



United States
Office of Government Ethics
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MEMORANDUM

TO: Designated Agency Ethics Officials and Inspectors
General

FROM: Amy L. Comstock
Director

SUBJECT: 2000 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, 2000, through December 31, 2000. Information on 15 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. Summaries of the prosecutions reported to this Office can be found on our web site at www.usoge.gov under "[Laws and Regulations](#)."

2000 Conflict of Interest Prosecution Survey

1. United States v. Douglas J. Blake -- Blake was an employee of the United States Department of the Air Force.

Blake had business relationships with Champion Construction Company whereby he and Champion Construction Company shared profits as business partners in a series of ongoing business ventures. At various times, Blake used the equipment and resources in his Government office to advance some of their joint business interests.

In or about April and May 1998, Blake advised principals of Champion Construction Company that there would be a bid process initiated to award a contract to renovate office space being prepared for the Government office for which he served as supervisory special agent and recommended that Champion Construction Company bid on the project. Prior to making the bid, principals of Champion Construction Company asked Blake whether there was any problem with Champion Construction Company bidding on the project because of the Company's and the principals' relationship with him. Blake assured them that there would be no conflict because he would not participate in the bidding process or the selection of the contractor.

In or about May and June 1998, Blake recommended to the entity conducting the bidding process on behalf of the Government that Champion Construction Company be given the opportunity to bid on the contract to renovate office space being prepared for the Government. In or about June and July 1998, Blake provided advice to the Contracting Officer's Technical Representative at Blake's agency in Northern Virginia in the Eastern District of Virginia that Champion Construction Company should be selected to perform the work on the construction project. On or about July 8, 1998, Blake personally selected Champion Construction Company for the construction project. He did so after being delegated the responsibility to make the decision but without ever disclosing to anyone within the agency that he knew he should not participate because of his relationship with Champion Construction Company. In or about July 1998 through October 1998, Blake continued to participate personally and substantially in change orders to the original contract and in the oversight of Champion Construction Company's work on the construction project, for which Champion Construction Company

was paid approximately \$303,000 out of money belonging to the United States.

Blake pled guilty on July 11, 2000, to a felony count of violating 18 U.S.C. § 208. Blake was sentenced on September 22, 2000, to one-year probation and a \$2,000 fine. Blake resigned from his position with the Air Force in March 2000, during the investigation.

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

2. United States v. Mark A. Boster -- Boster served as the Deputy Assistant Attorney General of the Information Resources Management office within the Department of Justice from 1995 until January 30, 1999, when he left Government service. In that position, Boster managed the various functions of the Information Resources Management office, including computer systems. The Information Resources Management office is responsible for maintaining, assessing, designing, and procuring the information systems and telecommunications for the Department of Justice.

At all pertinent times, Boster was paid at the rate of level 5 of the Executive Service pay scale while employed by the Government. In January 1999, Boster left the position of Deputy Assistant Attorney General and joined Science Applications International Corporation (SAIC) in McLean, Virginia. On or about April 7, 1999, after Boster had left Government service and was working for SAIC, he telephoned the Acting Deputy Assistant Attorney General of Information Resources Management, the position Boster previously held before leaving the Department of Justice. Boster told the official that he knew that the Department of Justice was considering not using SAIC on a new contract and stated that such action might require a payment to SAIC, which could, in turn, trigger the Anti-Deficiency Act because budgeted funds would have been exceeded.

The Government maintained that Boster's conduct violated 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. Boster denied the allegations. Pursuant to a civil settlement agreement signed by the parties in August 2000, Boster paid the Government \$30,000, and the Government released Boster from its claims.

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

3. United States v. Francis DeGeorge -- During the relevant period, DeGeorge served as the Inspector General of the United States Department of Commerce.

During the same time period, Litton/PRC, Inc., was a company conducting business with the Department of Commerce and one of its components, the National Weather Service. Litton/PRC had a contract known as the "Advanced Weather Interactive Processing System" with the National Weather Service. That contract involved the updating of the National Weather Service's automated system. Litton/PRC had a financial interest in the outcome of the contract, which DeGeorge knew.

As the Inspector General of the Department of Commerce, DeGeorge was responsible for oversight of Litton/PRC's contract with the National Weather Service, and he participated personally and substantially in that contract by making recommendations and rendering advice thereon. From on or about November 1995 through July 1996, while still employed with the Department of Commerce and participating personally and substantially in Litton/PRC's contract with the National Weather Service, DeGeorge negotiated with a representative of Litton/PRC for prospective employment. DeGeorge also met with the president of Litton/PRC and other Litton/PRC personnel in connection with prospective employment. DeGeorge's meetings and negotiations with Litton/PRC's representatives took place within the Eastern District of Virginia.

