

REP. WILLIAM J. JEFFERSON

Rep. William J. Jefferson (D-LA) is a ninth-term member of Congress, representing Louisiana's 2nd congressional district. Rep. Jefferson's ethics issues, for which he has now been indicted, stem from his business dealings and his misuse of federal resources. Rep. Jefferson was included in CREW's 2006 report on congressional corruption.

Federal Indictment

On June 4, 2007, Rep. Jefferson was indicted on 16 criminal counts that include two counts of conspiracy to solicit bribes, two counts of solicitation of bribes by a public official, six counts of honest services fraud by wire, one count of violating the Foreign Corrupt Practices Act, three counts of money laundering, one count of obstruction of justice and one count of racketeering.¹ The indictment stems from multiple instances in which Rep. Jefferson agreed to perform official acts for 11 different companies in return for bribes payable to him and his family members. The indictment was the culmination of a criminal investigation that began in approximately March 2005.²

Rep. Jefferson is alleged to have sought fees or retainers, percentage shares of revenues and profits, money and stock ownership in return for which Rep. Jefferson used his staff to arrange foreign travel and obtain visas for foreign visitors, conducted official travel to foreign countries to meet with foreign officials for the purpose of influencing them, contacted U.S. and foreign embassies for foreign travelers, used official congressional letterhead for correspondence to foreign officials and scheduled and participated in meetings with U.S. agencies to secure potential financing for business ventures.³ While offering this assistance, Rep. Jefferson failed to disclose his and his family's financial interests in the business ventures he was promoting.⁴

The 94-page indictment outlines in considerable detail multiple bribery schemes in which Rep. Jefferson participated. These include bribes that Rep. Jefferson sought, in the form of cash payments, stock, and a percentage of revenues from iGate, Incorporated, a telecommunications firm in Louisville, Kentucky, that were paid to ANJ, a Jefferson family-controlled company.⁵ In exchange, Rep. Jefferson introduced iGate's president to members of Congress, officials in the

¹ United States of America v. William J. Jefferson, Criminal No. 1:07CR209 (E.D. Va.), Indictment (hereinafter "Indictment") (Exhibit 1).

² In the Matter of the Search of: Rayburn House Office Bldg. Room Number 2113, Case No. 06-231-M-01 (May 30, 2006); Indictment.

³ *See generally* Indictment.

⁴ Id.

⁵ Id., ¶¶ 9, 25, 53. Six Jefferson family members are listed as members of ANJ, and Rep. Jefferson's accountant and campaign treasurer is listed as the company's registered agent. Id., ¶ 17.

Export-Import Bank, government officials from Nigeria, Cameroon and other African nations, and a Virginia businessman whom Rep. Jefferson solicited to provide financing for an African venture involving iGate products and services. In addition, Rep. Jefferson used his congressional staff to plan trips to Africa for the purpose of promoting iGate's business ventures and used congressional letterhead for similar purposes.⁶

The indictment details Rep. Jefferson's solicitation of bribes from an unnamed Nigerian company in return for assistance in a telecommunications venture, as well as his solicitation of bribes from a newly-formed Nigerian company to be paid to his family members in exchange for Rep. Jefferson's assistance with a Nigerian joint venture.⁷

Rep. Jefferson also used his congressional staff to plan his travel to Ghana for the purpose of influencing Ghanaian officials to support a telecommunications venture and to discuss with them bribing Nigerian officials. In exchange for his assistance, cash was paid to his family-controlled business, ANJ.⁸

In addition, Rep. Jefferson offered a bribe to a Nigerian official in Potomac, Maryland, in exchange for using his position to benefit a Nigerian joint venture. In return for these services, ANJ and another Jefferson-family controlled company, Global Energy and Environmental Services LLC, were given a substantial amount of stock.⁹ Rep. Jefferson placed \$90,000 of the \$100,000 intended as the front-end bribe to the Nigerian official in the freezer of his Washington, D.C. home, separated into \$10,000 increments.¹⁰ This money was later recovered by FBI agents during a raid of Rep. Jefferson's residence.¹¹

Other bribery schemes in which Rep. Jefferson participated include solicitation of bribes related to the development of a sugar factory, food processing facilities and marginal oil fields in Nigeria. In return, Rep. Jefferson requested payments to an unidentified family member, who was also given an interest in proposed Nigerian projects. In addition, Providence Lake -- a company for which Rep. Jefferson's accountant and campaign treasurer is the registered agent -- was paid a commission.¹²

⁶ Indictment.

