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Sen. Stevens Told to Keep Records for Graft Probe

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[Sen. Ted Stevens](#), the longest-serving Republican in the Senate, disclosed in an interview that the [FBI](#) asked him to preserve records as part of a widening investigation into Alaskan political corruption that has touched his son and ensnared one of his closest political confidants and financial backers.

Stevens, who is famous for bringing home federal earmarks for [Alaska](#) when he was Appropriations Committee chairman, was not previously known to be linked to the [Justice Department's](#) probe, which has uncovered evidence that more than \$400,000 worth of bribes were given to state lawmakers in exchange for favorable energy legislation.

Investigators have used secret recording equipment, seized documents and cooperating witnesses to secure the indictments of four current and former state lawmakers, including the former state House speaker, shaking the core of Alaska's Republican Party.

Two executives of a prominent energy company have pleaded guilty to bribery and extortion charges and are cooperating with the inquiry, which is being run by the Justice Department's Public Integrity Section and includes two federal prosecutors and FBI agents based in [Anchorage](#).

"They put me on notice to preserve some records," Stevens said in a brief interview about his legal team's discussions with the FBI. He declined to say what kinds of records were involved but confirmed that he had hired lawyers and that his son, former state Senate president Ben Stevens, "is also under investigation."

The FBI issued subpoenas last year to contractors who had performed work on Ted Stevens's Anchorage residence, seeking information about the alleged involvement of energy company executive Bill J. Allen, a key figure in the state bribery probe, in overseeing the renovations.

There has been no indication that Stevens is a target of the investigation, and federal law enforcement officials this week declined to comment about the probe.

Stevens has long been close to Allen, who formerly directed Veco Corp., the energy company at the heart of the corruption probe. Since 2000, Allen has contributed more than \$50,000 to political and campaign committees controlled by Stevens. In 2005 and 2006 alone, Allen and other Veco executives gave Stevens-affiliated election committees \$37,000, [Federal Election Commission](#) records show. A Stevens aide said the senator recently decided to donate contributions from Allen and another Veco executive from 2004 to 2006 to charity.

Several years ago, Allen joined with Stevens and a handful of other corporate executives to purchase thoroughbred horses, according to Stevens's financial disclosures to the Senate.

In early May, Allen and another Veco executive pleaded guilty to bribing state legislators primarily to secure the passage of tax legislation creating a natural gas pipeline that could have yielded Veco billions of dollars in revenue, court records show.

As part of the plea, Allen admitted that his bribes included \$243,250 in no-show consulting work from 2002 to 2006 to "state senator B" to win the lawmaker's support for the pipeline project and other legislative matters. State financial reports filed by Ben Stevens list the same dollar amount in receipts from Veco; for several of those years, his father was Appropriations Committee chairman.

Ben Stevens's legislative offices were raided by the FBI in August, but he has not been charged with a crime. "We believe that the facts will show that Mr. Stevens didn't engage in any illegal activity," said John Wolfe, the lawyer for Ben Stevens.

A string of subpoenas issued by a federal grand jury last year indicate that the FBI is seeking information on the financing of the renovation of Ted Stevens's Anchorage home at a cost exceeding \$100,000, according to several of those who received the subpoenas. In the renovation, the contractors lifted the home -- located next to an exclusive ski resort -- on stilts and built a new floor beneath the existing one.

Two contractors confirmed in phone interviews a report in the Anchorage Daily News that their work on Stevens's home was overseen by Allen, other Veco executives and a neighbor of the Stevenses. Augie Paone, owner of Christensen Builders Inc. of Anchorage, told

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the newspaper last week that he heard from the FBI in May 2006 and testified before a federal grand jury about the home remodeling project in December.

In a phone interview this week, Paone said, "My lawyers told me it would not be wise to talk while the investigation is ongoing. We'll just see what happens in the next couple of weeks."

Another contractor on the home-renovation project, Toney Hannah, said invoices his company issued for their work were paid by Stevens and his wife, Catherine. "I raised the house; they subpoenaed the file I had on it," Hannah, who specializes in raising homes for remodeling, said in a phone interview. "I was just a subcontractor. I did my part; I raised the house. I was paid by the Stevenses, and that was it."

Allen and Veco executives have also been backers of [Rep. Don Young](#) (R-Alaska), a past chairman of the Resources Committee and the Transportation and Infrastructure Committee. In the 2006 election cycle, Young took in more than \$30,000 from Veco executives, and his chief of staff is a former lobbyist whose clients included Veco.

According to his plea agreement, Allen first "corruptly authorized" the hiring of "state senator B" in 1995 to perform consulting work six years before his election.

Investigators recorded meetings between Allen and Veco executives and lawmakers inside a [Juneau](#) hotel room a block from the state capitol, where they regularly met the bribed lawmakers, often handing them wads of hundreds of dollars.

In early May 2006, after helping defeat an amendment Veco opposed for the gasoline legislation, former state House speaker Peter Kott met with Allen in Suite 604 as part of his effort to secure a Veco job in [Barbados](#). "I had to get 'er done. So I had to come back and face this man right here," Kott told Allen, according to court records. "I had to cheat, steal, beg, borrow and lie."

Stevens said that he has not spoken to Justice Department officials, that he was complying with the request to preserve documents and that he anticipated turning them over at some point. He and his staff declined to specify whether the investigators were seeking records on personal finances, legislative actions or both.

Stevens is the ranking Republican on the Commerce, Science and Transportation Committee. He said his lawyers warned him that any public statements could be construed as an attempt to obstruct the inquiry.

Staff researcher Madonna A. Lebling contributed to this report.

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