

August 14, 2000
DO-00-029

MEMORANDUM

TO: Designated Agency Ethics Officials and Inspectors
General

FROM: Stephen D. Potts
Director

SUBJECT: 1999 Conflict of Interest Prosecution Survey

This Office has recently completed its annual survey of prosecutions involving the conflict of interest criminal statutes (18 U.S.C. §§ 203, 205, 207, 208, 209) for the period January 1, 1999 through December 31, 1999. Information on 12 new prosecutions by U.S. Attorneys' offices and the Public Integrity Section of the Department of Justice's Criminal Division was provided to us with the assistance of the Executive Office for United States Attorneys in the Department of Justice. Attached are summaries of the prosecutions reported to this Office.

Attachment

1999 Conflict of Interest Prosecution Survey

1. **United States v. James R. Grant** -- During September 1996 through March 1997, Grant was an employee of the United States Postal Service. Grant's job responsibilities included making recommendations and rendering advice to the Postal Service about cash management policy in support of the Information Based Indicia Program.

During September 1996 through March 1997, Saranac, Inc. was seeking to do business with the Postal Service with respect to the Information Based Indicia Program. Beginning in September 1996, Grant engaged in employment discussions with a representative of Saranac, Inc. These discussions amounted to negotiations for employment, and they continued through March 1997. These negotiations took place between Grant, or a representative working on his behalf, and representatives of Saranac, Inc., during luncheon meetings as well as via telephone conversations and facsimile communications. During the time that these employment negotiations were ongoing, Grant knowingly made recommendations and rendered advice to the Postal Service with regard to cash management policy as part of the Information Based Indicia Program. Grant knew that Saranac, Inc. had a financial interest in the cash management policy because he knew that it would affect the company's ability to participate in the Information Based Indicia Program.

On March 2, 1999, Grant pled guilty to a misdemeanor violation of 18 U.S.C. § 208, for participating personally and substantially as a Government officer or employee in a particular matter, in which, to his knowledge, an organization with whom he is negotiating employment has a financial interest. On September 10, 1999, Grant was sentenced to two years of supervised probation and a fine of \$2000.

Prosecution handled by the Public Integrity Section of the Department of Justice's Criminal Division.

2. **United States v. Matthew E.A. Lorin** -- Lorin was a Senior Advisor (Consultant), a special Government employee, at the United States Department of State. He held the title of Special Coordinator for Public and Private Partnerships for the President's 2010 Initiative on Demining in the State Department's Office of Global Humanitarian Demining. His official duties specifically included coordination of United States Government efforts to facilitate the removal of land and sea mines worldwide, including efforts to organize the removal of mines by private entities.

From April 1998 through November 1998, Lorin received \$20,000 pursuant to a retainer agreement with America's Partners, a private business, which was then participating in a joint venture known as The Peace Corporation. Lorin was an employee of America's Partners. In or about May 1998 through November 1998, America's Partners, through The Peace Corporation, sought to develop a multi-hundred-million-dollar theme park, known as the Grand Oasis, in a mined area of Israel and Jordan. This development required extensive demining operations. In or about September 1998, but not later than September 14, 1998, Lorin anticipated that America's Partners would grant him an equity interest in the Grand Oasis development project, and subsequently America's Partners gave Lorin a one-percent equity interest in the project. During a telephone conversation on September 1, 1998, Lorin described the Grand Oasis development to, among others, the State Department's Special Middle East Coordinator and recommended that State support the project. On September 2, 1998, Lorin transmitted a memorandum recommending the Grand Oasis project to the office of the Special Middle East Coordinator and the office of Lorin's direct supervisor in the Office of Global Humanitarian Demining. Further, on September 15, 1998, Lorin telephoned the United States Embassy in Jordan in order to seek the attendance of an embassy official at a meeting with local officials concerning the Grand Oasis development.

Lorin pled guilty to a misdemeanor violation of 18 U.S.C. § 208, for participating personally and substantially as a Government employee in a particular matter, in which, to his knowledge, he, or an organization in which he is serving as an employee, has a financial interest. On July 26, 1999, Lorin was sentenced to one-year probation, twenty-five hours of community service, and a \$20,000 fine.

