



United States  
**Office of Government Ethics**  
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## MEMORANDUM

TO: Designated Agency Ethics Officials and Inspectors General

FROM: Robert I. Cusick  
Director

SUBJECT: 2008 Conflict of Interest Prosecution Survey

The Office of Government Ethics (OGE) has completed its annual survey of prosecutions involving the conflict of interest criminal statutes (18 U.S.C. §§ 202-209) for the period January 1, 2008 through December 31, 2008. Information on ten new prosecutions by U.S. Attorneys' offices and the Public Integrity Section of the Department of Justice's Criminal Division was provided to OGE with the assistance of the Executive Office for United States Attorneys at the Department of Justice. Summaries of the prosecutions reported to OGE for past years can be found on its website at [www.usoge.gov](http://www.usoge.gov) under "Laws and Regulations."

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### **2008 CONFLICT OF INTEREST PROSECUTION SURVEY**

#### **I. Update on Previously Reported Cases**

##### 1) United States v. David H. Safavian.

From 2002 until the beginning of 2004, the defendant, Safavian, served as Chief of Staff for the Administrator of the General Services Administration. From November 2004 until September 2005, the defendant worked as the Administrator of the Office of Federal Procurement Policy in the Office of Management and Budget, Executive Office of the President. In 2002 lobbyist Jack Abramoff invited the defendant and several government officials and lobbyists on a golf trip in Scotland. Abramoff stated that he would provide private jet service to the defendant and others. In June 2002, the defendant contacted his ethics official to see if he could attend the trip.

The defendant told the ethics official that Abramoff was a friend and former colleague and had no business with GSA, when in fact Abramoff was looking into securing GSA-controlled property and the defendant was helping him to do so. Based on this information the ethics official permitted the trip.

The defendant accompanied Abramoff and others on the trip. During the trip, the party played numerous rounds of golf, visited a number of hotels, and shared drinks and meals, much of it paid for by Abramoff. A few months later, the Office of the Inspector General at GSA learned of the trip and began an investigation. Almost a year after the investigation began, the Washington Post released a number of articles about Abramoff's dealings with several Indian Tribes, which prompted the Senate Committee on Indian Affairs to begin their own investigation. The defendant was questioned as to his involvement in the Scotland golf trip. His replies, both oral and in writing, included statements similar to those he had told his ethics official.

In June 2006 a jury found Safavian guilty of one count of obstruction of justice under 18 U.S.C. § 1505, and three counts of making false statements under 18 U.S.C. § 1001 with regard to his communications to his ethics official. In October 2006 he was sentenced to 18 months in prison. He appealed, and two charges against him, including one count of concealment of material facts to a GSA Officer and to the Office of Inspector General at GSA, were reversed because of judicial error in disallowing expert testimony. The court vacated the decision and called for a new trial.

On December 19, 2008, Safavian was again convicted of four charges, one charge of obstruction and three charges of making false statements under 18 U.S.C. §1001, including false statements made to the Office of the Inspector General at GSA, false statements made to the FBI, and false statements made on his financial disclosure form. As a result, Safavian faces a maximum sentence of five years in jail, a \$250,000 fine, and three years of supervised release. No sentencing date has been set.

The prosecution of this case has been handled by the Public Integrity Section of the Criminal Division of the Department of Justice.

## 2) United States v. Hardrick Crawford, Jr.

The defendant, Crawford, was the Special Agent in Charge of the Federal Bureau of Investigations El Paso division and part of the Senior Executive Service between July 2001 and November 2003. The division consisted of seventeen counties in western Texas, and approximately 220 FBI agents. On or about February 15, 2002, Crawford was introduced to Jose Maria Guardia. Guardia, a citizen of Mexico, ran a number of gambling establishments, including the Juarez Racetrack, a venue for horse and dog racing, games of skill, and sports betting. The two became close friends, and Guardia gave Crawford a number of gifts in exchange for help with visa applications and for Crawford's vouching to American businesses that Guardia was a good partner. The gifts included lawn service, trips to Los Angeles and Mexico, and a \$5,000 a month salaried position to Crawford's wife. Numerous times during

their relationship Crawford was told by fellow FBI agents that Guardia was connected with money laundering and drug trafficking operations.

