

**REPORT TO CONGRESS  
ON THE ACTIVITIES AND OPERATIONS  
OF THE  
PUBLIC INTEGRITY SECTION  
FOR 2014**



**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 2014. It also provides statistics on the nationwide federal effort against public corruption during 2014 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 twenty-five attorneys, including experts in extortion, bribery, election crimes, and criminal conflicts of interest. The Section management included: Jack Smith, Chief; Raymond N. Hulser, Principal Deputy Chief; Peter M. Koski, Deputy Chief; David V. Harbach, Deputy Chief; Eric G. Olshan, Deputy Chief; and Richard C. Pilger, Director, Election Crimes Branch.

Part I of the Report discusses the operations of the Public Integrity Section and highlights its major activities in 2014. Part II describes significant cases prosecuted by the Section in 2014. Part III presents nationwide data regarding the national federal effort to combat public corruption from 1994 through 2014.

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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 2014 the Public Integrity Section continued its involvement in a number of additional 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. (United States Attorneys' 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. U.S.A.M. 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 2014, 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 semi-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 seminars provide 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. During 2014, the Section made presentations to officials from Afghanistan, Argentina, Bolivia, Bulgaria, China, Costa Rica, Croatia, the Dominican Republic, Ecuador, Guatemala, Honduras, India, Mexico, Nepal, Pakistan, Paraguay, Peru, Romania, Sri Lanka, Venezuela, and Yemen.

## **PART II**

### **PUBLIC INTEGRITY SECTION INDICTMENTS AND PROSECUTIONS IN 2014**

#### **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 2014.

In 2014, the Section's case work resulted in numerous guilty pleas, as well as obtaining trial convictions in Texas, Virginia, and the Virgin Islands.

The descriptions of the Section's significant cases for calendar year 2014 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 2014, the sentencing may be reported in this report or in a later year's report.

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## **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 2014, the Section brought no cases involving the federal judicial branch.

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## 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. In addition to handling its own cases, the Section routinely provides advice and guidance to prosecutors across the country regarding these sensitive investigations. During 2014, the Section handled several cases involving legislative branch corruption, one is described below.

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### **United States v. Brian Prokes, District of Columbia**

On July 25, 2014, Brian Prokes, a former office manager in the office of a member of the U.S. House of Representatives, pleaded guilty to causing the House of Representatives to pay him more than \$19,000 in excess salary and unauthorized travel expenses.

Between April 2012 and March 2013, Prokes admitted that he used his position to submit unauthorized paperwork to the House of Representatives' Office of Payroll and Benefits in order to steal thousands of dollars in excess salary and bonus payments that he had not been approved to receive. In addition, Prokes admitted that, between February 2012 and December 2012, he charged unauthorized personal travel expenses for himself and an acquaintance to a government credit card used by the Congressman's office.



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## 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 2014, the Section handled a number of cases involving executive branch corruption, several of which are described below.

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### **United States v. Robert Lustyik, et al., District of Utah and Southern District of New York**

On September 30, 2014, Robert G. Lustyik, a former FBI special agent, pleaded guilty in the District of Utah to soliciting and accepting bribes in exchange for his obstruction of a federal grand jury investigation into an alleged kickback scheme involving a defense contractor. Lustyik pleaded guilty to all charges, including conspiracy, eight counts of honest services wire fraud, obstruction of a grand jury investigation, and obstruction of an agency proceeding.

As part of his plea, Lustyik admitted that he and his associate, Johannes W. Thaler, conspired to use Lustyik's position at the FBI to obstruct a criminal investigation into Michael L. Taylor, a business owner under investigation for allegations of bribery and procurement fraud in relation to a series of contracts from the Department of Defense worth approximately \$54 million. In exchange for their help, Taylor promised Lustyik and Thaler that he would share with them the proceeds from several multimillion dollar business contracts. In order to obstruct the investigation, Lustyik admitted that he attempted to persuade law enforcement officials and the Justice Department in Utah that Taylor's usefulness to the government outweighed the government's interest in him. Lustyik further emphasized that indicting Taylor would even threaten the nation's national security.

Thaler pleaded guilty to conspiracy to commit bribery, obstruction of a grand jury proceeding and obstruction of an agency proceeding on October 1, 2014. Taylor previously pleaded guilty in 2013.