Prosecution handled by the Public Integrity Section of the Department of Justice's Criminal Division.

3. **United States v. Allen L. Krum** -- Krum was an employee of the Central Intelligence Agency (CIA).

From in or about 1994 to in or about 1996, Krum held the position of Contracting Officer/Technical Representative for particular contracts between the National Reconnaissance Office and Lockheed Martin Corporation, including a contract valued at tens of millions of dollars per year. The National Reconnaissance Office is an agency of the United States Government staffed, in part, by CIA employees. In the position as Contracting Officer/Technical Representative, Krum's primary duties included recommending approval for engineering change proposals, recommending bonuses, and renegotiating contracts with

Lockheed Martin. From in or about 1996 to in or about April 1997, Krum served as Chief of a National Reconnaissance Office restructuring program for a contract worth hundreds of millions of dollars between the National Reconnaissance Office and Lockheed Martin. In this position, his primary duties included ensuring adequate budgeting to finance the contract and developing overall contract requirements and plans. From in or about April 1997, Krum served as the National Reconnaissance Office Director of Imagery Development. His primary responsibilities in this position included acting as the approving authority for contract payments and bonuses to contractors for which he had previously been the recommending authority, including those for contracts worth a substantial proportion of Lockheed Martin's annual revenue.

From in or about 1994 to on or about June 30, 1997, Krum's spouse was employed by Lockheed Martin as a Program Management Engineer for contracts unrelated to the contracts supervised by Krum. On four occasions from on or about April 20, 1994, to on or about January 23, 1997, Krum's spouse received stock options for shares of Lockheed Martin stock as compensation from Lockheed Martin. From on or about April 24, 1997, to on or about May 7, 1997, Krum's spouse exercised options for 1600 shares of Lockheed Martin stock for a profit of \$48,700. On or about May 7, 1997, Lockheed Martin canceled the remaining options for 1400 shares of Lockheed Martin stock held by Krum's spouse upon her resignation from the company. Krum had personal knowledge that his spouse received, held, exercised, and canceled each of the options for 3000 shares of Lockheed Martin stock.

Krum was charged with a civil violation of 18 U.S.C. § 208, for participating personally and substantially as a Government employee in particular matters, in which, to his knowledge, his spouse has a financial interest. In a settlement agreement signed between the parties on February 3, 1999, Krum acknowledged that he had violated 18 U.S.C. § 208. Krum agreed to pay \$48,700 to the United States in exchange for the dismissal of the United States' claim. Prosecution handled by the Public Integrity Section of the Department of Justice's Criminal Division and the United States Attorney for the Eastern District of Virginia. Matter resolved in coordination with the Department of Justice's Civil Division.

4. **United States v. Richard C. Holbrooke** -- In 1994, Holbrooke became Assistant Secretary of State for European and Canadian Affairs, which is a senior employee position. While Assistant Secretary, Holbrooke became the lead U.S. negotiator in the 1995 Dayton Peace Accords which ended the war in the former Yugoslavia.

On February 21, 1996, Holbrooke resigned as Assistant Secretary to become a Vice Chairman of the investment banking firm CS First Boston, Inc. Holbrooke's responsibilities at CS First Boston included using his contacts to promote CS First Boston and generate investment banking opportunities for the firm.

After resigning as Assistant Secretary of State, Holbrooke was appointed to be a special Government employee. As a special Government employee, Holbrooke provided advice to senior State Department officials and on occasion was requested by State Department officials to meet with certain foreign officials around the world to discuss U.S. foreign policy, particularly as it related to Bosnia, the expansion of NATO, and European security matters.

In May 1996, Holbrooke traveled to Korea where he delivered a speech to the Asia Society, attended the opening ceremony of CS First Boston's new branch office in Seoul, Korea, and had a series of meetings with Korean business leaders and government officials. Holbrooke's trip was paid by CS First Boston, and he was accompanied in Korea by two CS First Boston officials.

