

EXHIBIT 1

American Banker

March 23, 2005

Korsmo Admits Lying About Invitations.

BYLINE: Blackwell, Rob

SECTION: Pg. 20 Vol. 170 No. 56 ISSN: 0002-7561

LENGTH: 428 words

WASHINGTON -- Former Federal Housing Finance Board Chairman John Korsmo has agreed to plead guilty to charges of lying to the Senate Banking Committee and an inspector general's office investigating his role in a fund-raiser two and a half years ago.

The Justice Department announced the plea agreement Tuesday and said that Mr. Korsmo could face up to five years in prison and a \$250,000 fine. The plea and sentencing hearings have not been scheduled yet.

The charges stemmed from Mr. Korsmo's appearance as a "special guest" at a \$500-a-plate fund-raiser in October 2002 for Rick Clayburgh, a Republican friend of his, who was running for the sole House seat from North Dakota. Several Federal Home Loan bank presidents were invited to the dinner.

The invitations (first reported in American Banker) provoked the outrage of Sen. Paul Sarbanes, then the Senate Banking Committee Chairman, who asked Mr. Korsmo to respond to several questions, including whether he was aware beforehand that Home Loan bank officials would be invited.

Mr. Korsmo responded in a letter dated Oct. 30, "I do not know how the ... campaign or the event's hosts obtained contact information for the Home Loan Bank executives who were invited."

But in the plea agreement, he admitted that he had been aware that his wife had provided the information to the campaign. Accompanying court documents said that Mr. Korsmo and his wife offered in September 2002 to assist Mr. Clayburgh's campaign with a fund-raising event and promised to provide "invitation lists."

On Sept. 10, 2002, Mr. Korsmo asked a Finance Board employee to forward him lists containing contact information for the 12 Home Loan bank presidents, the documents said. He sent the contact list Sept. 16 to his wife's home e-mail account.

"Later the same day, defendant's spouse forwarded to the candidate's campaign the Federal Home Loan Bank contact lists that defendant John Korsmo had sent to her home e-mail account," the documents said.

Mr. Korsmo also lied to investigators, according to the documents. After Sen. Sarbanes requested an official investigation of the incident, an agent from the Finance Board's inspector general and the Federal Bureau of Investigation asked Mr. Korsmo on April 1, 2003, if he knew how the campaign received the information.

"Defendant Korsmo falsely stated he had no knowledge until December 2002 that his spouse forwarded the lists to anyone," the documents said.

Mr. Korsmo resigned in April.

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EXHIBIT 2

**REPORT TO CONGRESS
ON THE ACTIVITIES AND OPERATIONS
OF THE
PUBLIC INTEGRITY SECTION
FOR 2005**



**Public Integrity Section
Criminal Division
United States Department of Justice**

**Submitted Pursuant to
Section 603 of the Ethics in Government Act of 1978**

Wyoming. The investigation led the officers to a warehouse where the suspect stored several vehicles. Prior to getting a search warrant, Hooley forcibly entered a vehicle at the warehouse and confirmed the presence of drugs inside. He then applied for a search warrant from a local magistrate judge, but omitted the details of his warrantless search in a supporting affidavit. The suspect was later indicted in the District of Wyoming on drug charges stemming, in part, from the drugs Hooley recovered from the vehicle. At a suppression hearing on August 8, 2002, Hooley falsely testified that he conducted the search only after getting the warrant. In his plea on May 20, 2005, Hooley admitted that he conducted the warrantless search to see if it was worthwhile applying for a search warrant.

United States v. Korsmo, District of Columbia

John T. Korsmo, the former Chairman of the Federal Housing Finance Board (Finance Board), was sentenced to eighteen months of unsupervised probation and a fine of \$5,000 on July 11, 2005.

Korsmo was appointed to the Finance Board in 2002 and named Chairman later that year. The Finance Board is an independent regulatory agency that oversees the twelve Federal Home Loan Banks that help supply funds to lenders for the purpose of financing home loans. Korsmo resigned from the Finance Board in 2004.