In December 2014, Lustyik and Thaler also pleaded guilty for their involvement in an unrelated bribery scheme in the Southern District of New York. On December 23, 2014, Lustyik, pleaded guilty to bribery, conspiracy to commit fraud, and theft of government property in that case. As part of his plea, Lustyik admitted that he and Thaler engaged in a bribery scheme to solicit payments of money from an acquaintance of Thaler, Rizve Ahmed, in exchange for internal, confidential documents and other confidential information to which Lustyik had access due to his position as an FBI agent. The documents and information pertained to a prominent citizen of Bangladesh whom Ahmed perceived to be a political rival. Ahmed then used the information to, among other things, obtain information about the Bangladeshi individual, locate him and seek to harm him and his associates.

Thaler and Ahmed separately pleaded guilty to bribery and conspiracy to commit fraud on October 17, 2014.

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**United States v. Scott Miserendino, et al., Eastern District of Virginia**

On August 12, 2014, Scott Miserendino, a former government contractor for the United States Navy Military Sealift Command (MSC), pleaded guilty to charges of accepting bribes and conspiring to commit bribery.

Miserendino admitted that he was a government contractor at the MSC, a supplier of transportation for the U.S. Navy. Miserendino worked closely with another government official, Kenny Toy, the former Afloat Programs Manager for the N6 Command, Control, Communication, and Computer Systems Directorate. Together, Miserendino and Toy initiated an extensive bribery scheme beginning in approximately November 2004, which spanned five years and resulted in Miserendino and Toy receiving \$265,000 in cash bribes, among other things of value, in exchange for official assistance.

According to his plea, Miserendino admitted to soliciting and accepting regular cash bribes as well as other things of value from two Chesapeake, Virginia contracting companies. In exchange, Miserendino and Toy directed contract work to those companies. Miserendino received \$3,000 in cash bribes per month from multiple employees at one, including Dwayne Hardman, Roderic Smith, Michael McPhail, and Adam White. Miserendino and Toy also received cash bribe payments of \$50,000 from the other company's founders, Hardman and Timothy Miller.

Toy, Hardman, Smith, McPhail, White, and Miller also pleaded guilty for their roles, with Smith's plea occurring in 2013 and the remainder occurring in 2014. With the exception of Smith, all defendants were sentenced in 2014. The sentences ranged from 24 months to 96 months in prison.

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### **United States v. Eugenio Pedraza, Southern District of Texas**

In March 2014, Eugenio Pedraza, the former Special Agent in Charge of the McAllen, Texas, Field Office, of the U.S. Department of Homeland Security Office of Inspector General (DHS-OIG) was convicted at trial for his role in a scheme to falsify criminal investigative reports and obstruct an internal DHS-OIG inspection.

Evidence at trial established that, in advance of an internal inspection, Pedraza ordered agents to falsify investigative reports in order to paper undeveloped case files and conceal severe lapses in investigative standards in the McAllen Field Office. A Pedraza subordinate, Special Agent Wayne Ball, pleaded guilty in January of 2013 to conspiring with Pedraza to falsify records in federal investigations and obstructing an agency proceeding.

On December 15, 2014, Pedraza was sentenced to 37 months in prison for his role in the scheme. Ball was sentenced to 12 months in prison.

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### **United States Military Recruiting Fraud**

The Public Integrity Section has been spearheading a multi-year investigation and prosecution of schemes to obtain fraudulent bonuses in military recruiting programs across the country through fraud, identity theft, and bribery. In 2014, seven defendants pleaded guilty in the Southern and Western Districts of Texas to charges that included conspiracy, bribery, wire fraud, and aggravated identity theft. One defendant was also sentenced in 2014 to 36 months in prison for his role in a recruiting fraud scheme.

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## STATE AND LOCAL GOVERNMENT

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. The following are examples of corruption cases handled by the Section involving state and local officials in 2014.

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### **United States v. Louis “Lolo” Willis, District of the Virgin Islands**

On November 19, 2014, Louis “Lolo” Willis, a former executive director of the Legislature of the Virgin Islands, was convicted of accepting bribes and engaging in extortion in the award of contracts with the Legislature.

Evidence at trial showed that Willis, a former executive director of the Legislature between 2009 and 2012, oversaw renovations of the Legislature building, including the awarding and entering into contracts on behalf of the Legislature. These contracts, which were not publicly bid, included contracts for general construction, air-conditioning services and carpentry. As part of the bribery and extortion scheme, Willis accepted payments, including, among other things, \$13,000 dollars in cash and checks, in exchange for using his official position to direct contracts worth more than \$350,000 in work for the contractors.