On March 21, 1996, in the course of preparing for the Korea trip, Holbrooke sent a letter on CS First Boston letterhead to the U.S. Ambassador in Korea (the Ambassador) requesting that the Ambassador set up a "courtesy call" for him with the Korean president. Holbrooke also suggested that the Ambassador might join in the meeting "if appropriate." The Ambassador agreed to make the arrangements and join Holbrooke. Subsequently, the Ambassador and his staff at the U.S. Embassy contacted the Korean government and scheduled a meeting for Holbrooke, the Ambassador, and the Korean president for May 11, 1996. The meeting ultimately had to be canceled because of a scheduling conflict.

By letter dated March 22, 1996, the Ambassador offered to host a luncheon or dinner for Holbrooke "with appropriate guests." On March 22, 1996, on CS First Boston letterhead, Holbrooke accepted the Ambassador's offer "to host a meal with prominent Koreans." On April 26, 1996, the Ambassador sent a proposed list of invitees and asked Holbrooke for any additional suggestions. On April 30, 1996, on CS First Boston letterhead, Holbrooke wrote back saying that the proposed list looked "excellent" and suggested that the Korean Foreign Minister and Finance Minister also be invited.

On May 10, 1996, the Ambassador hosted a luncheon in honor of Holbrooke at the Ambassador's official residence. The U.S. Embassy

handled the arrangements, and the U.S. Government paid for the luncheon. According to official embassy records, four prominent Koreans attended the luncheon, including the Chairman of the Korea Trade-Investment Promotion Agency and the Korean Minister of Trade, Industry and Energy. Also present were three officials from CS First Boston, including Holbrooke, and four U.S. Embassy officials, including the Ambassador. In seeking reimbursement for the luncheon, the Ambassador certified in a document dated June 16, 1996, that the purpose of the luncheon had been "Promotion of U.S. National Interests (70%)" and "Promotion of U.S. Economic Activities (30%)."

There was evidence that Holbrooke also asked the Ambassador to attend a ribbon cutting ceremony to celebrate the opening of CS First Boston's new branch office in Seoul on May 9, 1996. Holbrooke, the Ambassador, and approximately twenty to thirty other people attended the event which occurred during regular business hours. Holbrooke stated that he did not invite the Ambassador.

Holbrooke was charged with a civil violation of 18 U.S.C. § 207(c), a one-year post-employment restriction that prohibits a former "senior employee" from communicating to or appearing before his former department or agency, on behalf of another person or entity other than the United States, with the intent to influence official action. Pursuant to a settlement agreement signed by the parties on February 9, 1999, Holbrooke agreed to pay \$5000 to the United States in exchange for the release and discharge of the United States' claims against him.

Prosecution handled by the Public Integrity Section of the Department of Justice's Criminal Division. Matter resolved in coordination with the Department of Justice's Civil Division.

5. **United States v. Derek J. Vander Schaaf** -- Vander Schaaf was employed by the Department of Defense (DOD) from 1981 until his retirement from Government service on March 3, 1996. From 1982 until his retirement, Vander Schaaf served as the Deputy Inspector General (Deputy IG) at DOD. As Deputy IG, Vander Schaaf was responsible for the supervision of all components of the Office of Inspector General (OIG) at DOD.

Within OIG was the Office of the Assistant Inspector General for Auditing which included a professional audit staff. On or about September 18, 1995, the audit staff announced an audit of the Electronic Commerce Resource Centers (ECRC) program. The stated objective of the audit was "to review the management of the Electronic

Commerce Resource Centers." The ECRC audit (as were all DOD audits conducted while Vander Schaaf was Deputy IG) was a matter pending under Vander Schaaf's official responsibility.

In Fiscal Year 1997, the ECRC program was managed within DOD by the Defense Logistics Agency. A private DOD contractor, Concurrent Technologies Corporation, had management and/or operational responsibility for six of eleven regional ECRCs. In addition, Concurrent Technologies operated a "technology hub" which was funded through the ECRC program.

OIG's auditors made several recommendations for change in the ECRC program, including a recommendation to eliminate the technology hub, that Concurrent Technologies officials considered harmful to its interests. On February 11, 1997, OIG published a final audit report (the Audit Report). On or about March 10, 1997, the Defense Logistics Agency formally disagreed with certain OIG recommendations. On or about April 8, 1997, OIG referred the disputed issues to mediation which continued until December 10, 1997. At all times, Vander Schaaf knew that this mediation procedure existed, and he knew by May 23, 1997, that the Defense Logistics Agency and OIG were actually in mediation.

