

# Government Accountability Board

## State of Wisconsin

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### **G.A.B. and Milwaukee County District Attorney Announce Resolution of Significant Campaign Finance Investigation**

#### **William Gardner to Plead Guilty to Two Felonies and Wisconsin & Southern Railroad to Pay \$166,900 Forfeiture in Campaign Money Laundering Scheme**

MADISON – Today, the state’s Government Accountability Board and the Milwaukee County District Attorney’s Office announced the conclusion of a months-long joint investigation into money laundering allegations involving campaign contributions by William Gardner and the Wisconsin & Southern Railroad Company (WSOR). Mr. Gardner has agreed to plead guilty to two felony counts, and the corporation has paid a civil forfeiture of \$166,900. Seven employees of WSOR will also pay forfeitures of \$250 each.

The investigation found that Mr. Gardner, the owner and president of Wisconsin & Southern Railroad, directed the railroad company to reimburse 11 political contributions totaling \$53,800 from himself, a number of railroad employees, an acquaintance of Mr. Gardner, and his daughter. The investigation also found that Mr. Gardner specifically directed or requested the individuals to make the contributions. The contributions and reimbursements were made from November 2009 through April 2010. Except for two contributions totaling \$4,000 to former Assembly Speaker Mike Sheridan and the Assembly Democratic Campaign Committee, the remaining contributions were made to the Friends of Scott Walker committee.

Wisconsin law prohibits any person from furnishing funds to another for the purpose of making a political contribution or disbursement in another person’s name. It also prohibits anyone from accepting funds for the purpose of making a contribution. §§11.24, 11.25, *Wisconsin Statutes*.

Wisconsin law also prohibits a corporation from making a political contribution. 11.38, *Wisconsin Statutes*.

The investigation uncovered no evidence that any individual connected with Friends of Scott Walker had any knowledge of the illegality of the contributions. The Walker campaign returned the illegal contributions to the individuals who sent them.

The Milwaukee County District Attorney's office filed a criminal complaint today in Washington County, Mr. Gardner's county of residence. Mr. Gardner has agreed to plead guilty to one felony count each of making excessive political contributions and making unlawful political contributions as a party to a crime. The District Attorney is not recommending any incarceration but is asking for two years of probation. State law will prohibit Mr. Gardner from voting while serving probation.

"Because Mr. Gardner attempted to corrupt the political process, it is appropriate that he be deprived of the right to vote for a significant period of time," said John Chisholm, the Milwaukee County District Attorney. "He will also have two felony convictions on his record. Our sentencing recommendation also takes into consideration the significant cooperation of Mr. Gardner and the railroad with the investigation."

Wisconsin & Southern Railroad Company has signed a Settlement Agreement with the Government Accountability Board admitting to violating the law and agreeing to pay a civil forfeiture of \$166,900. Seven employees of the railroad have also signed Settlement Agreements acknowledging violating the law, and each will pay a civil forfeiture of \$250.

"The forfeiture paid by the railroad is the single largest forfeiture ever paid to the Government Accountability Board or to either of its predecessor agencies, the State Elections Board or the State Ethics Board," said Kevin J. Kennedy, Director & General Counsel of the Government Accountability Board. "The forfeiture reflects the size and scope of the money laundering scheme engineered by Mr. Gardner. The railroad's employees, while violating the law, had little

choice after Mr. Gardner personally asked them to make the contributions with a promise of reimbursement.”

Ethics and Accountability Division Administrator Jonathan Becker said the outcome of the investigation sends a strong signal to other corporations, political contributors, and the public that illegal contributions will be aggressively investigated and prosecuted. “It is no secret that Wisconsin Statutes prohibit corporations from making direct political contributions,” Becker said. “In addition, employees of corporations should not be pressured into making political contributions, and the laws protect their right to say no to illegal schemes of this sort. We appreciate that some individuals declined to participate in Mr. Gardner’s efforts to launder campaign contributions, and assisted in our investigative efforts.”

The Government Accountability Board began its investigation in April 2010 based upon a complaint by a former woman friend of Mr. Gardner who had been asked to participate in the scheme. The Board subsequently contacted the Milwaukee County District Attorney’s Office and the two agencies worked closely together over the past year to complete a John Doe investigation before Judge Neal Nettesheim. The investigation involved obtaining and reviewing hundreds of digital documents and e-mails from WSOR, bank records, and the testimony of over a dozen witnesses.

A copy of the criminal complaint, including a list of the contributions that were reimbursed, as well as copies of the Board’s settlement agreements with WSOR and its employees, is available on the Board’s website: <http://gab.wi.gov/news>.

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The Government Accountability Board (G.A.B.) is responsible for administration and enforcement of campaign finance, elections, ethics and lobbying laws in Wisconsin. The G.A.B. is made up of six non-partisan, former judges and is supported by an agency of non-partisan staff members.