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**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF ALASKA**

UNITED STATES OF AMERICA,	)	No.
	)	
Plaintiff,	)	<u>COUNT 1</u> : CONSPIRACY TO COMMIT
	)	BRIBERY AND EXTORTION UNDER
vs.	)	COLOR OF OFFICIAL RIGHT
	)	Vio. 18 U.S.C. § 371
JOHN COWDERY,	)	
	)	<u>COUNT 2</u> : BRIBERY CONCERNING
Defendant.	)	PROGRAMS RECEIVING FEDERAL
	)	FUNDS
_____	)	Vio. 18 U.S.C. §§ 666(a)(2) & 2

**INDICTMENT**

The GRAND JURY charges that:

**COUNT ONE**

**CONSPIRACY TO COMMIT EXTORTION UNDER  
COLOR OF OFFICIAL RIGHT AND BRIBERY  
(18 U.S.C. § 371)**

**INTRODUCTION**

At all times material to this Indictment:

1. JOHN COWDERY ("COWDERY") was an elected member of the Alaska State Senate, having been first elected to the Senate in 2000. COWDERY represented District O, located in Anchorage, Alaska. He was reelected to the Senate in November 2004.

2. A company known to the grand jury but unnamed (hereinafter referred to as "COMPANY A") was a privately held company that was incorporated in a State other than the State of Alaska. COMPANY A was a multinational corporation that provided services to the energy, resource, and process industries and to the public sector. COMPANY A was comprised of multiple subsidiary companies and, collectively, COMPANY A was engaged in interstate commerce in connection with the foregoing projects.

3. At various times, the Alaska State Legislature had issues and matters under consideration that had a business impact on COMPANY A. Therefore, COMPANY A and its principals took an active interest in the Alaska State Legislature's consideration of those issues and matters.

4. "COMPANY CEO" was the Chief Executive Officer and principal owner of COMPANY A.

5. "COMPANY VP" was the Vice President of Community and Government Affairs of COMPANY A.

6. State Senator A was an elected member of the Alaska State Senate.

7. STATE SENATOR B was an elected member of the Alaska State Senate. STATE SENATOR B resigned from the Senate in 2006.

**ALASKA'S INTRA-STATE NATURAL GAS PIPELINE PROPOSAL**

8. Beginning in or around 2005, the State of Alaska was involved in negotiations with representatives of three oil companies (collectively, the "oil producers") concerning the construction of a natural gas pipeline from Alaska's North Slope. The agreement to build the proposed gas pipeline must ultimately be approved by the Alaska State Legislature.

9. The construction of the gas pipeline was important to COMPANY A. COMPANY A was primarily an oil field services company, and a significant source of COMPANY A's income was derived from contracts with the oil producers in Alaska.

10. On or about February 21, 2006, the Governor of the State of Alaska (hereinafter "Governor") announced that the state had reached an agreement with the primary oil producers regarding the construction of a gas pipeline. The terms of the agreement concerning construction of the pipeline were not announced or released at that time. Instead, the Governor announced that the agreement with the oil producers included a provision that addressed a significant change to the manner in which the State of Alaska taxes oil production. If the Alaska State Legislature did not approve the proposed change in the manner in which oil production was taxed by the state, then the agreement concerning construction of the gas pipeline would not take effect.

11. Shortly after that announcement, the Governor's administration proposed legislation relating to the negotiated change in the taxation of oil production. The newly proposed tax system – referred to as a "petroleum production" or "petroleum profits" tax ("PPT") – would be based upon a percentage of the producer's net profits, or revenues minus capital and operating expenditures. Under the proposed system agreed to by the state, the producers would pay a 20 percent tax rate and receive a 20 percent tradable tax credit. The negotiated tax formula – referred to generally as the "20/20" PPT tax rate – was the subject of much debate throughout the 2006 regular and special sessions of the Alaska State Legislature.

#### **THE CONSPIRACY AND ITS OBJECTS**

12. From in or about March 2006 and continuing until on or about August 10, 2006, in the District of Alaska and elsewhere, the defendant, JOHN COWDERY, an elected public official of the Alaska State Legislature, together with COMPANY CEO, COMPANY VP, STATE SENATOR B, and others both known and unknown to the grand jury, did knowingly and unlawfully conspire, confederate, and agree together and with each other:

- a. to corruptly give, offer, and agree to give anything of value to any person with the intent to influence or reward State Senator A, an agent of an entity, the State of Alaska, that received more than \$10,000 in federal funding during the calendar year 2006, in

connection with any business, transaction or series of transactions of \$5,000 or more of the State of Alaska, in violation of Title 18, United States Code, Section 666(a)(2); and

- b. to obstruct, delay, and affect in any way and degree commerce and the movement of any article and commodity in commerce by extortion, that is, to unlawfully obtain or attempt to obtain under color of official right money or other property from COMPANY A, COMPANY CEO, and COMPANY VP with their consent for State Senator A not due State Senator A or his office in agreement for the performance of official acts, in violation of Title 18, United States Code, Section 1951(a).