In or about March 1997, Concurrent Technologies asked a private consultant to retain an independent auditor to review the Audit Report and make a written report on OIG's findings. Concurrent Technologies and the consultant agreed that the independent auditor would bill his fees to the consultant who, in turn, would seek reimbursement from Concurrent Technologies. Vander Schaaf was hired as the independent auditor. Correspondence from Concurrent Technologies to Vander Schaaf made clear that Vander Schaaf had been retained to "assist in the development of a [Concurrent Technologies] response [to the Audit Report]" and make "efforts on behalf of Concurrent Technologies Corporation." Soon after he began work on the project, Vander Schaaf became aware that the audit had commenced in September 1995, within the year preceding his retirement.

From in or about April 1997 until in or about June 1997, Vander Schaaf communicated several times with DOD officials about his preparation of the Concurrent Technologies ECRC report. On or about April 21, 1997, Vander Schaaf called the senior auditor on the ECRC audit team. Vander Schaaf asked for a meeting with the auditors and explained that he was collecting information about the audit team's methodology. He also made statements critical of some of the auditors' findings and supportive of others.

In or about April 1997, Vander Schaaf called a second member of the audit team and inquired about the requested meeting. In addition, Vander Schaaf requested information about how the Audit Report had been prepared. Vander Schaaf stated that he disagreed with the auditors' recommendation to eliminate the technology hub.

On or about May 23, 1997, Vander Schaaf met personally with officials of the Defense Logistics Agency regarding the ECRC program. Vander Schaaf explained that he was preparing a report on behalf of a private client. Moreover, Vander Schaaf expressed disagreement with certain of the auditors' conclusions and agreement with others.

On or about June 12, 1997, Vander Schaaf met in person with the Deputy Assistant Inspector General for Auditing and two senior ECRC program auditors. Vander Schaaf stated that he had drafted his report and he wanted to verify certain facts. Also, Vander Schaaf stated that he had met with officials of the Defense Logistics Agency and that the auditors had placed too much emphasis on one factor which resulted in the Audit Report being more critical of ECRCs than was warranted. When asked, Vander Schaaf identified his client as the Concurrent Technologies consultant.

On or about June 20, 1997, Vander Schaaf had a telephone conversation with one of the OIG auditors and requested a document during that conversation. Vander Schaaf again expressed disagreement with certain of the auditors' findings.

Vander Schaaf was charged with a civil violation of 18 U.S.C. § 207(a)(2), a two-year post-employment restriction that prohibits former Government employees intending to influence official action from communicating to or appearing before the Government, on behalf of another person or entity other than the United States, in connection with matters which they know or reasonably should know were pending under their official responsibility within a period of one year before the termination of their Government service. In a settlement agreement signed between the parties on June 8, 1999, Vander Schaaf agreed to pay \$12,125 to the United States in exchange for the dismissal of the United States' claim.

Prosecution handled by the Public Integrity Section of the Department of Justice's Criminal Division and the United States Attorney for the Eastern District of Virginia. Matter resolved in coordination with the Department of Justice's Civil Division.

6. **United States v. Linda D. Burek** -- Burek was the Director of the Systems Technology Staff in the Justice Management Division and an Acting Deputy Assistant Attorney General of the Justice Management Division at the Department of Justice.

In 1997 and 1998, one of the Systems Technology Staff's projects was the implementation of a computer system known as the Justice Consolidated Office Network (JCON). Logicon, the prime contractor for the JCON project, contracted with Software Performance Systems, Inc., to work out certain problems. Later, the Systems Technology Staff awarded Software Performance Systems a direct contract to work on the JCON project. Following installation of the JCON system, the Systems Technology Staff began planning to replace the Windows 95 operating system of JCON with the Windows NT system. The Systems Technology Staff saw a need to hire an outside contractor to assist with NT planning. Although there was no money provided in the fiscal-year-1998 budget to fund the project, there was a possibility of funding through surplus funds at the end of the Government fiscal year (i.e. September 30). The consensus within the Systems Technology Staff, including Burek, was that the logical choice for the project would be Software Performance Systems if such funds were to become available.