DeGeorge pled guilty on May 25, 2000, to a misdemeanor count 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, an organization with whom he is negotiating prospective employment has a financial interest. DeGeorge was sentenced on June 22, 2000, to one-year probation.

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

4. United States v. Michael P. Filchock -- Filchock was employed by the Export-Import Bank of the United States (Ex-Im Bank) from September 1994 until June 1998. Ex-Im Bank is a wholly owned Government corporation and independent agency of the United States. Ex-Im Bank provides a variety of financing

to foreign buyers of United States goods. For the period of November 1996 through September 1997, Filchock served as a loan officer. In that position, Filchock was responsible for reviewing loan applications and presenting his financial analysis to his superiors. Based on Filchock's recommendation and analysis, Ex-Im Bank would decide whether to make a loan.

First National Bank of New England (First National Bank) was among the financial institutions that requested the services of Ex-Im Bank. While a loan officer at Ex-Im Bank, Filchock had frequent, almost daily, contact with First National Bank regarding the various guarantees sought by the bank.

On July 30, 1997, Filchock sent his resume to First National Bank. On August 8, 1997, Filchock interviewed with First National Bank, and he sent a follow-up thank-you letter to First National Bank on August 13, 1997. By a letter dated August 12, 1997, First National Bank offered Filchock a position with First National Bank. Filchock eventually declined the offer by a letter dated August 26, 1997.

While negotiating employment with First National Bank, Filchock authored two memoranda recommending the approval of guarantees requested by First National Bank. On August 12, 1997, Filchock wrote a memorandum recommending the approval of First National Bank's request for a guarantee in the amount of \$266,567. On August 13, 1997, Filchock authored a memorandum recommending approval for First National Bank's request for a comprehensive guarantee in the amount of \$774,451.

The Government maintained that Filchock's conduct violated 18 U.S.C. § 208, for participating personally and substantially as a Government employee in a particular matter in which, to his knowledge, an organization with whom he is negotiating prospective employment has a financial interest. Pursuant to a civil settlement agreement signed by the parties in August 2000, Filchock paid the Government \$5,000, and the Government released Filchock from its claims.

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

5. United States v. Jean Kennedy Smith -- From June 1993 to October 1998, Smith served as United States Ambassador to Ireland. By letter to the President of the United States dated April 20, 1998, Smith advised of her decision to resign as Ambassador, although she subsequently agreed to stay on in that

capacity until conclusion of the President's trip to Ireland in the Fall of 1998.

On August 5, 1998, while serving as Ambassador, Smith sent a letter on official State Department letterhead to Irish Prime Minister Bertie Ahern requesting a one million dollar donation from the Irish Government to help underwrite costs related to the year 2000 Irish Festival to be sponsored by and held at the John F. Kennedy Center for the Performing Arts (the Kennedy Center). At the time she sent the letter, Smith was also serving on the Board of Trustees of the Kennedy Center. The Kennedy Center is a non-profit cultural and charitable organization located in Washington, D.C. In addition to hosting performances of music and dance, the Kennedy Center also sponsors numerous cultural events. Smith was aware of the relevant prohibitions on fundraising activities. In May 1993, before being confirmed by the United States Senate as Ambassador, Smith wrote in a letter to the Department of State's Deputy Legal Advisor and Designated Agency Ethics Official that she would not personally participate in any solicitation of funds involving the Kennedy Center. Smith asserted that she understood she had received approval to send the letter in question. There was no allegation that Smith gained personally in the matter.

The Government maintained that Smith's conduct violated 18 U.S.C. § 208, for participating personally and substantially as a Government employee in a particular matter in which, to her knowledge, an organization in which she is serving as an officer, director, or trustee has a financial interest. Smith denied that she violated section 208 and asserted affirmatively that as Ambassador to Ireland she sought to conduct herself in accord with the highest ethical standards. Pursuant to a civil settlement agreement signed by the parties in September 2000, Smith paid the Government \$5,000, and the Government released Smith from its claims.

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

6. United States v. Matthew Norouz -- 18 U.S.C. § 209, which bars the unlawful supplementation of salary, applies to officers and employees of the District of Columbia and non-Government sources who compensate any such officers and employees for their Government services. Several inspectors employed by the District of Columbia Department of Consumer and Regulatory Affairs were accepting bribes and gratuities in exchange for the

issuance of construction, plumbing, and electrical permits. Norouz is a private architect who paid "tips" to one of these inspectors in exchange for speedy and favorable inspections on his renovation projects.

