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U.S. CONGRESSMAN AND ASSOCIATES INDICTED ON MULTIPLE COUNTS INCLUDING FRAUD, EXTORTION, AND MONEY LAUNDERING

WASHINGTON - Assistant Attorney General Alice S. Fisher of the Criminal Division, and U.S. Attorney Diane J. Humetewa announced today that a federal grand jury in Tucson, Ariz. returned a 35-count indictment yesterday against Richard G. Renzi, 49, of Flagstaff, Ariz., the U.S. Representative from Arizona's first congressional district; James W. Sandlin, 56, of Sherman, Texas, a real estate investor and Renzi's business associate; and Andrew Beardall, 36, of Rockville, Md., Renzi's business associate.

The indictment charges Renzi and Sandlin in 27 counts with honest services wire fraud, extortion and money laundering, and conspiracies to engage in these acts, based on Renzi's active involvement in the sale of Sandlin's property in Cochise County, Ariz. to a participant in a federal land exchange proposal. The indictment alleges that Renzi and Sandlin previously owned land together in Kingman, Ariz. and that in 2003, Sandlin bought out Renzi's interest for \$200,000 and a note for \$800,000. The indictment further alleges that in 2005, at a time when Sandlin still owed Renzi \$700,000 in principal on the note, Renzi insisted that two separate entities doing business in Arizona purchase Sandlin's property in exchange for his support on land exchange legislation.

The indictment also alleges that Renzi failed to disclose to either entity Sandlin's \$700,000 debt to him; that after the second entity purchased Sandlin's property, Renzi failed to disclose to that group the \$733,000 he received from Sandlin at the commencement and close of escrow in the spring and fall of 2005; and that Renzi failed to disclose to Congress his earnings from Sandlin in his 2005 financial disclosure statement. Finally, the indictment traces the manner in which Renzi and Sandlin used the alleged proceeds of the above unlawful activities for their own personal and business use.

The remaining counts of the indictment charge Renzi and Beardall with violations of federal insurance laws, by embezzling over \$400,000 in insurance premiums from the trust account of the Patriot Insurance Agency, Inc., a business owned by the Renzi family in Santa Cruz County, Ariz., to fund his first Congressional campaign in 2001 and 2002, and by subsequently making false statements to influence state regulatory investigations.

“Public corruption creates a cynicism for government and unfairly stains legions of honest public servants,” said Alice S. Fisher, Assistant Attorney General in charge of the Criminal Division. “These charges represent allegations that Congressman Renzi defrauded the public of his unbiased, honest services as an elected official. The Department of Justice will continue to enforce the laws that protect the integrity of our government. I want to thank the agents of the FBI and IRS, as well as the trial attorneys from the Public Integrity Section and the Assistant U.S. Attorneys from Arizona for their diligence investigating this case.”

“Among the allegations contained in the indictment, Congressman Renzi misused his public office by forcing a land sale that would financially benefit himself and a business associate, and in so doing, he betrayed the trust of the citizens of Arizona,” stated U.S. Attorney Diane J. Humetewa. “This indictment demonstrates a commitment by the Department of Justice to root out public corruption wherever it is found. This commitment is grounded in a system of justice where all individuals, regardless of office or title, will be held accountable before the law, and which holds our elected leaders in whom we entrust great confidence to the very highest standards of ethical conduct. I want to thank the investigative agents of the FBI and the IRS, as well as the prosecutors whose combined work and dedication resulted in this indictment.”

“For many years the FBI has had as one of its top investigative priorities corruption on the part of our public officials who are positioned within all branches of government,” stated FBI Special Agent in Charge John E. Lewis. “Regardless of one’s status or position, when a public official elects to betray the public’s trust for personal gain, the very core of how and why our system of government operates is immediately and negatively impacted. Restoring the faith and trust in how our government is supposed to operate, at all levels, is of paramount concern today as is evidenced by the present indictment and will continue to be one of the FBI’s chief concerns far into the future.”

“As a part of the larger federal law enforcement community, agents of the IRS Criminal Investigation Division are dedicated to investigating and exposing serious financial crimes,” stated Andrea Whelan, Special Agent in Charge, IRS Criminal Division. “It is disheartening, however, when the outcome of our investigative work causes the American public to question the integrity of our elected representatives and our government in general.”

Convictions for honest services wire fraud and extortion each carry a maximum penalty of 20 years in prison, a \$250,000 fine or both, and a wire fraud conspiracy carries a maximum penalty of 5 years in prison, a \$250,000 fine or both. Convictions for a money laundering conspiracy and concealment money laundering each carry a maximum penalty of 20 years in prison, a fine of \$500,000 or twice the value of the money at stake, or both. A conviction for the use by Renzi and Sandlin of the alleged proceeds, known as transactional money laundering, carries a maximum penalty of 10 years in prison, a fine of \$500,000 or twice the value of the money at stake, or both. Convictions for false statements to an insurance regulator and misappropriation of insurance premiums each carry a maximum penalty of 10 years in prison, a \$250,000 fine or both, and a conspiracy to commit these insurance offenses carries a maximum penalty of 5 years in prison, a \$250,000 fine or both. In determining an actual sentence, the assigned judge will consult the U.S. Sentencing Guidelines, which provide appropriate

sentencing ranges. The judge, however, is not bound by those guidelines in determining a sentence.

Each defendant will be summonsed to appear for an arraignment on the charges. The arraignment hearing is set for March 6, 2008, at 11:00 a.m. in Tucson, Ariz. An indictment is simply the method by which a person is charged with criminal activity and raises no inference of guilt. An individual is presumed innocent until competent evidence is presented to a jury that establishes guilt beyond a reasonable doubt.

The investigation preceding the indictment was conducted by the FBI and the Internal Revenue Service, Criminal Investigation. The prosecution is being handled jointly by Andrew Levchuk of the Criminal Division, Public Integrity Section of the Department of Justice and Gary Restaino, Assistant U.S. Attorney, District of Arizona, Phoenix.

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