On August 5, 1998, Burek notified her superiors that she had begun employment negotiations with Software Performance Systems and that she, therefore, was recusing herself from engaging in any procurement activities involving Software Performance Systems. Burek accepted a position with Software Performance Systems on or before September 9, 1998, and terminated her employment with the Department of Justice on October 23, 1998.

In mid-September 1998, Burek learned that there would be surplus money available for NT planning. She informed two of her assistant managers that they would have to select a contractor. One of the assistant managers informed Burek that they had selected Software Performance Systems. Burek responded that Software Performance Systems was the logical choice. Burek assumed that this assistant manager would complete the paperwork necessary to award the contract. Before leaving to begin a vacation scheduled for the last week of the fiscal year, the assistant manager prepared the Software Performance Systems contract modification, among others, and he told his staff that he was giving it to his subordinate to process. Before leaving, the assistant manager also deobligated \$92,000 in unused funds on the existing Software Performance Systems contract. On September 28, 1998, Burek learned that the surplus money had become available and instructed the subordinate of the assistant manager, via e-mail, to process the

procurement. Burek sent copies of the e-mail to her soon-to-be successor, two assistant managers, and the Director of Contracts. When her soon-to-be successor asked Burek about the funding, she informed him that NT planning was one of the Assistant Attorney General's priorities and that the office would lose the money if it did not secure it at that time. After processing the contract modification on September 28, 1998, the subordinate of the assistant manager learned from the contracting officer that the modification was outside the scope of work of the existing contract and that a new contract had to be awarded. The subordinate reprocessed the paperwork. Meanwhile, the contracting officer was curious why the assistant manager deobligated \$92,000 a few weeks earlier in light of the new request for funds. The contracting officer called Burek. Burek was unaware that any funds had been deobligated, but she informed the contracting officer that the NT planning procurement was an office priority. On September 30, 1998, the contracting officer e-mailed Burek and others that the contracting officer had awarded the contract to Software Performance Systems. On October 1, 1998, Burek replied to the contracting officer how much she and the office appreciated the contracting officer's efforts.

Burek was charged with a civil violation of 18 U.S.C. § 208, which bars taking official action in matters affecting personal financial interests. In a settlement agreement signed between the parties on June 22, 1999, Burek agreed to pay \$5000 to the United States in exchange for the dismissal of the United States' claim.

Prosecution handled by the Public Integrity Section of the Department of Justice's Criminal Division. Matter resolved in coordination with the Department of Justice's Civil Division.

7. **United States v. John Morse** -- Morse, an Air Force civilian employee, worked at Langley Air Force Base in Virginia.

Morse was designated by his agency as the supervisory construction representative for the Simplified Acquisition of Base Engineering Requirements (SABER) contract. The prime contractor for the SABER contract was Systems Engineering and Energy Management Associates, Inc. (SEEMA). Under this contract, SEEMA provided base engineering and construction services as required by the Air Force at Langley. SEEMA subcontracted its electrical work to Eastern Electric Company. Carl Kruse of Eastern Electric worked for SEEMA as the SABER project manager. From December 1995 through September 1997, Kruse provided to Morse an HVAC system for a rental property owned by Morse, a jet ski and trailer, a home computer system, and laptop computer, all valued at approximately \$16,500.

On December 15, 1999, Morse pled guilty to a misdemeanor violation of 18 U.S.C. § 209, for receiving a supplementation to his salary as compensation for his services as a Government employee. He was sentenced to three-years probation and a \$2500 fine.

Prosecution handled by the United States Attorney for the Eastern District of Virginia.

8. **United States v. Michael G. Snipes** -- Snipes was a Federal employee at Robins Air Force Base in Georgia from 1985 to March 4, 1994.

As contract administrator for the United States, Snipes was responsible for assuring compliance with the terms of two separate construction contracts between the Government and a private contractor, Roberts Electrical Contractors, Inc. By March 23, 1994, Snipes was employed by Roberts Electrical Contractors, and he became the company*s contract administrator on the same two contracts in question. While representing Roberts Electrical Contractors, Snipes submitted contract progress reports to the Government in order to ensure that the company would be compensated by the Government. Eventually, Snipes submitted to the Government an equitable adjustment claim for approximately \$574,613.35 on one of the contracts. The contract had a basic value of \$1.3 million.

