kentucky, Western	6	13	13	3	4	3	3	6	2	6	59
Louisiana, Eastern	26	29	29	20	10	12	16	14	11	10	177
Louisiana, Middle	4	13	4	5	7	9	3	9	0	0	54
Louisiana, Western	25	9	19	25	4	6	22	9	10	12	141
Maine	1	4	2	2	3	4	5	0	1	0	22
Maryland	21	58	26	47	38	31	23	80	17	11	352
Massachusetts	27	19	13	22	18	16	17	19	11	26	188
Michigan, Eastern	14	18	17	19	13	4	25	20	24	16	170
Michigan, Western	16	6	0	0	6	2	9	7	3	7	56
Minnesota	6	8	0	6	5	4	5	3	3	7	47
Mississippi, Northern	9	4	9	11	8	3	4	3	3	2	56
Mississippi, Southern	15	13	0	7	10	8	3	6	4	2	68
Missouri, Eastern	11	10	11	10	10	5	6	3	6	5	77
Missouri, Western	14	4	10	0	9	6	12	11	15	11	92
Montana	10	5	2	5	27	8	26	19	10	16	128

TABLE III (continued)

U.S. Attorney's Office	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Totals
Nebraska	4	2	3	3	4	3	6	8	14	8	55
Nevada	4	6	6	2	6	0	0	1	5	2	32
New Hampshire	1	0	0	0	0	0	1	1	0	1	4
New Jersey	47	28	27	30	33	23	28	21	31	35	303
New Mexico	7	4	4	2	10	12	4	6	1	4	54
New York, Eastern	12	10	13	5	9	28	8	12	16	17	130
New York, Northern	3	3	5	1	0	4	2	1	2	3	24
New York, Southern	12	24	21	13	13	19	20	15	33	1	171
New York, Western	10	15	18	7	19	17	18	18	2	1	125
North Carolina, Eastern	9	10	4	10	6	13	15	5	16	4	92
North Carolina, Middle	7	1	0	2	0	0	0	0	1	0	11
North Carolina, Western	2	2	0	7	2	4	2	4	3	4	30
North Dakota	6	2	2	0	0	1	0	2	3	3	19
Ohio, Northern	65	28	16	8	11	18	13	12	8	7	186
Ohio, Southern	0	3	9	11	9	12	1	0	2	5	52
Oklahoma, Eastern	3	11	9	14	11	10	4	12	4	11	89
Oklahoma, Northern	2	2	5	3	4	4	5	0	5	0	30
Oklahoma, Western	9	11	12	5	7	6	4	9	4	7	74
Oregon	1	7	2	3	4	3	0	1	5	0	26
Pennsylvania, Eastern	23	23	30	29	36	27	26	26	29	21	270
Pennsylvania, Middle	25	7	7	0	1	14	3	14	7	6	84
Pennsylvania, Western	6	7	10	10	6	8	3	8	4	2	64
Puerto Rico	17	130	30	19	47	13	41	13	28	25	363
Rhode Island	3	8	2	8	4	3	0	1	0	1	30

TABLE III (continued)

U.S. Attorney's Office	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Totals
South Carolina	2	11	2	5	7	3	6	0	7	10	53
South Dakota	9	8	9	3	1	6	1	15	6	13	71
Tennessee, Eastern	4	8	10	8	11	8	4	2	5	3	63
Tennessee, Middle	3	1	9	4	0	5	7	5	5	0	39
Tennessee, Western	14	8	12	18	8	21	9	10	13	0	113
Texas, Eastern	4	2	0	3	6	3	4	4	0	1	27
Texas, Northern	17	19	28	27	39	48	49	18	8	16	269
Texas, Southern	23	43	26	83	29	11	3	12	6	17	253
Texas, Western	27	24	47	53	28	29	30	33	8	11	290
Utah	1	2	1	3	2	0	2	1	0	0	12
Vermont	2	5	3	1	1	1	0	0	0	1	14
Virgin Islands	7	3	0	5	2	1	0	0	4	4	26
Virginia, Eastern	60	57	41	53	34	40	32	32	16	26	391
Virginia, Western	2	0	0	3	5	8	4	3	0	3	28
Washington, Eastern	0	2	0	0	0	0	7	1	0	3	13
Washington, Western	8	5	7	5	7	5	9	7	7	7	67
West Virginia, Northern	6	4	4	7	18	3	3	3	2	2	52
West Virginia, Southern	3	1	3	4	4	2	1	4	11	10	43
Wisconsin, Eastern	5	5	8	6	4	5	3	2	8	7	53
Wisconsin, Western	2	5	6	7	5	2	4	6	0	1	38
Wyoming	1	5	3	3	0	0	0	0	0	0	12