⁷ *Id.*, ¶¶ 93-103.

⁸ *Id.*, ¶¶ 104-121.

⁹ *Id.*, ¶¶ 122-139.

¹⁰ Indictment, ¶ 138.

¹¹ Allan Lengel, FBI Sting Targeted Louisiana Lawmaker, *The Washington Post*, August 13, 2005 (Exhibit 2).

¹² Indictment, ¶¶ 152-187.

Rep. Jefferson also solicited bribes in return for his assistance regarding disputed oil exploration rights off the coast of Sao Tome and Principe. In return for his services, Rep. Jefferson requested that compensation be paid to an unidentified family member.¹³

According to the indictment, Rep. Jefferson also solicited bribes in connection with the sale of waste recycling systems in Africa. Once again, Rep. Jefferson requested that in return for his services, payments be made to an unidentified family member.¹⁴

Rep. Jefferson's racketeering activities include his promotion of the following:

- telecommunications deals in Nigeria, Ghana and elsewhere;
- oil concessions in Equatorial Guinea;
- satellite transmission contracts in Botswana, Equatorial Guinea and the Republic of Congo;
- deep water offshore oil reserves in Sao Tome and Principe;
- waste recycling systems in Nigeria and Equatorial Guinea;
- development of different plants and facilities in Nigeria; and
- marginal oil fields in Nigeria.¹⁵

Rep. Jefferson has been charged with obstruction of justice based on his attempt to conceal a facsimile cover sheet and attached documents during a court-approved search of his New Orleans residence in August 2005. These documents were related to the purchase of telecommunications parts for use in various African ventures.¹⁶

In January 2006, one of Rep. Jefferson's former aides, Brett M. Pfeffer, pleaded guilty to charges of conspiracy to commit bribery of a public official and aiding and abetting the bribery of a public official.¹⁷ Mr. Pfeffer's relationship with Rep. Jefferson began in 1995, when he joined Rep. Jefferson's congressional office as a legislative assistant.¹⁸ In 1998, Mr. Pfeffer left Rep. Jefferson's office, but maintained a professional and social relationship with the congressman.¹⁹ By 2004, Mr. Pfeffer was president of an investment company owned by Lori

¹³ Id., ¶¶ 188-193.

¹⁴ Id., ¶¶ 194-205.

¹⁵ Id., ¶¶ 219-270.

¹⁶ Indictment, ¶ 218.

¹⁷ United States of America v. Brett M. Pfeffer, Crim. No. 1:06cr10, Plea Agreement (Jan. 11, 2006) (Exhibit 3).

¹⁸ Id.

¹⁹ Id.

Mody, now a cooperating witness for the government.²⁰ On May 25, 2006, Mr. Pfeffer was sentenced to eight years of imprisonment and, as part of his deal with the government, agreed to cooperate with the ongoing federal investigation and provide testimony against Rep. Jefferson.²¹

In May 2006, Vernon L. Jackson, the CEO of iGate, pleaded guilty to paying more than \$400,000 in bribes to the family of Rep. Jefferson.²² Mr. Jackson entered his guilty plea in U.S. District Court in Alexandria, Virginia.²³ According to the plea agreement, Rep. Jefferson helped arrange U.S. government contracts and set up an Internet service venture in Nigeria in exchange for which Mr. Jackson agreed to pay Rep. Jefferson's wife and daughters \$7,500 per month and 5% of his company's sales over \$5 million.²⁴

The indictment of Rep. Jefferson was preceded by a court-approved search warrant that the U.S. Department of Justice executed on Rep. Jefferson's congressional office. After the government seized paper records and hard drives from Rep. Jefferson's office, he filed a motion to return the seized materials on the basis that the search of his office violated the Speech or Debate Clause of the Constitution. On August 3, 2007, the U.S. Court of Appeals for the D.C. Circuit ruled that the search of Rep. Jefferson's office violated the Speech or Debate Clause, but required the government only to return any privileged material removed during the search.²⁵ The court also stated that Rep. Jefferson will have the opportunity to argue for the suppression of all evidence removed from his office in his criminal trial.²⁶

Following the FBI's search of his house and the discovery of the \$90,000 in his freezer, Rep. Jefferson was removed from his seat on the House Ways and Means Committee in June 2006, after the Democratic Caucus voted 99-58 for his removal.²⁷

²⁰ Id.

