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Warrant served at Stevens' Girdwood home

FBI, IRS examine residence; remodeling job under scrutiny



Armed with a search warrant, agents from the FBI and IRS spent much of the day July 30, 2007, in, around and on top of Sen. Ted Stevens' Girdwood home, which was extensively remodeled in 2000. Investigators want to know whether the project was handled lawfully, an unnamed law enforcement official said. (AL GRILLO / The Associated Press)



Sen. Ted Stevens ()

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Federal law enforcement agents raided U.S. Sen. Ted Stevens' Alaska home in Girdwood on Monday, hauling off undisclosed items from inside and taking extensive pictures and video.

Officials wouldn't say what they were looking for or what they found.

"All I can say is that agents from the FBI and IRS are currently conducting a search at that residence," Dave Heller, assistant special agent in charge of the FBI's Anchorage office, said Monday.

Neighbors said agents showed up between 11 a.m. and noon and that a commercial locksmith was called to open the front door. Some two dozen agents were still there at 9:30 p.m.

Stevens, 83, has long been the most powerful political figure in Alaska and a major force in Congress. A swarm of federal agents serving a search warrant at his home is unprecedented in Alaska politics and is part of what appears to be a widening corruption investigation that first burst into view last August. That's when agents raided the offices of state legislators and oil field services company Veco, among others.

Federal investigators and grand juries in Anchorage and Washington, D.C., have been seeking information about a remodeling project at Stevens' Girdwood home that occurred in 2000. The project, which more than doubled the size of the house, was overseen by Veco CEO Bill Allen. Two months ago, Allen pleaded guilty to bribing state lawmakers and agreed to cooperate with authorities. Veco vice president Richard Smith pleaded guilty to identical charges.

Stevens said in a written statement that his lawyers were told Monday morning that federal agents "wished to search my home in Girdwood in connection with an ongoing investigation. I continue to believe this investigation should proceed to its conclusion without any appearance that I have attempted to influence its outcome. I will continue my policy of not commenting on this investigation until it has concluded."

ALL-DAY SEARCH

Throughout the afternoon Monday, agents could be seen coming and going from the house, on a dirt street below Alyeska Ski Resort.

Curtains were drawn much of the day, but outside, agents could be seen taking extensive still and video images of the house and surrounding property.

The agents were obviously cataloging the house and its fixtures, from light switches and electrical outlets to a big stainless steel barbecue grill on a second-floor deck that neighbors said was hoisted there with a crane. At one point, agents climbed on the pitched metal roof to take pictures of heat tape in the gutters.

One agent carried a full large black garbage bag out of the house and put it in the white truck.

A half-dozen federal vehicles, including a white panel truck with a satellite dish on the roof, were parked in front of the house most of the day. At least 10 more federal vehicles were parked at the ski resort's day lodge a couple of blocks away.

The commotion didn't attract much attention in laid-back Girdwood through the afternoon, though by evening quite a few people had made Stevens' street part of their evening dog-walking itinerary.

Agents at the house wouldn't answer questions. Heller, the FBI spokesman in Anchorage, directed other questions to the U.S. Justice Department's Public Integrity Section in Washington, which has been working with the FBI and two Anchorage-based assistant U.S. attorneys on the inquiry. A spokesman there had no comment, and neither did a spokesman for the IRS.

REMODELING QUESTIONED

Three contractors who worked on the remodeling project told the Daily News in May that their records had been subpoenaed by a federal grand jury, and others connected with the work and with Stevens said they had been interviewed or called to appear before a grand jury.

One of the contractors who worked on the job said he was hired by Veco CEO Bill Allen. The contractor said that his invoices were paid by Stevens and his wife, Catherine, but that the bills were reviewed first by Veco.

A federal law enforcement official, who spoke on the condition of not being identified by name, said the FBI is trying to determine whether Stevens has received a hidden benefit stemming from his position in Congress.

If Stevens received renovation work for which he did not pay, it could be deemed unreported income by the IRS. Receipt of unreported renovation work also could amount to an illegal gratuity. Or if it were performed in return for political favors, it could be considered a bribe.

Two weeks ago, Stevens told reporters that money for the remodeling came out of his own pocket.

"As a practical matter, I will tell you. We paid every bill that was given to us," Stevens told reporters. "Every bill that was sent to us has been paid, personally, with our own money, and that's all there is to it. It's our own money."

The remodeling involved lifting the house on stilts and adding a first floor. City records show the 10-room dwelling has 2,471 square feet and is assessed at \$440,900.

PART OF WIDER PROBE

Earlier this year, Stevens announced he planned to run for re-election in 2008 for another six-year term.

Stevens' Washington, D.C., lawyer, Brendan Sullivan, said Monday that he had a "long-standing practice not to comment on such matters" and would not answer any questions about the raid.

Sullivan, one of the best-known criminal defense lawyers in Washington, represented former Lt. Col. Oliver North, the central figure in the Iran-Contra scandal in the late 1980s.

Earlier this summer, Stevens told The Washington Post that federal investigators had asked him to preserve certain documents as part of the Veco probe, and that he expected to eventually turn those documents over to the FBI. He told the Post that "my son is also under investigation." Stevens said then he had not been interviewed by federal investigators.

Four former state lawmakers have been charged with bribery and other crimes. One, former Anchorage Rep. Tom Anderson, was convicted earlier this summer of taking money from a lobbyist for a private prison company. The others, all accused of taking bribes from Veco executives, are awaiting trial. Allen and Smith are awaiting sentencing.

Last August, federal agents served more than 20 search warrants across the state, including at the offices of six state legislators, including Ted Stevens' son, Ben Stevens, who at the time was president of the state Senate.

Ben Stevens has not been charged, but Allen's guilty plea in May described Veco paying him some \$243,000 in phony "consulting" fees while he was in office.

The Wall Street Journal and Associated Press reported last week that Alaska's sole congressman, Rep. Don Young, is also being investigated as part of the Veco criminal inquiry. Young recently reported spending more than \$260,000 from his campaign treasury on unspecified legal fees during the first six months of this year.

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Stevens' Girdwood house

- 10 rooms, 2,471 square feet
- Assessed value in 2007: \$440,900 (includes 1/4-acre lot)
- Extensive remodel in 2000 that involved jacking existing dwelling up and constructing a new first floor beneath it to roughly double the square footage.
- Investigators are looking into the role of oil field services firm Veco in the remodeling project.

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