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### **Operation Cantazo Azul, District of Puerto Rico**

On August 25, 2014, sixteen former Puerto Rico police officers pleaded guilty for their roles in a criminal organization run out of the Police of Puerto Rico (POPR). The officers admitted that they used their positions to commit robbery and extortion, to manipulate court records in exchange for bribes, and to sell illegal narcotics.

Thirteen of the sixteen defendants pleaded guilty to conspiracy to violate the Racketeer Influenced and Corrupt Organizations (RICO) Act. The other three defendants pleaded guilty to robbery and extortion charges. The defendants admitted that throughout the course of the scheme, they worked together to conduct traffic stops and enter the homes of suspected criminals to steal money, property, and drugs for their own personal enrichment. The former officers planted evidence to make false arrests, and then extorted money from their victims in exchange for their release from

custody. Additionally, in exchange for bribe payments, the officers gave false testimony, manipulated court records, and failed to appear in court when required so that criminal cases would be wrongfully dismissed. The officers also sold and distributed wholesale quantities of narcotics.

In December 2014 and January 2015, the defendants received sentences ranging from 33 to 157 months in prison.

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**United States v. Michael Montemayor, Southern District of Texas**

On June 19, 2014, Kristopher Michael Montemayor, former county commissioner in Webb County, Texas, pleaded guilty to bribery. According to his plea, Montemayor admitted to using his official position as commissioner to accept bribes from a local businessman.

Montemayor used his position as county commissioner to solicit and accept approximately \$11,000 in cash bribe payments, as well as electronics equipment worth approximately \$2,700 from an undercover law enforcement agent posing as a local businessman. In exchange for the bribes, Montemayor promised to promote the business interests of the undercover agent. Montemayor also admitted to accepting the use of a 2012 Ford F-150 truck, worth approximately \$37,015, in exchange for using his official position to provide government jobs to both the owner of the vehicle and his spouse.

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**United States v. Bryan Lee, Southern District of Ohio**

On October 29, 2014, Bryan Lee, a former trooper for the Ohio State Highway Patrol (OSP), pleaded guilty to four counts of violating the civil rights of female motorists and one count of engaging in cyber stalking.

According to his plea, Lee served as an OSP Trooper from approximately January 2006 until October 2013. During the same period, he admitted that he violated the civil rights of four female victims by coercing them in his official capacity to commit sexual acts, in exchange for his agreement not to file criminal charges or issue traffic infractions against the victims or their friends. Lee further engaged in sexual contact, some of which he photographed, with certain victims while they were under arrest and restrained in handcuffs. Lee also sent threatening electronic messages to one victim whom he pulled over twice during a one-month period.

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**United States v. Kevin Moore, Western District of Virginia**

On December 16, 2014, Kevin Moore, a police officer assigned to a U.S. Drug Enforcement Administration (DEA) task force, pleaded guilty to soliciting and receiving sexual favors from a cooperating defendant in exchange for his assistance in recommending a favorable sentence to a federal prosecutor on the defendant's behalf.

Moore admitted that between June and September 2014, he informed a female cooperating defendant that he was in a position to help her with her pending federal methamphetamine trafficking case. In a series of text messages, Moore indicated that he could recommend a favorable sentence to the prosecutor on the cooperating defendant's behalf in exchange for sexual favors. Moore then convinced the cooperating defendant to go for a ride in his official vehicle where she performed a sexual act with Moore. Moore further admitted to engaging in similar conduct with two other female cooperating witnesses in federal drug investigations dating back to 2009.

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## FEDERAL ELECTION CRIMES

As described in Part I, during 2014, 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 2014 casework in this area.

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### **United States v. Sant Singh Chatwal, Eastern District of New York**

On April 17, 2014, Sant Singh Chatwal, a hotel magnate, pleaded guilty to making more than \$180,000 in federal campaign donations to three candidates through straw donors who he later reimbursed, and to witness tampering.

Chatwal admitted using his employees, business associates, and contractors who perform work on his hotels, to solicit campaign contributions on Chatwal's behalf as straw donors in support of various candidates for federal office and PACs, collect these contributions, and pay reimbursements for these contributions, in violation of the Federal Election Campaign Act. Chatwal often arranged for the straw donors to be reimbursed through funds belonging to Chatwal or one of Chatwal's companies.

Chatwal further sought to obstruct the grand jury investigation by tampering with a witness, whom he instructed to lie to agents about the conduit scheme, particularly in regards to campaign checks and cash used by Chatwal to reimburse straw donors.