²¹ In the Matter of the Search of: Rayburn House Office Bldg Room Number 2113, Case No. 06-231-M-01, pp. 19, 21 (May 30, 2006).

²² Ralph Vartabedian, Executive Pleads Guilty To Bribing Congressman's Family, *Los Angeles Times*, May 4, 2006 (Exhibit 4).

²³ Id.

²⁴ Id.

²⁵ U.S. v. Rayburn House Office Building, No. 06-3105 (D.C. Cir. Aug. 3, 2007).

²⁶ Id. at 22.

²⁷ David Espo, House Dems Strip Jefferson Of Panel Seat, *Associated Press*, June 16, 2006 (Exhibit 5).

When the House of Representatives reorganized following the 2006 elections, Rep. Jefferson was appointed to the House Small Business Committee.²⁸ Rep. Jefferson announced he would leave this position on June 5, 2007, until his legal issues are resolved.²⁹ Although Rep. Jefferson was selected to be on the House Homeland Security Committee, that appointment never reached a floor vote.³⁰

Acceptance of a Bribe

Federal law prohibits public officials from directly or indirectly demanding, seeking, receiving, accepting, or agreeing to receive or accept anything of value in return for being influenced in the performance of an official act.³¹ It is well-settled that accepting a contribution to a political campaign can constitute a bribe if a *quid pro quo* can be demonstrated.³²

As the 16-count indictment against Rep. Jefferson details, he has solicited and accepted multiple bribes payable in cash and other forms of compensation to him and his family members over a period of years in exchange for using his influence as a member of Congress to promote various business ventures in Nigeria, Cameroon and other African countries.

Honest Services Fraud

Federal law prohibits a Member of Congress from depriving his constituents, the House of Representatives, and the United States of the right of honest service, including conscientious, loyal, faithful, disinterested, unbiased service, performed free of deceit, undue influence, conflict of interest, self-enrichment, self-dealing, concealment, bribery, fraud and corruption.³³ By using his position as a member of Congress to financially benefit iGate and other companies, Rep. Jefferson may be depriving his constituents, the House of Representatives, and the United States of his honest services in violation of 18 U.S.C. § 1341.

Foreign Corrupt Practices Act

²⁸ Congressman William Jefferson Press Release, January 31, 2007 (Exhibit 6).

²⁹ Congressman William Jefferson Press Release, June 5, 2007 (Exhibit 7).

³⁰ Paul Kane, Opportunity In Lawmakers Fall, *The Washington Post*, June 7, 2007 (Exhibit 8).

³¹ 18 U.S.C. § 201(b)(2)(A).

³² McCormick v. U.S., 500 U.S. 257, 273 (1991); United States v. Biaggi, 909 F.2d 662, 605 (2d. Cir. 1990), *cert. denied*, 499 U.S. 904 (1991).

³³ 18 U.S.C. § 1341.

Federal law prohibits any agent of domestic concerns from corruptly promising to give or authorizing the payment of anything of value for the purpose of influencing acts and decisions of a foreign official, inducing a foreign official to do and omit to do acts in violation of his lawful duty, securing any improper advantage and inducing a foreign official to use his influence with a foreign government to affect and influence any act of that government. By preparing to deliver cash to a Nigerian official in order to benefit the Nigerian Joint Venture, Rep. Jefferson appears to have violated the Foreign Corrupt Practices Act, 15 U.S.C. § 78dd-2(a).

Money Laundering

Federal law prohibits anyone from knowingly engaging in a monetary transaction involving criminally derived property valued at over \$10,000. By knowingly transferring funds derived from bribery on three separate occasions, Rep. Jefferson appears to have laundered money in violation of 18 U.S.C. § 1957.