On November 11, 1999, after a three-day trial, Snipes was convicted on two counts of violating 18 U.S.C. § 207(a)(1), a post-employment restriction that prohibits former Government employees intending to influence official action from communicating to or appearing before the Government, on behalf of another person or entity other than the United States, in connection with matters in which they participated personally and substantially as Government employees. Pursuant to 18 U.S.C. § 216(a)(2), Snipes was sentenced to six months of imprisonment, six months of home confinement, a fine of \$2000, and an assessment of \$200 on February 17, 2000. He has filed a notice of appeal.

Prosecution handled by the United States Attorney for the Middle District of Georgia.

9. **United States v. Horace Richard Greene** -- Greene was a district conservationist of the National Resources Conservation Service, U.S. Department of Agriculture. He was the Government's technical representative on a USDA soil and water conservation program that was implemented through a State of North Carolina program called NCACSP

(North Carolina Agricultural Cost Share Program). Under the NCACSP program, local landowners can receive funding to reduce agricultural pollution.

Greene in his position as a district conservationist approved a contract whereby Fantasia, a business venture owned by his spouse, sold filter fabric to landowners through the NCACSP program. Greene was charged with a felony count of violating 18 U.S.C. § 2, aiding and abetting, and 18 U.S.C. § 208, for participating personally and substantially as a Government employee in a particular matter, in which, to his knowledge, his spouse has a financial interest.

Further, in his position as a district conservationist, Greene approved a contract between the NCACSP and Greene & Lane Farms, a cattle operation in which he and his spouse were partners. As a district conservationist, Greene approved a contract for fence construction between the NCACSP and Charles Lane. This contract resulted in payments that were transferred to a partnership consisting of Greene, his spouse, and Lane. Greene was charged with two additional felony counts of violating 18 U.S.C. § 208, for participating personally and substantially as a Government employee in a particular matter, in which, to his knowledge, he, his spouse, and general partner have a financial interest.

On a count unrelated to those above, Greene was charged with violating 18 U.S.C. § 654, a felony, for wrongfully converting to his own use the property of another having a value more than \$1000, that is, logs belonging to Cherokee County of North Carolina and others, which came into his control in the execution of his Federal employment.

On March 18, 1999, a jury convicted Greene on all four counts. Greene was sentenced by the court to one-year probation on March 2, 2000.

Prosecution handled by the United States Attorney for the Western District of North Carolina.

10. **United States v. H. David Reed** -- Reed was employed by the U.S. Department of Transportation, Research and Special Programs Administration, Volpe National Transportation Systems Center (Volpe Center). The Volpe Center is funded by other Federal agencies which contract with it to conduct research and special programs on their behalf. Reed served as Chief of the Advanced Concepts Development Division at the Volpe Center.

On May 7, 1993, the State Department entered into an agreement providing for the transfer of approximately \$9.5 million to the Volpe Center to assist in the monitoring of economic sanctions that the United Nations imposed in connection with conflicts in and among former republics of Yugoslavia. Reed managed the services provided by the Volpe Center under this agreement. At his suggestion, the State Department earmarked money for the development of tracking devices for the purpose of tracking cargo shipments to former republics of Yugoslavia. In connection with the development of these tracking devices, the Volpe Center entered into a contract with Micron Communications, Inc., in June 1993. Reed supervised the Micron Communications contract on behalf of the U.S. Department of Transportation.

In 1994, while employed at the Volpe Center, Reed organized with others a privately-held technology business. In January 1995, the business was formally incorporated as International Tracking and Information Systems, Inc. (ITIS). Reed represented himself as "CEO and Chairman" of ITIS. The purpose of ITIS was to develop and market commercial applications of tracking devices. From January 1995 through March 1996, Reed began efforts to develop a private business relationship with Micron Communications on behalf of ITIS by which ITIS would become an integrator and/or distributor of certain Micron Communications products. At the same time, Micron Communications was under contract with the Volpe Center to supply tracking devices in connection with the State Department tracking project for the sanctions-monitoring effort. As a result of his relation with Micron Communications on behalf of ITIS, Reed acquired a financial interest in the success of Micron Communications' relationship with the Volpe Center and the Micron Communications contract to supply tracking devices for the Government.