On December 18, 2014, Chatwal was ordered to pay a \$500,000 fine. Chatwal also agreed to forfeit \$1 million to the United States as part of his plea agreement.

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### **United States v. Francisco Garcia, et al., Southern District of Texas**

In 2014, six campaign workers – including a campaign manager – pleaded guilty to charges in connection with buying votes for candidates for the Donna, Texas School Board in the November 2012 general election. Campaign manager Francisco “Frankie” Garcia pleaded guilty to conspiring to buy votes and vote-buying. All five of the other campaign workers pleaded guilty to vote-buying. During the election, which included candidates

for the presidential election, as well as candidates for various state, county, and local offices, the defendants admitted that they engaged in vote buying to help ensure that a slate of four candidates would maintain its majority control of the Donna School Board.

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**United States v. Kent Sorenson, Southern District of Iowa**

On August 27, 2014, former Iowa State Senator Kent Sorenson pleaded guilty to one count of causing a federal campaign committee to falsely report its expenditures to the Federal Election Commission (FEC) and one count of obstruction of justice in connection with the concealed expenditures.

Sorenson admitted to taking payments from a presidential campaign in exchange for switching his support and services from one candidate to another. Sorenson initially supported one campaign during the 2012 presidential election, but from October to December 2011, he met and secretly negotiated with a second political campaign to switch his support in exchange for concealed payments amounting to \$73,000, which caused false reporting of expenditures by the second campaign.

Sorenson also gave false, recorded testimony to an independent counsel appointed by the Iowa Senate Ethics Committee with the intent to obstruct investigations by the FBI and FEC of the concealed payments to Sorenson.



## 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.\*

#### **LIST OF TABLES**

<b>TABLE I:</b>	Nationwide Federal Prosecutions of Public Corruption in 2014
<b>TABLE II:</b>	Progress Over the Past Two Decades: Nationwide Federal Prosecutions of Public Corruption
<b>TABLE III:</b>	Federal Public Corruption Convictions by District Over the Past Decade

\*Prior to 2014, Tables I through III included cases only from the United States Attorneys' Offices.

**TABLE I**  
**NATIONWIDE FEDERAL PROSECUTIONS**  
**OF PUBLIC CORRUPTION**  
**IN 2014**

<b>Federal Officials</b>	
Charged	364
Convicted	364
Awaiting Trial	111

<b>State Officials</b>	
Charged	80
Convicted	109
Awaiting Trial	33

<b>Local Officials</b>	
Charged	231
Convicted	252
Awaiting Trial	100

<b>Others Involved</b>	
Charged	241
Convicted	264
Awaiting Trial	106

<b>Totals</b>	
Charged	916
Convicted	989
Awaiting Trial	350

**TABLE II**

**PROGRESS OVER THE LAST TWO DECADES:  
FEDERAL PROSECUTIONS OF  
PUBLIC CORRUPTION**

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<b>FEDERAL OFFICIALS</b>										
<b>Charged</b>	527	456	459	442	480	441	502	478	479	424
<b>Convicted</b>	438	459	392	414	460	422	414	429	421	381
<b>Awaiting Trial as of 12/31</b>	120	64	83	85	101	92	131	119	129	98
<b>STATE OFFICIALS</b>										
<b>Charged</b>	61	109	51	91	115	92	95	110	94	111
<b>Convicted</b>	61	83	49	58	80	91	61	132	87	81
<b>Awaiting Trial as of 12/31</b>	23	40	20	37	44	37	75	50	38	48
<b>LOCAL OFFICIALS</b>										
<b>Charged</b>	236	219	255	277	237	211	224	299	259	268
<b>Convicted</b>	191	190	169	264	219	183	184	262	119	252
<b>Awaiting Trial as of 12/31</b>	89	60	118	90	95	89	110	118	106	105
<b>PRIVATE CITIZENS INVOLVED IN PUBLIC CORRUPTION OFFENSES</b>										
<b>Charged</b>	227	200	292	364	302	256	266	249	318	410
<b>Convicted</b>	188	170	243	278	306	242	261	188	241	306
<b>Awaiting Trial as of 12/31</b>	91	80	106	128	89	109	121	126	139	168
<b>TOTALS</b>										
<b>Charged</b>	1,051	984	1,057	1,174	1,134	1,000	1,087	1,136	1,150	1,213
<b>Convicted</b>	878	902	853	1,014	1,065	938	920	1,011	868	1,020
<b>Awaiting Trial as of 12/31</b>	323	244	327	340	329	327	437	413	412	419