Obstruction of Justice

Federal law prohibits anyone from altering, destroying or concealing a record with the intent to impede an official proceeding or otherwise obstructing an official proceeding. By attempting to conceal from federal law enforcement agents, during a court-approved search of his Louisiana residence, a facsimile cover sheet and attached documents addressed to Rep. Jefferson and seeking his input regarding the purchase of telecommunication parts for use in telecommunications ventures in Nigeria, Ghana and elsewhere, Rep. Jefferson appears to have attempted to obstruct justice in violation of 18 U.S.C. § 1512(c)(1) and (2).

5 U.S.C. § 7353 and House Rules

A provision of the Ethics Reform Act of 1989, 5 U.S.C. § 7353, prohibits members of the House, officers, and employees from asking for anything of value from a broad range of people, including “anyone who seeks official action from the House, does business with the House, or has interests which may be substantially affected by the performance of official duties.”³⁴ House Rule XXIII, clause 3, similarly provides:

A Member, Delegate, Resident Commissioner, or employee of the House may not receive compensation and may not permit compensation to accrue to his beneficial interest from any source, the receipt of which would occur by virtue of influence improperly exerted from his position in the Congress.

If Rep. Jefferson advanced his personal business interests in Africa through the authority of his congressional position, he likely violated 5 U.S.C. § 7353 and House Rule XXIII.

³⁴ See House Comm. on Standards of Official Conduct, “Memorandum For All Members, Officers and Employees,” Rules Governing (1) Solicitation by Members, Officers and Employees in General, and (2) Political Fundraising Activity in House Offices, April 25, 1997.

5 C.F.R. § 2635.702(a) and Conflict-of-Interest Rules

Members of the House are prohibited from “taking any official actions for the prospect of personal gain for themselves or anyone else.”³⁵ House members are directed to adhere to 5 C.F.R. § 2635.702(a), issued by the U.S. Office of Government Ethics for the Executive Branch, which provides:

An employee shall not use or permit use of his Government position or title or any authority associated with his public office in a manner that is intended to coerce or induce another person . . . to provide any benefit, financial or otherwise, to himself or to friends, relatives, or persons with whom the employee is affiliated in a nongovernmental capacity.

In addition, House conflict-of-interest rules provide that a Member should never accept “benefits under circumstances which might be construed by reasonable persons as influencing the performance” of his official duties.³⁶ To do so “would raise the appearance of undue influence or breach of the public trust.”³⁷

By using his position as a member of Congress to influence and support business ventures benefitting him and his family members, Rep. Jefferson appears to have violated 5 C.F.R. § 2635.702(a) and the House conflict-of-interest rules.

Conduct Not Reflecting Creditably on the House

Rule XXIII of the House Ethics Manual requires all members of the House to conduct themselves “at all times in a manner that reflects creditably on the House.”³⁸ This ethics standard is considered to be “the most comprehensive provision of the code.”³⁹ When this section was first adopted, the Select Committee on Standards of Official Conduct of the 90th Congress noted that it was included within the Code to deal with “flagrant” violations of the law

³⁵ House Comm. on Standards of Official Conduct, “Memorandum For All Members, Officers and Employees,” Prohibition Against Linking Official Actions to Partisan or Political Considerations, or Personal Gain, May 11, 1999.

³⁶ H. Con. Res. 175, 85th Cong., 2d Sess, 72 Stat., pt 2, B12, para. 5 (1958).

³⁷ Id.

³⁸ Rule 23, clause 1.

³⁹ House Comm. on Standards of Official Conduct, House Ethics Manual.

that reflect on “Congress as a whole,” and that might otherwise go unpunished.⁴⁰ This rule has been relied on by the Ethics Committee in numerous prior cases in which the Committee found unethical conduct including: the failure to report campaign contributions,⁴¹ making false statements to the committee,⁴² criminal convictions for bribery,⁴³ or accepting illegal gratuities,⁴⁴ and accepting gifts from persons with interest in legislation in violation of the gift rule.⁴⁵

Rep. Jefferson’s conduct, which includes using his position as a member of Congress to solicit bribes and commit fraud, clearly does not reflect creditably on the House.