On May 16, 2003, Guardia was accused of being part of a Mexican drug cartel. Guardia responded by stating that the Special Agent in Charge of the FBI El Paso division was his friend. On May 27, Crawford gave a speech at the Juarez Racetrack explaining that he was Guardia's friend and that he was not aware of any criminal misconduct. He also stated that he was speaking in both his unofficial and official capacities as the "jefe," or chief, of the FBI. The speech was translated into Spanish by an FBI translator at Crawford's request.

During this time Crawford was informed that a reliable source had stated that Guardia had large quantities of illegal drugs at his racetrack and was bribing Mexican officials. Crawford wrote an email detailing this to his supervisor. During questioning Crawford stated that he had never known about Guardia's involvement before this point and that he had no information to the contrary. He also lied about trips that his family had been given. Crawford had not reported any of the gifts that he or his family had been given on his mandatory annual public financial disclosure form, the SF 278.

On April 4, 2006 Crawford was charged with five counts of making false statements in violation of 18 U.S.C. § 1001. On August 16, 2006, a jury found Crawford guilty of one count of making a false statement to an FBI officer, and one count of making false statements on a mandatory public financial disclosure form. On January 5, 2007, the defendant was sentenced to two concurrent terms of 6 months' imprisonment; 3 years' supervised release, a \$10,000 fine, and a \$200 special assessment fee. Crawford filed an appeal that was denied on April 17, 2007 for failure to timely order transcripts.

This case was investigated by the Officer of the Inspector General at the Department of Justice, with the help of the FBI. The case was prosecuted by the United States Attorney's Office for the Western District of Texas.

## **II. 2008 Prosecutions**

### **18 U.S.C. § 201**

#### **3) United States v. Curtis Jones.**

The defendant, Jones, was an equipment program manager at the Federal Bureau of Investigation. As part of his duties, he was responsible for negotiating, reviewing, and making recommendations regarding a blanket agreement to buy shredders costing a total of \$2 million from Company A. Shortly after awarding Company A the contract to supply the FBI with shredders, Jones accepted an offer for his family and him to join Company A's executives and salespersons on a Caribbean cruise during the 2003-2004 holiday period, free of charge. The total value of this trip was \$7,500, including airfare and lodging.

On June 5, 2008, Jones pleaded guilty to one count of accepting an illegal gratuity in violation of 18 U.S.C. § 201(c)(1)(b). On September 18, 2008 Jones was sentenced to two years of probation and a \$5,000 fine.

This case was prosecuted by the Public Integrity Section of the Criminal Division of the Department of Justice.

#### **18 U.S.C. § 207**

#### 4) United States v. Milton K. Dial.

The defendant, Milton K. Dial, was the former deputy associate director at the Mineral Management Service of the Department of the Interior (DOI). After retiring from DOI, Dial accepted a position as a subcontractor working for and representing a company in a contract with DOI. Dial had created the bidding criteria for the contract before leaving DOI, had served on the evaluation committee that awarded the contract to the company, and had also served as the contracting officer's technical representative at DOI until he retired. The company was a sole proprietorship owned by a former colleague at DOI, Jimmy Mayberry (see the next case).

On September 15, 2008, Dial pleaded guilty to one count of violating the post-government employment statute, 18 U.S.C. §207(a)(1). On February 17, 2009, the judge sentenced Dial to 12 months of probation and ordered him to pay a \$2,000 fine. No appeal was filed.

This case was prosecuted by the Public Integrity Section of the Criminal Division of the Department of Justice.