**TABLE II (continued)**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Totals
<b>FEDERAL OFFICIALS</b>											
Charged	445	463	426	518	425	422	412	381	337	364	8,886
Convicted	390	407	405	458	426	397	392	369	315	364	8,148
Awaiting Trial as of 12/31	118	112	116	117	107	103	110	108	113	111	X
<b>STATE OFFICIALS</b>											
Charged	96	101	128	144	93	168	93	100	133	80	2,065
Convicted	94	116	85	123	102	108	143	78	119	109	1,860
Awaiting Trial as of 12/31	51	38	65	61	57	105	41	68	68	33	X
<b>LOCAL OFFICIALS</b>											
Charged	309	291	284	287	270	296	282	319	334	231	5,387
Convicted	232	241	275	246	257	280	276	295	303	252	4,690
Awaiting Trial as of 12/31	148	141	127	127	148	146	127	135	149	100	X
<b>PRIVATE CITIZENS INVOLVED IN PUBLIC CORRUPTION OFFENSES</b>											
Charged	313	295	303	355	294	298	295	278	330	241	5,886
Convicted	311	266	249	302	276	251	296	318	300	264	5,256
Awaiting Trial as of 12/31	136	148	179	184	161	200	191	144	169	106	X
<b>TOTALS</b>											
Charged	1,163	1,150	1,141	1,304	1,082	1,184	1,082	1,078	1,134	916	22,224
Convicted	1,027	1,030	1,014	1,129	1,061	1,036	1,107	1,060	1,037	989	19,954
Awaiting Trial as of 12/31	453	439	487	489	473	554	469	455	499	350	X

**TABLE III**

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

<b>U.S. Attorney's Office</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Totals</b>
Alabama, Middle	9	11	8	3	5	1	9	8	9	8	71
Alabama, Northern	17	33	39	17	18	11	14	13	12	11	185
Alabama, Southern	0	7	5	0	5	3	0	1	2	0	23
Alaska	1	3	15	8	1	9	4	4	2	1	48
Arizona	48	16	32	20	19	16	18	34	40	29	272
Arkansas, Eastern	4	8	8	4	2	11	7	12	4	3	63
Arkansas, Western	0	2	0	1	1	6	1	3	0	2	16
California, Central	42	36	55	41	43	29	27	39	19	66	397
California, Eastern	30	18	13	9	15	12	20	4	4	10	135
California, Northern	3	4	2	3	2	3	3	7	3	9	39
California, Southern	10	7	6	5	9	0	2	39	37	10	125
Colorado	11	4	3	4	14	6	6	9	3	2	62
Connecticut	24	11	17	5	2	4	0	8	13	9	93
Delaware	2	7	5	7	1	1	2	3	5	0	33
District of Columbia	15	25	22	66	28	41	39	47	18	15	316
Florida, Middle	13	39	28	51	30	18	24	25	20	28	276
Florida, Northern	5	17	19	3	27	13	3	9	8	9	113
Florida, Southern	24	27	22	12	12	21	13	28	21	27	207
Georgia, Middle	7	3	0	7	3	0	11	11	9	10	61
Georgia, Northern	21	6	7	15	21	32	32	27	11	33	205
Georgia, Southern	4	0	1	2	1	5	2	4	7	4	30
Guam & NMI	5	2	0	3	6	3	5	1	2	3	30
Hawaii	4	5	1	2	1	0	3	2	0	4	22

**TABLE III (continued)**

<b>U.S. Attorney's Office</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Totals</b>
Idaho	1	1	1	1	1	0	3	6	4	1	19
Illinois, Central	3	6	8	6	6	0	2	1	6	10	48
Illinois, Northern	51	30	28	43	47	46	30	36	45	18	374
Illinois, Southern	20	2	6	7	5	6	9	7	18	4	84
Indiana, Northern	9	5	15	9	10	4	4	25	15	7	103
Indiana, Southern	5	4	9	5	8	8	2	7	8	10	66
Iowa, Northern	3	0	0	0	0	0	2	1	1	2	9
Iowa, Southern	1	2	9	9	4	11	1	3	2	2	44
Kansas	3	0	2	5	4	5	9	8	4	2	42
Kentucky, Eastern	10	23	33	22	22	28	25	19	12	15	209
Kentucky, Western	4	4	6	6	19	6	13	13	3	4	78
Louisiana, Eastern	26	26	29	26	20	26	29	29	20	10	241
Louisiana, Middle	8	13	6	3	10	4	13	4	5	7	73
Louisiana, Western	4	10	7	10	14	25	9	19	25	4	127
Maine	3	4	4	8	5	1	4	2	2	3	36
Maryland	17	36	21	39	32	21	58	26	47	38	335
Massachusetts	15	28	29	19	28	27	19	13	22	18	218
Michigan, Eastern	11	13	7	20	7	14	18	17	19	13	139
Michigan, Western	11	12	5	13	11	16	6	0	0	6	80
Minnesota	3	6	3	7	13	6	8	0	6	5	57
Mississippi, Northern	5	5	18	13	13	9	4	9	11	8	95
Mississippi, Southern	0	2	7	4	2	15	13	0	7	10	60
Missouri, Eastern	8	12	12	22	16	11	10	11	10	10	122
Missouri, Western	13	8	8	9	8	14	4	10	0	9	83
Montana	1	8	0	8	7	10	5	2	5	27	73

