



September 13, 2005

Speaker Dennis Hastert
235 Cannon House Office Building
Washington DC 20515

Dear Speaker Hastert:

Common Cause urges you to remove Representative Randy “Duke” Cunningham from his seats on the Appropriations Subcommittee for Defense and the Permanent Select Committee on Intelligence in light of published reports detailing the alleged connection between Representative Cunningham’s support for a multi-million dollar defense contract to Mitchell Wade, president of MZM Inc., and Wade’s purchase of Representative Cunningham’s home at a huge personal profit for the congressman.

And while Representative Cunningham has said he will not seek re-election next year, he remains a member of the Intelligence Committee and the Appropriations Subcommittee for Defense, which are key committees handling sensitive information and decisions. The allegations about Representative Cunningham call into question his ability to exercise effective and trustworthy oversight in his role as a member of the Intelligence Committee, as well as his ability to manage taxpayer dollars.

According to published reports, Representative Cunningham sold his home in the Del Mar area of California to 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.

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 award of defense contracts to Wade’s company, MZM, which was “seeking to earn substantial income from contracts with the United States.” Representative Cunningham supported MZM’s bid for tens of millions of dollars in defense contracts as a member of the Appropriations Subcommittee for Defense.

Because Representative Cunningham’s conduct is related to his influence over the awarding of defense contracts and this influence derives principally from his capacity as a member of the Appropriations Subcommittee for Defense, we urge you to remove him from this committee.

Given the sensitivity and importance of the awarding of defense contracts, especially during a time of war, it is not unreasonable to hold members of the Appropriations Subcommittee for Defense to a higher standard of ethical conduct and to act decisively when credible allegations of the misuse of a committee member’s influence emerge.

Furthermore, because of the nature of Representative Cunningham’s actions described above, Common Cause urges you to also remove Representative Cunningham from the Permanent Select Committee on Intelligence, also known as the Intelligence Committee.

The Intelligence Committee is responsible for the oversight of our intelligence gathering services. According to the committee’s website: “There is no doubt that intelligence is and must be our first line of defense. Although it is important to have a robust intelligence capability, it is also important to have an effective oversight process to ensure that intelligence resources are not misused and that intelligence activities are conducted lawfully.” The reported facts about Representative Cunningham call into

question his ability to exercise effective and trustworthy oversight in his role as a member of the Intelligence Committee.

Both the Intelligence Committee and the Appropriations Subcommittee for Defense 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.

The House leadership should act immediately to address the problem of Representative Cunningham's continued service on key defense committees while serious allegations exist about his relationship to a defense contractor.

Sincerely,

A handwritten signature in cursive script that reads "Chellie P." followed by a horizontal line.

Chellie Pingree
President
Common Cause