Norouz was allowed to plead guilty on April 10, 2000, to a misdemeanor count of section 209. On July 10, 2000, Norouz was sentenced to one-year probation and a \$1,000 fine. [The inspectors were convicted on charges of violating 18 U.S.C. § 201.]

Prosecution handled by the U.S. Attorney's office, District of Columbia.

7. United States v. Donald Rappaport -- Rappaport served as Chief Financial Officer and Chief Information Officer of the United States Department of Education.

During such period, Rappaport's wife owned 600 shares of Compaq computer stock that she had inherited from her mother. During this period, Rappaport was involved in his official capacity in issues concerning Compaq computers.

The Government contended that Rappaport violated 18 U.S.C. § 208, for participating personally and substantially as a Government officer in a particular matter in which, to his knowledge, he and/or his spouse has a financial interest. Rappaport denied the claims. Pursuant to a civil settlement and release in October 2000, Rappaport paid the Government \$20,000, and the Government released Rappaport from its claims.

Prosecution handled by the U.S. Attorney's office, District of Columbia.

8. United States v. Lugman Sabour, United States v. Kittim Simpson -- 18 U.S.C. § 209, which bars the unlawful supplementation of salary, applies to officers and employees of the District of Columbia and non-Government sources who compensate any such officers and employees for their Government services. Richard Greenblat, an employee of the District of Columbia Department of Motor Vehicles (DMV), was accepting bribes in exchange for altering DMV computer records in order to "clean up" the driving records of individuals who had outstanding traffic tickets or past violations that might prevent them from obtaining a driver's license. These bribe transactions were arranged through a middleman named James

Bevineau. Sabour and Simpson were private individuals who paid Bevineau in order to have their driving records "cleaned up." Bevineau then passed a portion of the money on to Greenblat.

Sabour and Simpson were allowed to plead guilty on January 5, 2000, and April 13, 2000, respectively, to a misdemeanor count of aiding and abetting a violation of section 209. On April 5, 2000, Sabour was sentenced to two-years probation and a \$200 fine. On July 12, 2000, Simpson was sentenced to one-year probation and a \$250 fine. [Greenblat and Bevineau were convicted of violating 18 U.S.C. § 201.]

Prosecutions handled by the U.S. Attorney's office, District of Columbia.

9. United States v. Arnett Smith -- 18 U.S.C. § 208, which bars taking official action in matters affecting personal financial interests, is applicable to officers and employees of the District of Columbia. Smith was the Chief of the Day Programs Branch of the District of Columbia Mental Retardation and Developmentally Disabled Administration.

Smith's duties included assigning patients to various day treatment facilities for mentally disabled adults. He was involved in a series of financial dealings with the operator of one of these day treatment centers, Denise Braxtonbrown-Smith. These dealings included making loans to Braxtonbrown-Smith, which were repaid at exorbitant interest rates, and engaging in secret real estate transactions with Braxtonbrown-Smith that resulted in financial gains for Smith. During the same time period, Smith was personally involved in the assignment of clients to Braxtonbrown-Smith's day treatment center, which directly resulted in substantial monetary benefits to Braxtonbrown-Smith.

On November 5, 1999, Smith was indicted on charges of violating section 208; 18 U.S.C. § 371 (conspiracy); and 18 U.S.C. § 201. Following trial, he was found guilty on May 16, 2000, of section 371 (conspiracy) and two felony counts of section 208. On December 12, 2000, Smith was sentenced to forty-six months incarceration, a \$25,000 fine, and 100 hours of community service.

Prosecution handled by the U.S. Attorney's office, District of Columbia.

10. United States v. Glenn R. Hodges -- Hodges was Chief of Staff at the Department of Veterans Affairs Medical Center in Kansas City, Missouri.

During the same time period he was employed in this capacity at the Department of Veterans Affairs Medical Center, Hodges was also employed as a physician by the University of Kansas Medical Center in Kansas City, Kansas. In his official Governmental capacity, Hodges approved a contract dated May 5, 1995, for cardiocath services to the Department of Veterans Affairs Medical Center by the University of Kansas Medical Center.

On March 8, 2000, Hodges pled guilty to a misdemeanor violation of 18 U.S.C. § 208, which bars taking official action in matters affecting personal financial interests. On August 7, 2000, Hodges was sentenced to pay a \$250 fine and a special assessment of twenty-five dollars.

Prosecution handled by the Western District of Missouri.