Korsmo pled guilty to making false statements to the Senate Committee on Banking, Housing and Urban Affairs, which has oversight responsibility for the Finance Board, as well as to the Inspector General for the Finance Board. The Banking Committee and the Inspector General were looking into the propriety of Korsmo's participation in a fundraising event for a congressional candidate. Korsmo was listed as the "special guest" on the invitation to this fundraiser, and the invitations were sent to the presidents of the Federal Home Loan Banks.

Following the fundraising event, Senator Paul Sarbanes, who was at that time the Chairman of the Senate Banking Committee, questioned Korsmo about his participation in the fundraising event in which invitations were sent to banking officials that he regulated. Senator Sarbanes also asked the Inspector General to investigate. In a written response to Senator Sarbanes, Korsmo stated that he did not know how the congressional campaign obtained contact information for the banking officials. As part of his guilty plea, Korsmo admitted that his letter to Senator Sarbanes was false and he knew before the fundraising event that his wife, who was involved in organizing the event, had provided the

fundraisers with detailed contact information for the banking officials. Korsmo also admitted that he lied to Inspector General agents regarding his knowledge that his wife had provided the contact lists to the campaign.

United States v. Marghi and Shajirat, District of Columbia

On October 20, 2005, Soraya Marghi, a former Foreign Service national employee of the United States Consulate in Dubai, United Arab Emirates, pled guilty to conspiracy to commit visa fraud. Marghi, who has dual Canadian/Iranian citizenship, had been previously indicted along with her husband and co-conspirator Shahram Shajirat, a citizen of Iran, on eleven charges relating to a visas-for-sale ring.

The Dubai, United Arab Emirates Consultant was the staging ground for a visas-for-sale ring in the summer of 1999. Through this scheme, at least 25 Iranian men, women, and children purchased United States non-immigrant visas from Soraya Marghi and Shahram Shajirat for travel to the United States without undergoing the required security protocols.

United States v. Mayers, District of Columbia

On October 24, 2005, Oscar S. Mayers, Jr., a former Assistant United States Attorney in the District of Columbia, was sentenced to unsupervised probation for failure to pay child support. Mayers pled guilty in January 2005.

In response to claims that Mayers was behind on child support payments, Mayers twice presented altered copies of cancelled checks to the court in an attempt to persuade the Judge he had made additional payments. After the second incident, the Judge noticed irregularities on the checks. In a written proffer filed with the court, Mayers admitted to failure to pay child support and to altering an evidentiary document. As part of the plea agreement, Mayers agreed not to dispute these facts before any licensing or administrative

hearing and to refrain from applying for any future employment with the Department of Justice or any job which would require official or legal representation of the United States Government.

United States v. Powers, District of Columbia

EXHIBIT 3

UPI

March 22, 2005 Tuesday 5:15 PM EST

Justice: Korsmo to plead guilty

LENGTH: 179 words

DATELINE: WASHINGTON, March 22

The ex-chairman of the Federal Housing Finance Board has agreed to plead guilty to making false statements to Congress, the Justice Department said Tuesday.

John Korsmo also reportedly agreed to plead guilty to making false statements to an inspector general's office looking into Korsmo's participation in a GOP congressional fundraising event in October 2002.

Korsmo, of Washington, D.C., was appointed to the finance board in 2002 and named chairman by President George W. Bush later that year.

The Federal Housing Finance Board is an independent regulatory agency that regulates the 12 Federal Home Loan Banks that help supply funds to lenders for financing home mortgage loans. Korsmo resigned from the Finance Board last year.

He at first told a congressional inquiry he did not know how invitations to the fundraising event, in which he was a "special guest," were sent to banking officials he regulated as finance board chairman.

In a plea agreement, he admitted campaign officials received information on the bankers from Korsmo's wife, who was helping organize the event.

