

Statement of  
**Kevin J. Kennedy**  
Director and General Counsel  
Government Accountability Board

Good afternoon and thank you for coming.

Last week, the apparent negligence of an elected official charged with administering elections shook the confidence of voters and candidates in the integrity of our election system. Our review of the actions of the Waukesha County Clerk continues, but that is not why we asked you here.

This afternoon I am announcing the resolution of an investigation into the financing of state elections that involves the calculated acts of an individual and his company. Those actions undermine the very foundation of our campaign finance system -- public disclosure and campaign contribution limits.

As a result of our investigation, William Gardner will plead guilty to two felonies, and the Wisconsin & Southern Railroad will pay the largest settlement in the history of the G.A.B. and its former agencies, the State Elections and Ethics Boards.

Public disclosure ensures that the public has access to information about who is contributing to political campaigns and committees, and what those funds are being spent on.

Our campaign finance information system, or C-F-I-S, facilitates this goal of transparency by providing the public with immediate access to campaign finance reports of candidates for state office and of organizations spending money

to influence those elections. Anyone can search the CFIS database on our website. You can search for candidates or committees, or by the name of the contributor. Voters can look at the information and make their own judgments about the role of money in political campaigns.

But the system only works if everyone reports accurate and honest information. In other words, the person reported as the contributor must be the actual contributor and not simply someone passing along funds of another individual in an attempt to circumvent contribution limits.

The second main component of our campaign finance laws is contribution limits, both for political committees and for contributors. Those restrictions attempt to limit a candidate's reliance on a single source of support in their quest for public office.

Two of the main limitations are 1) that an individual cannot contribute more than \$10,000 total to a candidate for statewide office in an election cycle or more than \$10,000 to all political committees in a calendar year, and 2) that corporations cannot make direct monetary contributions to candidates or political committees.

As I said, Mr. Gardner and Wisconsin & Southern Railroad have admitted violating state laws regarding both public disclosure and contribution limits.

This is the result of an investigation initiated by the G.A.B., which has the authority to seek civil forfeitures in such cases and conducted in concert with the Milwaukee District Attorney's office. Intentional violations of the law are prosecuted as criminal violations by district attorneys.

The Board's investigation was led by Jonathan Becker, administrator of the ethics and accountability division, who was assisted by staff counsel Michael Haas, and outside investigators Douglas Haag and Dean Nickel. Early on in this case we opened a joint investigation with the office of Milwaukee County District Attorney John Chisholm. We appreciate the resources and attention given to this case by District Attorney Chisholm, and in particular the leadership, thoroughness, and persistence of Assistant District Attorney Bruce Landgraf.

In short, Mr. Gardner, as owner, president and CEO of Wisconsin & Southern Railroad, engineered a scheme to launder over \$50,000 in campaign contributions to several political committees, including the friends of Scott Walker, the Friends of Mike Sheridan, and the Assembly Democratic Campaign Committee. We note that Wisconsin & Southern Railroad depends on the State of Wisconsin for millions of dollars in grants and loan subsidies, in order to operate its rail lines.

In late 2009 and early 2010, Mr. Gardner asked railroad employees and others to make political contributions to the campaign of Scott Walker, after reaching the \$10,000 contribution limit himself. He also directed the railroad corporation to reimburse the employees and the others he had approached, as well as himself, for the amounts of the political contributions.

In doing so, Mr. Gardner violated the legal limit on his own contributions to the Walker campaign, illegally furnished funds to others to make political contributions, and directed his corporation to make illegal contributions to political candidates and committees.

As civil penalties, the Government Accountability Board has imposed forfeitures against Wisconsin & Southern Railroad and the employees who participated in this campaign contribution

laundering scheme. The board has imposed, and the railroad has paid, a forfeiture of \$166,900 as a result of this investigation. Each of the seven employees involved will pay a forfeiture of \$250.

The forfeiture paid by the railroad is the single largest forfeiture ever imposed by the Government Accountability Board or either of its predecessor agencies, the State Elections Board or The State Ethics 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 asked them to make the contributions with a promise of reimbursement.

I would now like to ask District Attorney Chisholm and Assistant DA Bruce Landgraf to comment on the main findings of the investigation and the criminal complaint which was filed this morning, as well as the anticipated outcome of that part of the process. Then Bruce and Jon Becker will take some questions. Thank you, again, Bruce, for all of your work and assistance.