



September 13, 2005

The Hon. Doc Hastings, Chairman
The Hon. Alan Mollohan, Ranking Member
Committee on Standards of Official Conduct
HT-2 Capitol
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Hastings and Ranking Member Mollohan:

Common Cause calls on the House Standards of Official Conduct Committee to initiate an investigation to determine whether Representative Randy “Duke” Cunningham (R-CA) violated the House ethics rules by receiving personal compensation from a defense contractor in return for his influence in Congress.

According to published reports, Representative Cunningham sold his home in the Del Mar area of California to Mitchell Wade, the president of MZM, Inc. in 2003 for \$1.6 million. Wade sold the house less than a year later for \$975,000, taking a loss of nearly \$700,000. Independent real estate agents have publicly stated that the \$1.6 million price was well above fair market value for the house, and the significant loss realized by Wade at the sale of the house appears to confirm this.

Published reports also indicate that around the same time as the sale of the home, Representative Cunningham was supporting MZM’s bid for tens of millions of dollars in defense contracts as a member of the Appropriations Subcommittee for Defense.

In addition to the house sale, Wade also reportedly owned the yacht Representative Cunningham was living on in Washington, DC, named the “Duke Stir.” Representative Cunningham has said that he does not pay rent on the yacht, but rather pays Wade for the berthing and maintenance costs.

According to independent estimates, however, Representative Cunningham has been paying roughly \$600 per month below the going market rate for his residence on the yacht.

Any such *quid pro quo* entered into by a member of Congress would clearly be contrary to House ethics rules that prohibit a Member of the House from permitting “compensation to accrue to his beneficial interest ... by virtue of influence improperly exerted from his position in the Congress.”

These reported facts clearly warrant investigation by the Ethics Committee. If true, these activities constitute a serious breach of House ethics rules. Clause 3 of House Rule XXIII states:

A Member, Delegate, Resident Commissioner, officer, or employee of the House may not receive compensation and may not permit compensation to accrue to his beneficial interest from any source, the receipt of which would occur by virtue of influence improperly exerted from his position in the Congress.

Federal prosecutors recently filed court papers as part of a grand jury investigation into the relationship between Representative Cunningham and Wade, which charge that Representative Cunningham “demanded and received” a bribe from Wade in the form of the overpayment for Representative Cunningham’s house described above. “Cunningham demanded and received this money in return for being influenced in the performance of his official acts as a public official,” says the court filing.

Around the time of the sale of the house, Representative Cunningham was advocating for the awarding of defense contracts to Wade’s company, MZM, which was “seeking to earn substantial income from contracts with the United States Government.”

The Committee has clear authority here to act on its own jurisdiction “to enforce standards of conduct for Members, officers and employees” and “to investigate alleged violations of any law, rule, or regulation pertaining to official conduct.” *House Ethics Manual* at 4; *see also* Committee Rule 19(a)(Committee “may consider any information in its possession” indicating that a Member, officer or employee may have violated House ethics rules, even in the absence of a filed complaint). We call on the Committee to do so here.

Representative Cunningham is a member of both the Intelligence Committee and the Appropriations Subcommittee for Defense, which are integral parts of our nation's security. It is extremely troubling that a Member of Congress might use his or her influence on these committees for purposes of personal enrichment, especially during a time of war.

Although Representative Cunningham has announced his decision to retire at the end of the 109th Congress – well over a year from now - that is no reason to excuse him from an investigation of these serious charges.

Common Cause urges you to undertake a formal and thorough investigation of whether, based on the published report discussed above and any other information that becomes available, Representative Cunningham violated House ethics rules. We further urge you to make public your findings in this matter, and to provide appropriate guidance to Members to ensure that improper and unethical practices of this nature do not continue.

We would appreciate a reply to this request at your earliest opportunity.

Sincerely,



Chellie Pingree
President

cc: Representative Judy Biggert (R-IL)
Representative Lamar Smith (R-TX)
Representative Melissa Hart (R-PA)
Representative Tom Cole (R-OK)
Representative Stephanie Tubbs Jones (D-OH)
Representative Gene Green (D-TX)
Representative Lucille Roybal-Allard (D-CA)
Representative Michael F. Doyle (D-PA)
Representative Randy “Duke” Cunningham (R-CA)