On December 21, 1999, Reed pled guilty to 18 U.S.C. § 208, which bars taking official action in matters affecting personal financial interests. He was sentenced to two-years probation and a \$1000 fine. As a condition of his probation, Reed was required to resign from the U.S. Department of Transportation and is barred from working at the U.S. Department of Transportation in the future.

Prosecution handled by the United States Attorney for the District of Massachusetts.

11. **United States v. Martin Weinstein** -- Weinstein was a Decedent Affairs clerk at a Veterans Affairs (VA) hospital.

Weinstein acted as an agent of Leander Dunk, an employee at the VA hospital who moonlighted at Jefferson Funeral Home. Weinstein referred the VA to Jefferson Funeral Home for the handling of bodies abandoned at the VA hospital. Dunk paid Weinstein for referrals. Payments from Dunk to Weinstein totaled approximately \$450.

Weinstein pled guilty on October 13, 1999, to a misdemeanor violation of 18 U.S.C. § 203(a)(1), for receiving compensation for representational services rendered in a particular matter before a department or agency of the United States. On March 10, 2000, Weinstein was sentenced to pay an assessment of twenty-five dollars.

Prosecution handled by the United States Attorney for the Southern District of New York.

12. **United States v. Thomas J. Rainey** -- Rainey was a U.S. Coast Guard Chief Warrant Officer, serving as the supervisor of the Regional Examination Center (REC) at the Marine Safety Office Anchorage, Alaska.

According to the facts of the plea agreement, between August 1996 and January 1997, Rainey began an employment negotiation with Compass North Nautical School (Compass North) while he was a Chief Warrant Officer. Compass North was owned and operated by Raymond Doyle. In May 1997, Rainey issued a Coast Guard Merchant Mariner's license to David M. Doyle, the brother of Raymond Doyle. Rainey did not follow the Coast Guard's procedures of fingerprinting or performing a check of the National Driver's Register with regard to the application of David Doyle. At the time of David Doyle's application, David Doyle's license to operate a motor vehicle in Alaska had been previously revoked, and Rainey failed to take the required steps to determine its status.

In addition, according to the allegations in the first count of the criminal information that Rainey agreed in his plea agreement are true, the REC administers examinations and reviews applications for merchant mariner documents. The REC also reviews course materials submitted by nautical training schools prior to being transmitted for approval to the National Maritime Center. Compass North was a company that provided mariner courses to assist members of the public in securing Coast Guard mariner documents and licenses. Moreover, Compass North was first approved by the Coast Guard to operate mariner courses in 1994, and it had submitted several additional courses for approval since that time. Until Nautical Training Specialists applied for approval of courses in July 1996, Compass North was the only company in the Anchorage area approved by the Coast Guard for offering mariner

courses. Rainey participated personally and substantially in the review of training course submissions from Compass North and Nautical Training Specialists prior to final approval by the National Maritime Center. In August 1996, Rainey called Raymond Doyle and stated that Nautical Training Specialists had submitted a course for approval to the REC which was virtually identical to course material used by Compass North. In November 1996, Rainey telephoned Raymond Doyle and informed him that Nautical Training Specialists had submitted two additional courses for approval which appeared to be identical to Compass North materials. Rainey also told Raymond Doyle that if Raymond Doyle filled out a Freedom of Information Act request, Rainey would allow Raymond Doyle to review the course materials.

On June 23, 1999, Rainey pled guilty to a misdemeanor violation of 18 U.S.C. § 208, for participating personally and substantially as a Government officer or employee in a particular matter, in which, to his knowledge, an organization with whom he is negotiating or has any arrangement concerning prospective employment has a financial interest. He was sentenced to one-year probation, a \$1000 fine, and a special assessment of twenty-five dollars on September 3, 1999.

Prosecution handled by the United States Attorney for the District of Alaska.