#### **18 U.S.C. § 208**

#### 5) United States v. James Wright, John Villanueva and Luis Mercado.

Between June 2004 and November 2005, Wright was employed as a GS-15 level manager at the Defense Threat Reduction Agency (DTRA) as a director of the Security and Counterintelligence Directorate. After Wright retired, he and Villanueva formed a corporation, VMW & Associates, to obtain government contracts. When DTRA presented a request for proposals concerning a \$450,000 contract, Villanueva created a sub-contract agreement with one of the companies bidding on the contract. Wright took numerous actions to steer the contract to that company, including becoming the Source Selection Authority and awarding the contract to the prime contractor with whom VMW had created the subcontracting agreement. Wright never disclosed that he had a financial interest in VMW. The defendants were charged with violating 18 U.S.C. § 208 and with conspiracy under 18 U.S.C. § 371.

On October 8, 2008, mid-trial, Wright entered a guilty plea to a felony count of violating 18 U.S.C. § 208. On October 9, 2008 Villanueva was convicted by a jury on a felony violation

of 18 U.S.C. § 208. On March 25, 2009 Mercado entered a guilty plea of a misdemeanor conspiracy to violate 18 U.S.C. § 208.

On January 30, 2009 Wright and Villanueva were sentenced to six months in jail and two years of supervised release. On March 25, 2009 Mercado was sentenced to a fine of \$250 and two year's probation. Villanueva has filed an appeal, and his brief was due in August 2009.

The United States Attorney's Office for the Eastern District of Virginia handled the prosecution of this case.

6) United States v. Jimmy W. Mayberry.

The defendant, Jimmy W. Mayberry, is a former Special Assistant to the Associate Director of Minerals Revenue Management, Minerals Management Service (MMS) at the U.S. Department of Interior (DOI). When Mayberry was approaching retirement he and his supervisor created a plan whereby Mayberry could continue service at the MMS by becoming a private contractor employed by the MMS. Before leaving for retirement, Mayberry created the statement of work which was used to create the criteria for the contracting position for which Mayberry was applying. Mayberry then applied for the position and was awarded the job. He was the only bidder who received an "excellent" score in all categories.

On July 30, 2008, Mayberry pleaded guilty to one count of taking actions that affected his personal financial interests in violation of 18 U.S.C. § 208. He was sentenced to two years of probation and a \$2,500 fine. No appeal was filed.

This case was prosecuted by the Public Integrity Section of the Criminal Division of the Department of Justice.

**18 U.S.C. § 209**

7) United States v. Rudy Pagsanjan, et al.

Between October 8, 2000 and December 16, 2005 the defendant, Rudy Pagsanjan, was employed as an engineering technician at the Fresno Veterans Affairs Medical Center. Part of the defendant's job was to act as a Contracting Officer Technical Representative for certain construction contracts. Defendant Masoud Mirahdi was the owner and president of Construction Design Unlimited, Inc. (CDU), which he ran from his home in Clovis, California. Defendant Trent Miller was the owner of United Air Technologies, which is a heating, ventilation, and air conditioning company centered in Fresno, California.

On September 19, 2001 and September 5, 2002 CDU won two separate contracts to complete renovations on parts of the Fresno Veterans Affairs Medical Center. For both of these contracts United Air Technologies was a subcontractor under CDU. Both contracts were

completed; however, Pagsanjan solicited bribes totaling at least \$5,000 which he obtained by agreeing to sign off on inflated contract change orders.

On January 5, 2009 Mirhadi pled guilty to one count of violating the restriction on supplementing a government employee's income, 18 U.S.C. § 209. Also on January 5, 2009, Miller pleaded guilty to violating the restriction on bribing an official under 18 U.S.C. § 201(b)(1). On January 20, 2009 Pagsanjan pled guilty to violating 18 U.S.C. § 201(b)(2) by accepting bribes.

Miller was sentenced to five years of probation and a \$2,000 fine on April 15, 2009. Mirhadi was sentenced to three years of probation and a \$2,500 fine on April 28, 2009. Pagsanjan was sentenced to a year and one day in prison, three years of supervised release, and a \$10,000 fine. No appeal has been filed.

