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**TRANSCRIPT OF PRESS CONFERENCE WITH
ACTING ASSISTANT ATTORNEY GENERAL MATTHEW FRIEDRICH
ON INDICTMENT OF U.S. SENATOR**

WASHINGTON, D.C.

1:45 P.M. EDT

MR. FRIEDRICH: Good afternoon. My name is Matt Friedrich, and I am the Acting Assistant Attorney General for the Criminal Division. With me here today is Steve Tidwell, who is an Executive Assistant Director at the Federal Bureau of Investigation. Also with me is Victor Song, who is the Deputy Chief of the Criminal Investigations Division of the Internal Revenue Service.

Earlier today, a federal grand jury, here in the District of Columbia, returned an indictment charging United States Senator Ted Stevens of Alaska with seven felony counts of making false statements. The charges relate to false statements that Senator Stevens is alleged to have made on his mandatory financial disclosure forms filed for calendar years 1999 through 2006.

According to the indictment, as a member of the United States Senate, Senator Stevens was required to file financial disclosure forms with the secretary of the Senate.

A primary purpose of such forms is to disclose, monitor and deter conflicts of interest and maintain public confidence in the United States Senate and its membership.

These forms, which are publicly available, require the person filing them to disclose, among other things, whether or not the filer had received any gifts or had any liabilities or debts.

As to gifts, the filer was required to disclose gifts from any single source over a particular threshold amount that varied year by year. For example, between 2003 and 2006, that threshold amount was \$305.00, such that anything over that amount was required to be disclosed.

As to liabilities, the filer is required to disclose any liability or debt owed by the filer for his spouse or dependent children in an amount greater than \$10,000, as well as the identity of the individual or entity to whom each debt was owed.

The indictment charges that, while he was sitting as a United States Senator between 1999 and 2006, Senator Stevens accepted gifts from a privately held company known as VECO, its Chief Executive Officer, and others. VECO was an oil field services company and operated on an international basis. VECO was one of the largest private employers in the State of Alaska.

The gifts Senator Stevens is alleged to have received include substantial amounts of material and labor used in the renovation of a private residence, which Senator Stevens and his wife own, located in the

town of Girdwood, Alaska. These renovations are alleged to have included the addition of a new first floor with multiple bedrooms and a bathroom, as well as a finished, full basement.

VECO contractors and employees performed a significant portion of these renovations. For example, VECO and its employees and contractors are alleged to have provided architectural designs for the renovation; assisted in lifting up the residence and installing a new first floor; installed electric, plumbing, framing, heating and flooring materials; installed a first-floor, wrap-around deck; installed a plastic roof between the first- and second-floor decks; installed a heat tape system on the roof; and performed gutter repair and electrical work.

The indictment also alleges that Senator Stevens received other gifts from VECO and its CEO, including household goods, furniture, a new Viking gas range, a tool-storage cabinet, and an automobile exchange in which Senator Stevens received a new vehicle worth far more than what he provided in exchange.

According to the indictment, the total amount of gifts that Senator Stevens is alleged to have received over the duration of the offense is greater than \$250,000.

Also, according to the indictment, these items were not disclosed on Senator Stevens's financial disclosure forms, which he filed under penalties of perjury, either as gifts or as liabilities; and, further, that Senator Stevens did not reimburse or repay VECO or its chief executive officer for these items.

I would ask you to keep in mind a few final points before I close. First, let me remind you again that what I have described today are allegations which have been made in an indictment returned by a federal grand jury. In terms of where we are now procedurally in this case, we are at the very beginning of the criminal process because an indictment has just been returned. Like any other criminal defendant, Senator Stevens is presumed innocent unless and until he is proven guilty in a court of law.

Second, in terms of answering any questions that you may have about the indictment, I'm going to need to stick to the four corners of the indictment, and I will not be able to go beyond what the indictment alleges in answering questions that you may have about the specifics of the charges announced today.

As you may know, in about 2004, federal law enforcement agencies began an investigation into public corruption in the State of Alaska. The fact that this investigation became publicly known, with the execution of search warrants at VECO and other locations in Alaska in August of 2006.

To date, that investigation has resulted in seven convictions. Among those who have been convicted are Pete Kott, the former speaker of the Alaska House of Representatives; Bill Allen, the former CEO of VECO; Richard Smith, the former Vice President at VECO; William Bobrick, a former lobbyist in Anchorage; and Thomas Anderson, a former Alaska State Representative. That investigation is continuing.

Finally, I would like to thank the team assigned to this investigation, which includes prosecutors from the Public Integrity Section of the Criminal Division, as well as AUSAs, Assistant United States Attorneys, from the Alaska U.S. Attorney's Office. It also includes, from the FBI, agents from the Anchorage Field Office; and from IRSCID, agents from their Seattle Field Office.

With that, I'm happy to take some questions. Yes?

QUESTION: Matt, if Senator Stevens is convicted, what's the maximum penalty that he would face?

MR. FRIEDRICH: I know, a lot of times, when the Department issues releases, they will issue a statutory maximum, which is taken by the statutory max per count and multiplying it by the number of counts. That is usually something grossly in excess of whatever any sentence is that actually comes down, so you can look that up. I don't want to start trumpeting what the statutory max would be. Lara?

QUESTION: Why did the Justice Department go after disclosures as opposed to other statutes, the tax statute or gift ban statute? Why did you all go after disclosures?

MR. FRIEDRICH: I guess the best way to answer that, in terms of would of, could of, should of on other charges, again, as I alluded to, I really need to stick to what's charged here in terms of the indictment. The indictment is pretty detailed. I think, if you take a look at it, it lays out pretty clearly what our basis is for what we brought.