LOAD-DATE: March 23, 2005

LANGUAGE: ENGLISH

PUBLICATION-TYPE: Newswire

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EXHIBIT 4

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA)	
)	
v.)	Criminal No.
)	
JOHN T. KORSMO,)	
)	
Defendant)	
)	
_____)	

INFORMATION

THE UNITED STATES CHARGES:

At all times relevant to this proceeding:

1. Defendant JOHN KORSMO was the Chairman of the Federal Housing Finance Board (“FHFB”).

2. The FHFB is an independent regulatory agency in the Executive Branch of the United States, consisting of a five-member board located in Washington, DC. The FHFB regulates the twelve Federal Home Loan Banks, which help supply funds to lenders that finance loans for home mortgages.

3. “Candidate” was a candidate for the United States Congress in the November, 2002, election, and was a personal friend of defendant JOHN KORSMO.

The Candidate’s Fundraising Event

4. In or about early September 2002, defendant JOHN KORSMO and his spouse offered to assist the Candidate’s campaign with a fundraising event that would take place in Washington, DC, on October 1, 2002. Defendant’s spouse informed the campaign that she

would provide invitation lists for the fundraising event, and defendant agreed that his name would appear on the invitation as the “Special Guest.”

5. On or about September 10, 2002, defendant JOHN KORSMO requested that an FHFB employee forward him lists containing existing contact information for the twelve presidents of the Federal Home Loan Banks and others associated with the Federal Home Loan Bank system.

6. On September 10, 2002, in response to defendant JOHN KORSMO’S request, an FHFB employee sent a series of e-mail messages to defendant JOHN KORSMO attaching contact lists for the twelve presidents of the Federal Home Loan Banks and others associated with the Federal Home Loan Bank system.

7. On September 16, 2002, defendant JOHN KORSMO sent to his spouse’s home e-mail account the Federal Home Loan Bank contact lists that defendant KORSMO had received from an FHFB employee. Later the same day, defendant’s spouse forwarded to the Candidate’s campaign the Federal Home Loan Bank contact lists that defendant JOHN KORSMO had sent to her home e-mail account.

8. Defendant JOHN KORSMO knew before the fundraising event that his spouse forwarded the Federal Home Loan Bank contact lists to the Candidate’s campaign.

The Inquiries About The Fundraising Event

9. On October 9, 2002, and October 18, 2002, following media reports about the Candidate’s fundraising event, Senator Paul Sarbanes, then Chairman of the Senate Banking, Housing and Urban Affairs Committee, which had official responsibility for oversight of the FHFB, sent two letters to defendant JOHN KORSMO inquiring whether defendant had given “any consideration to the propriety of conduct” in connection with the fundraiser. In particular,

Chairman Sarbanes asked defendant: “Did you or any member of the FHFB staff know or have any reason to believe that officials of any Home Loan Banks or its member institutions would be solicited using the invitations on which your name appeared as a ‘special guest,’” and “Did you or FHFB staff provide any contact information for Home Loan Bank executives or its members to the Clayburgh campaign or any of its representatives”?

10. On October 9, 2002, Chairman Sarbanes asked the Office of Inspector General for the FHFB to review defendant JOHN KORSMO’S participation in the Candidate’s fundraising event. The FHFB Inspector General, which is responsible for conducting audits and investigations relating to the programs and operations of the FHFB, began an official investigation.

11. It was material to the review by the Senate Banking, Housing and Urban Affairs Committee and the investigation by the FHFB Inspector General to determine whether defendant JOHN KORSMO played any role in insuring that Federal Home Loan Bank Officials that he regulated were invited to the Candidate’s fundraising events.

12. Between on or about October 30, 2002 and April 1, 2003, in the District of Columbia, in a matter within the jurisdiction of the executive and legislative branches of the United States, defendant JOHN KORSMO knowingly and willfully made and caused to be made materially false, fictitious, and fraudulent statements and representations as follows:

A. During the course of an official investigation being conducted by the FHFB Office of the Inspector General, and a review conducted pursuant to the authority of a Committee of the United States Senate, consistent with applicable rules of the Senate, on or about October 30, 2002, defendant JOHN KORSMO falsely stated the following, in writing:

“I do not know how the [Candidate’s] campaign or the event’s hosts obtained contact information for the Home Loan Bank executives who were invited.”