**TABLE III (continued)**

<b>U.S. Attorney's Office</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Totals</b>
Nebraska	4	3	0	8	2	4	2	3	3	4	33
Nevada	0	3	4	0	7	4	6	6	2	6	38
New Hampshire	2	0	0	4	1	1	0	0	0	0	8
New Jersey	39	47	62	49	44	47	28	27	30	33	406
New Mexico	3	6	3	6	9	7	4	4	2	10	54
New York, Eastern	31	20	26	14	12	12	10	13	5	9	152
New York, Northern	11	9	7	10	2	3	3	5	1	0	51
New York, Southern	28	16	9	9	9	12	24	21	13	13	154
New York, Western	12	6	2	15	15	10	15	18	7	19	119
North Carolina, Eastern	2	20	18	4	4	9	10	4	10	6	87
North Carolina, Middle	3	2	5	1	3	7	1	0	2	0	24
North Carolina, Western	8	2	3	12	2	2	2	0	7	2	40
North Dakota	9	2	6	4	0	6	2	2	0	0	31
Ohio, Northern	28	31	37	29	49	65	28	16	8	11	302
Ohio, Southern	21	12	12	8	7	0	3	9	11	9	92
Oklahoma, Eastern	2	5	3	8	0	3	11	9	14	11	66
Oklahoma, Northern	2	3	3	3	12	2	2	5	3	4	39
Oklahoma, Western	17	10	3	11	10	9	11	12	5	7	95
Oregon	4	6	11	3	5	1	7	2	3	4	46
Pennsylvania, Eastern	26	30	19	15	20	23	23	30	29	36	251
Pennsylvania, Middle	19	27	16	16	16	25	7	7	0	1	134
Pennsylvania, Western	11	10	5	5	5	6	7	10	10	6	75
Puerto Rico	6	20	2	37	28	17	130	30	19	47	336
Rhode Island	4	2	1	2	1	3	8	2	8	4	35

**TABLE III (continued)**

<b>U.S. Attorney's Office</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Totals</b>
South Carolina	0	3	4	8	7	2	11	2	5	7	49
South Dakota	3	13	4	11	8	9	8	9	3	1	69
Tennessee, Eastern	9	7	12	6	7	4	8	10	8	11	82
Tennessee, Middle	5	9	6	1	4	3	1	9	4	0	42
Tennessee, Western	22	19	24	5	10	14	8	12	18	8	140
Texas, Eastern	5	3	4	10	5	4	2	0	3	6	42
Texas, Northern	22	16	6	23	41	17	19	28	27	39	238
Texas, Southern	25	21	34	64	26	23	43	26	83	29	374
Texas, Western	17	9	11	15	27	27	24	47	53	28	258
Utah	6	1	7	5	3	1	2	1	3	2	31
Vermont	2	0	1	5	0	2	5	3	1	1	20
Virgin Islands	2	8	3	2	0	7	3	0	3	2	30
Virginia, Eastern	23	38	23	72	57	60	57	41	53	34	458
Virginia, Western	2	13	13	2	5	2	0	0	3	5	45
Washington, Eastern	6	1	4	5	0	0	2	0	0	0	18
Washington, Western	7	1	5	7	3	8	5	7	5	7	55
West Virginia, Northern	3	0	0	2	2	6	4	4	7	18	46
West Virginia, Southern	14	9	2	4	2	3	1	3	4	4	46
Wisconsin, Eastern	18	11	7	6	4	5	5	8	6	4	74
Wisconsin, Western	2	5	5	0	5	2	5	6	7	5	42
Wyoming	8	0	1	1	2	1	5	3	3	0	24