#### **OBJECTS OF THE CONSPIRACY**

13. It was an object of the conspiracy for COWDERY, COMPANY CEO, COMPANY VP, and STATE SENATOR B to agree to give, attempt to give, and offer money and other things of value to State Senator A to influence and reward State Senator A with the intent that State Senator A, in exchange for these financial benefits, would agree to perform official acts as a member of the Alaska State Legislature.

14. It was a further object of the conspiracy for COWDERY, COMPANY CEO, COMPANY VP, and STATE SENATOR B to enrich COMPANY CEO, COMPANY VP, and COMPANY A and advance the business interests of COMPANY A

within the State of Alaska by attempting to influence and reward State Senator A and by seeking to obtain State Senator A's agreement to perform official acts as a member of the Alaska State Legislature that would benefit COMPANY A and its clients.

15. It was a further object of the conspiracy to conceal from the State of Alaska and its citizens the true nature and source of the money and other things of value that COMPANY CEO, COMPANY VP, COMPANY A, COWDERY, and STATE SENATOR B agreed to give, attempted to give, and offered to State Senator A to influence and reward State Senator A with the intent that State Senator A, in exchange for these financial benefits, would perform official acts as a member of the Alaska State Legislature that would benefit COMPANY A and its clients.

**MANNER AND MEANS OF THE CONSPIRACY**

16. COWDERY and his co-conspirators executed the conspiracy by agreeing to give, attempting to give, and offering State Senator A money and other things of value, including, without limitation, \$25,000 characterized as political campaign contributions, with the intent that State Senator A, in exchange for these financial benefits, would take official acts as directed by COWDERY and executives of COMPANY A. COWDERY, who from 1998 to 2004 received at least \$30,000 in political campaign contributions from COMPANY A's executives, directors, employees, and their spouses, understood that executives of COMPANY A could deliver on an offer of financial support and agreed to

this scheme with his co-conspirators through several telephone calls and in-person meetings.

17. In return for the money and other things of value that COWDERY and his co-conspirators offered to State Senator A, the co-conspirators agreed they would seek from State Senator A the performance of official acts as a member of the Alaska State Legislature that would benefit COMPANY CEO, COMPANY VP, and COMPANY A and its clients. Among other things and without limitation, COWDERY and the co-conspirators agreed they would offer money and other things of value to State Senator A with the intent that State Senator A, in exchange for these benefits, would agree to: (1) vote in favor of versions of the PPT bill supported by COMPANY CEO, COMPANY VP, COMPANY A, and the oil producers; and (2) provide official support for the natural gas pipeline legislation and the PPT bill.

#### **OVERT ACTS**

18. In furtherance of the conspiracy, and to effect its objects, the co-conspirators committed the following overt acts, among others, in the District of Alaska and elsewhere:

19. On or about March 30, 2006, COWDERY, during a telephone conversation with COMPANY VP, discussed the positions held by various state legislators in connection with the pending 20/20 PPT tax legislation. COWDERY told COMPANY VP that "we gotta get support in the [Senate] Finance Committee" and, in this context,

discussed whether COMPANY A would be able to convince various state legislators on the Senate Finance Committee, including State Senator A, to support the 20/20 PPT tax rate.

20. On or about March 30, 2006, during the same telephone conversation, COWDERY asked COMPANY VP whether COMPANY A had "helped [State Senator A] out." COMPANY VP replied that COMPANY A and its executives had provided financial support to State Senator A in the past.

21. On or about March 30, 2006, during the same telephone conversation, COWDERY asked COMPANY VP if COWDERY "ought to talk to [State Senator A]." COMPANY VP replied, "I think you should."

22. On or about March 30, 2006, during the same telephone conversation, COWDERY told COMPANY VP that COWDERY and his wife were "pretty good friends" with State Senator A. COWDERY added: "And I thought we, I, not just come to talk about that, but a social thing, and I might just say, 'Hey, we're going to need you up there now.' Something like that, you know, and just get [State Senator A's] reactions." COMPANY VP replied, "Yeah, exactly. I think that's, I think to start with that's the best approach."