B. During the course of an official investigation being conducted by the FHFB Office of the Inspector General, on or about April 1, 2003, in the District of Columbia, defendant JOHN KORSMO was interviewed by an agent from the FHFB Office of the Inspector General and an agent with the Federal Bureau of Investigation. In his interview, defendant KORSMO falsely stated that he had no knowledge until December 2002 that his spouse forwarded the lists to anyone.

In truth and in fact, defendant KORSMO knew before the fundraising event that his spouse had forwarded the Federal Home Loan Bank contact lists to the Candidate’s campaign.

All in violation of 18 U.S.C. § 1001(a)(2) and (c)(2).

Dated: 3/21/05

NOEL L. HILLMAN
Chief
Public Integrity Section

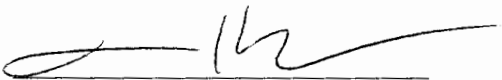
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EXHIBIT 5

Associated Press Online

April 7, 2005 Thursday

Housing Board Ex-Chairman Pleads Guilty

SECTION: WASHINGTON DATELINE

LENGTH: 196 words

DATELINE: WASHINGTON

A former federal banking regulator pleaded guilty Thursday to lying about his participation in a congressional fundraiser for a Republican candidate, assistant attorney general Christopher Wray said.

John Korsmo, former chairman of the Federal Housing Finance Board, faces up to five years in prison and a \$250,000 fine. U.S. District Judge Henry H. Kennedy Jr. set sentencing for July 11.

Korsmo had denied to Sen. Paul Sarbanes, D-Md., and the housing board's inspector general that he knew before the 2002 fundraiser that his wife had given the congressional campaign staging the event detailed contact information for bankers. The finance board regulates the 12 Federal Home Loan Banks and the bankers, who fall under the board's jurisdiction, received invitations to the event.

Korsmo admitted his statements were false as part of the plea agreement reached with federal prosecutors, Wray said.

The fundraiser was for Rick Clayburgh, the unsuccessful Republican challenger to Rep. Earl Pomeroy, D-N.D., in 2002. Korsmo, also from North Dakota, ran unsuccessfully against Pomeroy in 1992.

On the Net:

Federal Housing Finance Board: <http://www.fhfb.gov>

LOAD-DATE: April 8, 2005

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EXHIBIT 6

American Banker

July 12, 2005 Tuesday

In Brief: Korsmo Fined, Given 18 Months Probation

BYLINE: Hannah Bergman

SECTION: NEWS; Pg. 2 Vol. 170 No. 132

LENGTH: 281 words

John Korsmo, the former chairman of the Federal Housing Finance Board, was sentenced to 18 months of unsupervised probation and fined \$5,000 Monday on a felony count of making false statements.

Mr. Korsmo pleaded guilty to lying to the Senate Banking Committee and an inspector general's office investigating his role in an October 2002 fund-raiser. The maximum penalty recommended by federal guidelines was up to five years in prison and a \$250,000 fine.

The former regulator also agreed not to work in the executive branch of government for 10 years, and because he is now a felon, Mr. Korsmo will have to provide law enforcement officials with samples of his DNA.

He expressed remorse to Judge Henry H. Kennedy Jr. of the U.S. District Court for the District of Columbia. "I am very sorry for the way in which I conducted myself during the investigation," he said.

The case stems from a fund-raiser for Rick Clayburgh, a Republican running for North Dakota's only House seat in 2002. Mr. Korsmo was the featured guest at the fund-raiser, and several Federal Home Loan bank presidents were invited to the \$500-a-plate event.

The Senate Banking Committee later questioned the propriety of Mr.

In Brief: Korsmo Fined, Given 18 Months Probation American Banker July 12, 2005 Tuesday

Korsmo's soliciting donations from the bank officials, considering he was their federal regulator. Mr. Korsmo denied knowing how the campaign obtained the bank presidents' personal information, but he later said he had lied and that his wife had provided the information.

"I exercised some terrible judgment at a key part" in the investigation, he told the judge.

Mr. Korsmo did not take questions following the sentencing, telling reporters, "Get away from me."

<http://www.americanbanker.com> <http://www.sourcemediacom.com>

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