



FEDERAL BUREAU OF INVESTIGATION

HOUSTON

# Risks of Public Corruption to Government Entities

SSA Lance Rollins



# Locations

## Field Offices

- 56 in the United States
  - Over 200 sub-offices, Resident Agencies
  - TX: Dallas, San Antonio, Houston FOs

## Legat Offices

- 90 offices
  - 130+ countries represented



# Locations





# Investigations

Terrorism: Domestic & International  
Counterintelligence  
Weapons of Mass Destruction

Public Corruption  
Violent Crime  
Organized Crime  
Complex Financial Crime  
Civil Rights  
Cyber: Criminal & National Security



# PC: Importance

## *FBI Mission Statement*

*“Our mission is to protect the American people and uphold the Constitution of the United States.”*

## **Why Investigate Public Corruption**

- Erodes public trust of institutions
- Weakens the fundamental value of democracy (elected trust)
- Hinders economic development
- Breeds resentment towards government
- Keeps public figures accountable to public
- Jeopardize national security



# What is Public Corruption

Public corruption occurs when a public official abuses his/her public office or position for private gain or when a private citizen seeks to corrupt a public official. PC investigations focus on the abuse of the public position and/or misuse of governmental powers for private gain.



It's Not: A public official who engages in criminal activity unrelated to their position is not engaged in public corruption.





# Who is a Public Official

Any individual:

- elected to,
- appointed to, or
- employed by (including a third-party contractor)

Any executive, legislative, or judicial branch of a federal, state, local, or tribal government entity or political subdivision thereof.

Includes the highest elected official to the lowest level municipal official.



# Types of Corruption

- **Elected Officials**
- **Foreign Influence**
- Prison
- Border
- Law Enforcement
- Election Crimes
- Judicial





## Domestic - Schemes

**Bribes** - Dishonest Method(s) to Gain Access  
Money, Service, Access, Power

**Kickbacks** - A Form of Bribery, concurrently or after the award of contract (contract schemes)

**Embezzlement** - Theft

Obstruction of justice – prevention of law enforcement to conduct investigative process

Extortion - Coercion to obtain something of value through threats



## International - Schemes

**Foreign Corrupt Practices Act (FCPA)** - prohibit the willful use of the mail or any means of instrumentality of interstate commerce corruptly in furtherance of any offer, payment, promise to pay, or authorization of the payment of money or anything of value to any person, while knowing that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly, to a foreign official to influence the foreign official in his or her official capacity, induce the foreign official to do or omit to do an act in violation of his or her lawful duty, or to secure any improper advantage in order to assist in obtaining or retaining business for or with, or directing business to, any person

Example: Halliburton and Kellogg Brown & Root (KBR) \$579million 2009 settlement with arrests for bribery payments to Nigerian officials for \$6billion contracts for LNG facilities



# Federal Corruption Statutes - Basics

## *Quid Pro Quo* “this for that”

- Thing of Value
  - Money
  - Property
  - Services
  - Sex
  
- Official Acts
  - Legislative Votes
  - Granting of Variances
  - Official Letters
  - Records Checks
  - Zoning Votes
  - Contract Issuance



## Federal Corruption Statutes - Common

- 18 USC §201 Federal Bribery - Public official with corrupt intent and quid pro quo
- 18 USC §666 State/local Bribery - Agent of an organization that corruptly solicits/gives anything of value over \$5,000 intending to be influenced or rewarded in connection with any business, transaction, or series of transactions of such organization, government, or agency
- 18 USC §1346 Deprivation of Honest Services - Scheme to deprive another of honest services, may extend only to those who, in violation of a fiduciary duty, participate in bribery or kickback schemes.. (SCOTUS Skilling 2010 limited to bribes)

“Varsity Blues” deprived other qualified applicants of the “honest services” of acceptance into these school

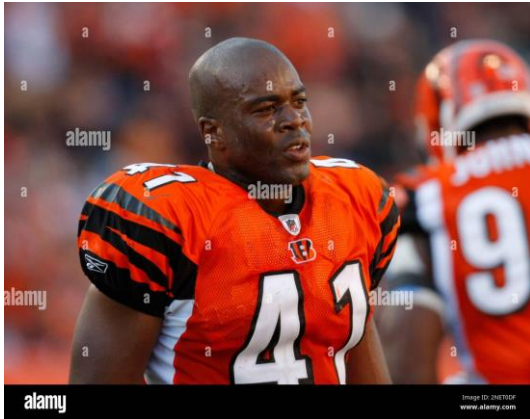
- 18 USC § 654 Embezzlement of US Money – Federal employee or officer who embezzles money from US government



# Redevelopment/Sports Betting, Cincinnati, OH



PG Sittenfeld



Chinedum Ndukwe







# Hawthorne Mall, Los Angeles, CA



Arman Gabae



Thomas Shepos, Real Estate  
& Leasing CEO





# Summary

- Public officials' actions can be of great risk to the ability of a government to maintain the trust of it's own citizens and outsiders.
  - Erode trust of investors: bond issuance, sales tax, property tax, TIFs, income tax, etc.
  - Increase cost of funding
  - Deter access to investment options
- What can be done to offset potential actions by public officials?
  - Proactive audits
  - Independent contract awarding
  - Strong corruption legislation

Questions?  
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