23. On or about June 4, 2006, during a telephone conversation, COWDERY told COMPANY CEO that he had just talked to State Senator A and "told him pretty plain that, uh, we needed his support and . . . that, if he was with us you would be with



him." COWDERY further told COMPANY CEO that State Senator A asked how COMPANY CEO would assist State Senator A, "[a]nd I said a fundraiser. And he said . . . he wants to talk to you."

24. On or about June 20, 2006, during a telephone conversation, COMPANY VP told COMPANY CEO on two separate occasions that the only leverage COMPANY A had to change votes on the 20/20 PPT legislation is through campaign contributions and by hosting fundraisers.

25. On or about June 22, 2006, during a telephone conversation, COWDERY and COMPANY VP discussed the upcoming third special legislative session and, in that context, COWDERY told COMPANY VP that State Senator A had visited with COWDERY the day before and was "wantin' to know if he could get some help" for an upcoming primary election.

26. On or about June 22, 2006, during the same telephone conversation, COMPANY VP told COWDERY that "[COMPANY A has] gotta have some votes here," and that COMPANY CEO and COMPANY VP would provide "some help" to State Senator A, but only if State Senator A would agree to "step up to the plate." COWDERY replied, "Yeah. That's what I told . . . [State Senator A]."

27. On or about June 22, 2006, during the same telephone conversation, COWDERY had the following exchange with COMPANY VP:

COWDERY: I told [State Senator A] . . . I says, "Maybe we can buy some gasoline." You know, he's got planes.

COMPANY VP: Yeah. Yeah.

COWDERY: That'd be pretty easy and clean.

28. On or about June 22, 2006, during the same telephone conversation, COMPANY VP agreed with COWDERY that COWDERY should "work that" angle. COMPANY VP specifically told COWDERY that COMPANY A did not "have a problem gettin' some checks to [State Senator A] . . . if he can come through on this PPT . . . and the gas line." COWDERY and COMPANY VP then had the following exchange:

COWDERY: Yeah. . . . Okay. I'll tell him.

COMPANY VP: Okay. I mean, this is – you know, I mean, this is, ah, come to Jesus time. I mean, let's –

COWDERY: Yeah.

COMPANY VP: – pay attention here.

29. On or about June 24, 2006, during a telephone call, COWDERY told COMPANY CEO that he had spoken with State Senator A and COMPANY VP regarding State Senator A's need for campaign money. COWDERY also told COMPANY CEO that, when he had talked to State Senator A, COWDERY said, "Well, I could probably get some money, but we gotta get a commitment that you're gonna vote for the PPT and the . . . gas contract." COWDERY told COMPANY CEO that State Senator A said "he had no problem with that."

30. On or about June 24, 2006, during the same telephone call, COWDERY told COMPANY CEO that, when he spoke with State Senator A, COWDERY told State

Senator A that he would bring him to COMPANY CEO's "house, or something, and talk to him eyeball-to-eyeball."

31. On or about June 24, 2006, during multiple telephone calls, COWDERY and COMPANY CEO agreed to schedule a breakfast meeting with State Senator A at a restaurant located in Anchorage, Alaska on June 25, 2006. During these multiple telephone calls, COWDERY told COMPANY CEO that he had contacted State Senator A to schedule and confirm the breakfast meeting.

32. On or about June 25, 2006, COWDERY met with COMPANY CEO and State Senator A for breakfast at a restaurant located in Anchorage, Alaska. After generally discussing the status of the gas pipeline and the pending PPT legislation, COWDERY said to State Senator A: "As I told you there in my home, this [gas line and PPT] is important to [COMPANY CEO] . . . [a]nd . . . I told him that I thought you would probably go, you guys would probably vote the way we voted. That's, that's what we were thinking. . . . We want the gasline to be built." COWDERY also told State Senator A that COWDERY and COMPANY CEO "would like to see [State Senator A] try to go along with [COWDERY] and [STATE SENATOR B] and [another state legislator]."

33. On or about June 25, 2006, during the same breakfast meeting, State Senator A said he had a "problem" in that he needed to get through his upcoming primary election. The following exchange then occurred:

COMPANY CEO: How much . . . money do you think you'll need, [State Senator A], to get you through the primary?

State Senator A: I don't know. I've got \$100,000 of my own . . . but I may fall short, and that's why I haven't had a fundraiser because I've got all this other stuff I'm trying to organize . . . .

COWDERY: Well, I think the way [COMPANY CEO] could do that is by check. Probably the best way for everybody.

State Senator A: There are a couple of issues I can certainly help you out on. But I gotta be real careful on some of the other ones.

34. On or about June 25, 2006, during the same breakfast meeting, COMPANY CEO asked State Senator A, "So you need . . . some money here pretty quick, huh?" State Senator A nodded his head affirmatively and told COMPANY CEO that he could use his money "to get out there" and campaign. The following exchange then occurred:

State Senator A: How much are you good for?