QUESTION: Just to follow on that, is there any kind of statute of limitations issue that dealt with what statutes you all went after in charging?

MR. FRIEDRICH: We always need to pay attention to the statute of limitations. Beyond that, I'm not going to comment. Yes?

QUESTION: To put it another way, you have charged false statements, but, in your press release, you alleged that he used his position on behalf of VECO, suggesting a quid pro quo. Can you help us square that?

MR. FRIEDRICH: Let me refer you to paragraph 17 of the indictment, which alleges that at the same time that Senator Stevens was receiving these things of value, over that same time period, he was also being solicited by VECO to do certain things, which he or his staff, on occasion, did. The indictment does not allege a quid pro quo. I'm sorry. In the red?

QUESTION: This is a sitting senator, and, obviously, it's unprecedented to have a raid on his home. How far up the chain did you have to go in terms of the politics of indicting someone of this stature?

MR. FRIEDRICH: I guess I would say is we followed the course that we followed internally, in terms of getting indictments approved. Beyond that, I'm not going to comment. In the back? Yes, sir?

QUESTION: Can I ask a question? It follows on what Laura asked. I know you have an IRS guy here. Why didn't Senator Stevens report these gifts as income because he knew disclosing them on his financial disclosure form. Why wouldn't that be a tax violation if he didn't do that?

MR. FRIEDRICH: Let me answer that question this way. Without reference to this case, my understanding is, as a general matter, gifts are not required to be reported as income on tax forms. Income and other things are, but not gifts.

QUESTION: He wasn't disclosing these, so why --

MR. FRIEDRICH: According to the indictment, on his ethics forms, yes.

QUESTION: Did he report these on his tax returns; like improvements to a house would be income, wouldn't it?

MR. FRIEDRICH: I'm not going to comment on the senator's tax returns. Yes?

QUESTION: Can you explain the difference between a quid pro quo and what's alleged in the indictment?

MR. FRIEDRICH: This indictment charges violations of the false statements statute, which is 18 U.S.C. 1001. The bribery statute is found at 18 U.S.C. 201, and, again, bribery is not charged in this case, as I mentioned earlier. Bribery requires proof of a specific agreement of a quid pro quo, this for that. This indictment does not allege such an agreement.

QUESTION: Were there any discussions with Stevens or his lawyers about a possible plea deal?

MR. FRIEDRICH: I'm not going to discuss -- as a matter of policy, we wouldn't discuss any such potential discussions. I wouldn't read into that whether they have occurred or not. I simply can't comment.

QUESTION: Matt, following that, has he made arrangements to turn himself in? What's next?

MR. FRIEDRICH: My understanding is he will be allowed to turn himself in. He will not be arrested.

QUESTION: Have arrangements been made for a court appearance, at this point? Do you know?

MR. FRIEDRICH: That will be coming shortly.

QUESTION: Is he turning himself in in D.C. or in Alaska?

MR. FRIEDRICH: I'll defer to the Bureau on that.

MR. TIDWELL: A summons will be issued, and it will be worked out what is most convenient for everyone regarding that and regarding the initial court appearance.

QUESTION: Is he in D.C. now?

MR. TIDWELL: I do not know if he is in D.C. now.

QUESTION: Do you know when and how he was informed by the government of the grand jury indictment?

MR. FRIEDRICH: His attorney received a call earlier today, and I'll leave it at that. Any other questions? Yes?

QUESTION: The guidelines in the sentencing structure with someone of the senator's age, if you could talk about how that works. Could someone become too old to have to serve that kind of time, if he is looking at five years under false statements?

MR. FRIEDRICH: Ultimately, again, we are at the very beginning phase of the process. To talk about sentencing isn't something that I'm really comfortable with. I will say, generically, ultimately, that's something that would be up to a sentencing court. Yes, sir?

QUESTION: (Inaudible) about whether the senator cooperated at all with this investigation?

MR. FRIEDRICH: Again, I have no comment on that, one way or another. I would urge you not to read anything into that, one way or another. I simply can't confirm or deny that. Yes?

QUESTION: Can you elaborate on what sort of cooperation Bill Allen provided?

MR. FRIEDRICH: Bill Allen entered into a plea agreement. That plea agreement is publicly available to you. It's a public record in Alaska. You can go and look at it and see for yourself what the terms of that plea agreement are. He is cooperating with the United States.

MS. SWEENEY: I think that's the last question we can take.

QUESTION: How long has the investigation been going on?

MR. FRIEDRICH: Speaking of the global investigation that federal agencies have been conducting in Alaska since about 2004, roughly.

QUESTION: Can I ask just one thing? In an election year, I wonder if you might address, just generally, whether or not the Department takes special care, or follows other particular procedures, in order to

influence the outcome of an election, given the public corruption (inaudible) in a presidential election year, speaking generally.

MR. FRIEDRICH: I'll say two things in response to that. One, when we bring cases as prosecutors, we bring cases based upon our evaluation of the facts and the law, and we bring cases when they are ready to be charged, and that's what has happened here.

I would refer you, as a general matter, if you recall, Judge Mukasey issued guidance to federal prosecutors earlier this year in the form of a memo dealing with election-year sensitivities. While I'm paraphrasing what the memo says, the gist of it is that partisan politics should play no part either in what charges we bring or in things like the timing of an indictment or that type of thing. That policy has been followed to the letter in this case.

MS. SWEENEY: Thank you very much, everyone, for coming.

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