This prosecution was handled by United States Attorney's Office for the Eastern District of California.

### **18 U.S.C. § 1001 – Making a False Material Statement (on a Financial Disclosure Form)**

#### **8) United States v. Jason Alan O'Neal, aka Jason Alan Brown.**

The defendant, O'Neal, was a Bureau of Customs and Border Protection Officer at the Otay Mesa, California Port of Entry. He was under investigation by the Federal Bureau of Investigation for allowing drugs and illegal aliens through his inspection lanes and providing sensitive law enforcement information to his girlfriend and her family members, who were suspected of smuggling drugs and illegal aliens across the border. After an investigation, the FBI conducted a surprise interview with the defendant on January 9, 2008. During the course of the interview, the defendant falsely stated that he had used a Treasury Enforcement Communications System computer for only official use, when in fact he had used it over 100 times during the past two years to monitor the Secure Electronic Network for Travelers Rapid Inspection program, used in expedited border crossing processing, and to monitor the actual border crossings of his girlfriend and her family members. Days later the defendant resigned from his position and retained an attorney.

On February 19, 2008, O'Neal entered into a plea agreement in which he admitted to violating 18 U.S.C. § 1001(a)(2) by making false statements to the FBI about his use of a government computer. The defendant was sentenced on July 7, 2008, to three years' probation. The defendant was also permanently barred from seeking a law enforcement position with any state, local, or federal governmental agency. No appeal was filed.

The United States Attorney's Office for the Southern District of California handled the prosecution of this case.

9) United States v. Jack W. Snyder.

The defendant, Snyder, was the Associate Director of the Division of Specialized Information Services (SIS) at the National Library of Medicine (NLM), part of the National Institutes of Health (NIH), between August 25, 2002 and March 2, 2007. Prior to his employment at NIH, Snyder operated a litigation consulting business, Medico-Legal-Forensic Services (MLFS). As part of his work at MLFS the defendant gave expert testimony at trials across the United States. When he was employed at NIH, the defendant was told that he must stop participating in MLFS. Instead of doing so, Snyder continued to run MLFS without agency approval. Snyder never reported his involvement with MLFS on his annual public financial disclosure form (SF 278), including the \$165,234 that he made in FY 2005. During the course of his employment at NIH Snyder also misused government time and property, including fielding a significant number of telephone calls, using government computers to create invoices and reports, and traveling to testify and testifying without taking annual leave, for MILFS-related business. Snyder took only three days of annual leave during his first four years of employment, and only seventeen days in 2005. Upon leaving NIH, Snyder was paid \$22,738.32 for 264 hours of unclaimed annual leave.

Snyder was charged with a felony count of making a false statement on his annual financial report. He entered into a plea agreement on December 5, 2008 and was sentenced on February 9, 2009. Snyder was sentenced to one year of probation, ordered to perform 160 hours of community service, and ordered to pay a fine of \$200,000. No appeal has been filed.

The United States Attorney's Office for the District of Maryland and the Public Integrity Section of the Criminal Division of the Department of Justice handled the prosecution of this case.

10) United States v. Constance R. Walton.

The defendant, Walton, was a former employee of the Defense Logistics Agency, a component agency within the Department of Defense. Sometime around August 2000, Walton created a business (Company A) that she operated through February 2006. During this period of time she accepted subcontracting work from two contractors who provided IT services to the United States Department of the Army. For her services she received over \$100,000. At no time during this period did Walton disclose this income on her mandatory financial disclosure form.

Walton was charged with one count of making a false statement on a financial disclosure form. She entered into a plea agreement on June 24, 2008 and was sentenced on November 14, 2008. Walton was sentenced to two years of probation and a \$10,000 fine. No appeal has been filed.

This case was prosecuted by the Public Integrity Section of the Criminal Division of the Department of Justice and the United States Attorney's Office for the Eastern District of Virginia. The case was investigated by the Army Criminal Investigation Division, the Defense

Criminal Investigation Service, the General Services Administration and the Federal Bureau of Investigation.