11. United States v. Timothy A. Anderson -- Anderson was an employee of the United States Government.

According to the Government's factual allegations in a civil complaint, Anderson was employed as a chemist by the United States Food and Drug Administration (FDA) in the Office of Generic Drugs (OGD) from February 9, 1992, through March 25, 1994. In that capacity, he performed reviews of Abbreviated New Drug Applications (ANDAs) submitted by pharmaceutical companies seeking to gain approval to manufacture and market generic versions of innovator drugs. Shortly before leaving employment with the FDA, in March 1994, Anderson completed the first-level chemistry review of Taro Pharmaceuticals, Inc. ANDA #74-444 for Miconazole Nitrate Vaginal Creme 2%, an alleged generic equivalent to the prescription innovator drug Monistat-7. His review consisted of an extensive analysis of the chemical components, manufacturing process, testing methods, and labeling requirements of the product.

On or about July 1996, Anderson commenced employment as Vice President of Regulatory Affairs and United States Agent for Taro Pharmaceuticals, Inc., in its Hawthorne, New York office. In 1996 and early 1997, Anderson contacted OGD officials on numerous occasions in an effort to obtain approval of Taro Pharmaceuticals, Inc. ANDA #74-444 for Miconazole Nitrate Vaginal Creme 2%, which was still pending before OGD. Anderson's contacts consisted of status calls in which he urged

OGD representatives to speed up the process of approval of the application and substantive discussions concerning problems with the application. Throughout his contacts with OGD officials, Anderson was aggressive in seeking the approval of ANDA #74-444. Further, Anderson used his acquaintance with supervisory-level OGD officials from his tenure as an OGD employee in an attempt to get special treatment for ANDA #74-444 based on his relationships with these officials. Anderson made a number of calls to these supervisory-level officials regarding ANDA #74-444 urging them to speed up the process of its approval. ANDA #74-444 was approved in January 1997.

In the complaint, the Government alleged that Anderson's actions violated 18 U.S.C. § 207(a)(1), which prohibits a former Government employee from communicating to or appearing before the Government, on behalf of another person or entity other than the United States, in connection with a matter in which he participated personally and substantially as a Government employee. Anderson denied the allegations of the complaint. Pursuant to a settlement agreement signed by the parties in June 2000, Anderson agreed to pay the Government \$15,000, and the Government released Anderson from its claims.

Prosecution handled by the Southern District of New York.

12. United States v. Annette Johnson -- Johnson was a clerical employee of the Immigration and Naturalization Service (INS) who took money in exchange for assisting in processing INS employment authorization documents.

Johnson pled guilty 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 December 12, 2000, Johnson was sentenced to two-years probation and a \$1,000 fine.

Prosecution handled by the Southern District of New York.

13. United States v. Gilford Moss -- Moss was an Internal Revenue Service (IRS) Revenue/Settlement Officer.

Moss was assigned to an IRS collection matter which gave him inside information concerning a proposed stock exchange. After his role in the case was substantially over, Moss purchased approximately \$2,000 in the stock subject to the proposed exchange based in part upon information he had learned during

the course of his duties as a Revenue Officer. After his stock purchase, on several occasions Moss had minor contact on the case with the parties before the IRS. He eventually went to his supervisor, disclosed his interest in the stock, and was removed from further participation in the case. Moss lost money on the stock transaction.

Moss was prosecuted pursuant to 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, he has a financial interest, and 18 U.S.C. § 216(a)(1). Moss was placed on pretrial diversion for six months on the condition that he resign from the IRS and perform 120 hours of community service.

Prosecution handled by the District of Oregon.

14. United States v. Carlos Colina-Vargas -- Colina-Vargas was a grant writer for city and county governments. Raymundo Ramirez was an employee of the Department of Commerce. Colina-Vargas agreed to give a fee to Ramirez in exchange for getting a grant application approved.

Though originally charged with violating 18 U.S.C. § 201, Colina-Vargas was permitted to plead guilty on April 20, 2000, to a misdemeanor violation of 18 U.S.C. § 203(a)(2), promising compensation to a Government employee for representational services rendered in a particular matter before a department or agency of the United States. On June 20, 2000, the District Judge sentenced Colina-Vargas to two-years probation. [Ramirez pled guilty to violating 18 U.S.C. § 201.]

Prosecution handled by the Western District of Texas.

15. United States v. Genaro M. Suarez -- Suarez, who was a private citizen, attempted to bribe an Internal Revenue Service (IRS) employee by paying him \$250 for favorable treatment regarding an IRS matter.

On August 17, 2000, Suarez pled guilty to a misdemeanor violation of 18 U.S.C. § 209, which prohibits the payment of supplementation to a Government employee's salary. On the same date, Suarez was sentenced to one-year probation and a special assessment of \$25.

Prosecution handled by the Western District of Texas.