Use of the National Guard to Visit Home and Retrieve Property

Five days after Hurricane Katrina hit the Gulf Coast, on September 2, 2005, Rep. Jefferson allegedly used National Guard troops to check in on his home and collect a few belongings – a laptop computer, three suitcases, and a large box.⁴⁶ Military sources told ABC

⁴⁰ House Comm. on Standards of Official Conduct, Report Under the Authority of H. Res. 418, H. Rep. No. 1176, 90th Cong., 2d Sess. 17 (1968).

⁴¹ House Comm. on Standards of Official Conduct, *In the Matter of Representative John J. McFall*, H. Rep. No. 95-1742, 95th Cong., 2d Sess. 2-3 (1978) (Count 1); *In the Matter of Representative Edward R. Roybal*, H. Rep. No. 95-1743, 95th Cong., 2d Sess. 2-3 (1978).

⁴² House Comm. on Standards of Official Conduct, *In the Matter of Representative Charles H. Wilson (of California)*, H. Rep. No. 95-1741, 95th Cong., 2d Sess. 4-5 (1978); H. Rep. No. 95-1743(Counts 3-4).

⁴³ House Comm. on Standards of Official Conduct, *In the Matter of Representative Michael J. Myers*, H. Rep. No. 96-1387, 96th Cong., 2d Sess. 2, 5 (1980); see 126 Cong. Rec. 28953-78 (Oct. 2, 1980) (debate and vote of expulsion); *In the Matter of Representative John W. Jenrette, Jr.*, H. Rep. No. 96-1537, 96th Cong., 2d Sess. 4 (1980) (Member resigned); *In the Matter of Representative Raymond F. Lederer*, H. Rep. No. 97-110, 97th Cong., 1st Sess. 4, 16-17 (1981) (Member resigned after Committee recommended expulsion). In another case, the Committee issued a Statement of Alleged Violation concerning bribery and perjury, but took no further action when the Member resigned (*In the Matter of Representative Daniel J. Flood*, H. Rep. No. 96-856, 96th Cong., 2d Sess. 4-16, 125-126 (1980)).

⁴⁴ House Comm. on Standards of Official Conduct, *In the Matter of Representative Mario Biaggi*, H. Rep. No. 100-506, 100th Cong., 2d Sess. 7, 9 (1988) (Member resigned while expulsion resolution was pending).

⁴⁵ House Comm. on Standards of Official Conduct, *In the Matter of Representative Charles H. Wilson (of California)*, H. Rep. No. 96-930, 96th Cong. 2d Sess. 4-5 (1980); see 126 Cong. Rec. 13801-20 (June 10, 1980) (debate and vote of censure).

⁴⁶ Jake Tapper, Amid Katrina Chaos, Congressman Used National Guard To Visit Home, ABC News, September 14, 2005 (Exhibit 9).

News that Rep. Jefferson asked the National Guard to take him on a tour of the flooded portion of his congressional district.⁴⁷ Lt. Col. Pete Schneider of the Louisiana National Guard said that during the course of the tour, Rep. Jefferson asked that the truck stop at the Congressman's home.⁴⁸ The Congressman entered his house and collected his belongings, returning to the truck, which was now stuck in the mud.⁴⁹ The National Guard ultimately sent a second truck to rescue the first truck and Rep. Jefferson and his belongings were returned to the Superdome.⁵⁰

Rep. Jefferson explained that he had not sought military assistance in touring the city, but because of the gunfire, "[t]hey thought I should be escorted by some military guards."⁵¹ Rep. Jefferson claimed that he was curious about the condition of his house and that he would have been happy to go by himself.⁵²

5 C.F.R. § 2635.702(a)

By using the National Guard to visit his home and retrieve property -- at a time when the citizens of New Orleans had no such similar opportunities -- Rep. Jefferson appears to have violated 5 C.F.R. § 2635.702(a).

Conduct Not Reflecting Creditably on the House

At a time when the nation was facing its worst natural disaster in recent history, and when New Orleans lacked the requisite federal resources to rescue all of its citizens in a timely manner, Rep. Jefferson's use of the National Guard to check on his house and retrieve belongings does not reflect creditably on the House.

⁴⁷ Id.

⁴⁸ Id.

⁴⁹ Id.

⁵⁰ Tapper, *ABC News*, Sept. 14, 2005.

⁵¹ Id.

⁵² David Pace, La. Congressman Had Guard Escort To Home, *Associated Press*, September 14, 2005 (Exhibit 10).