COMPANY CEO: What?

State Senator A: How much are you good for?

COMPANY CEO: Oh, we can probably go 25.

State Senator A: That's a good start. . . .

35. On or about June 25, 2006, during the same breakfast meeting and after State Senator A momentarily stepped away from the restaurant table, COWDERY asked COMPANY CEO, "What do you think about [State Senator A]?" COMPANY CEO answered, "He's really committed. If he listens to [STATE SENATOR B]. . . ."

36. On or about June 25, 2006, during the same breakfast meeting and after State Senator A returned to the restaurant table, COWDERY told State Senator A, "Well, like I said, . . . if you can, I think we can make this work if you vote the way me and STATE SENATOR B were to vote when we get down [to Juneau]." State Senator A responded, "If you have 11 votes in the senate and 21 votes in the house on the PPT, I'll be there with you. . . ."

37. On or about June 25, 2006, during the same breakfast meeting, COMPANY CEO told State Senator A, "If you go with ol' [STATE SENATOR B] and figure out how they're gonna get it done, then I'll support you." State Senator A replied, "I'll go talk to [STATE SENATOR B] and see what he's got planned. . . . I've got a primary. With your support, I still need your support, but it's not gonna be easy." State Senator A added that he would "check with [STATE SENATOR B]."

38. On or about June 25, 2006, during the same breakfast meeting and after State Senator A had departed, COWDERY and COMPANY CEO had the following exchange:

COWDERY: What do you think?

COMPANY CEO: I think he'll be there, if he gives us his word [unintelligible].

COWDERY: Absolutely. That's what he did.

COMPANY CEO: . . . He said, what he said was, probably [unintelligible] talk to [STATE SENATOR B], if he could go with him, then he –

COWDERY: I'll tell him, if [STATE SENATOR B] says he's okay, we're in.

39. On or about June 25, 2006, during a telephone conversation, COMPANY CEO told STATE SENATOR B that he had breakfast earlier that day with COWDERY and State Senator A. COMPANY CEO also told STATE SENATOR B that, during the breakfast meeting, COMPANY CEO told State Senator A he would "support him if . . . he would do what [STATE SENATOR B] wanted."

40. On or about June 25, 2006, during the same telephone conversation, STATE SENATOR B asked COMPANY CEO how State Senator A responded to COMPANY CEO's offer of financial support. COMPANY CEO replied that State Senator A thought he could support STATE SENATOR B, would talk to STATE SENATOR B, and his "word would be good" if State Senator A decided to provide support after talking to STATE SENATOR B.

41. On or about June 25, 2006, during the same telephone conversation, STATE SENATOR B told COMPANY CEO that State Senator A "needs the money now," and that STATE SENATOR B would talk to State Senator A "this week."

42. On or about June 25, 2006, during the same telephone conversation, STATE SENATOR B told COMPANY CEO that if they provided financial support to State Senator A, "We might be able to keep him . . . as a player, in terms of somebody that will help us in the game." COMPANY CEO agreed with STATE SENATOR B.

43. On or about June 27, 2006, two days after the breakfast meeting, STATE SENATOR B contacted COWDERY and State Senator A on multiple occasions.

44. On or about June 28, 2006, during a telephone call, COWDERY asked COMPANY CEO what STATE SENATOR B thought about State Senator A.

All in violation of Title 18, United States Code, Section 371.

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**COUNT TWO**

**BRIBERY CONCERNING PROGRAMS RECEIVING FEDERAL FUNDS  
(18 U.S.C. § 666(a)(2) and § 2)**

45. Paragraphs 1 through 11 and 18 through 44 of Count One are realleged and incorporated by reference as though fully set forth herein.

46. In calendar year 2006, the State of Alaska received in excess of \$10,000 from the United States government under Federal programs involving grants, subsidies, loans, guarantees, insurance, and/or other forms of Federal assistance.

47. State Senator A was an elected member of the Alaska State Legislature and an agent of the State of Alaska.

48. Between in or about March 2006 and on or about August 10, 2006, in the District of Alaska and elsewhere, the defendant,

**JOHN COWDERY,**

did corruptly give, offer, and agree to give a thing of value to any person, with the intent to influence and reward State Senator A, an agent of the State of Alaska, in connection

with a business, transaction or series of transactions of the State of Alaska involving anything of value of \$5,000 or more.

All in violation of Title 18, United States Code, Sections 666(a)(2) and 2.

A TRUE BILL.

\_\_\_\_\_  
s/Grand Jury Foreperson  
\_\_\_\_\_  
GRAND JURY FOREPERSON

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