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9
10 **UNITED STATES DISTRICT COURT**
11 **SOUTHERN DISTRICT OF CALIFORNIA**

12 UNITED STATES OF AMERICA,

13 Plaintiff,

14 v.

15 DUNCAN D. HUNTER (1),

16 Defendant.
17

Case No. 18CR3677-W

SENTENCING MEMORANDUM

DATE: March 17, 2020

TIME: 9:00am

COURT: 3C (Shwartz)

HON. THOMAS J. WHELAN
18
19

20
21 The United States of America, by and through its counsel David D. Leshner,
22 Attorney for the United States, Acting under Title 28, U.S.C. Section 515, and Emily W.
23 Allen, W. Mark Conover, and Phillip L.B. Halpern, Assistant U.S. Attorneys, hereby files
24 its Sentencing Memorandum with accompanying Table of Contents, Table of Authorities,
25 and attached Exhibits 1 through 215.
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I.

INTRODUCTION

1
2
3 In mounting his defense to the present charges, Defendant Duncan D. Hunter
4 (“Hunter”) launched an improper, wide-ranging, and dangerous assault on our system of
5 justice. As part of a disingenuous attempt to deflect attention from his own criminal
6 conduct, Hunter repeatedly attacked this nation’s very system of government, including
7 Congress, the FBI, the Department of Justice, the justice system in general, and individual
8 federal prosecutors in particular. *See infra* at III (C)(3). Although it might be tempting for
9 the Court to simply dismiss Hunter’s wild accusations as the rantings of a desperate
10 politician caught in his own web of lies, these dangerous claims should not be ignored or
11 overlooked.

12 Rather than admit his guilt and resign his seat in April 2016 when originally
13 questioned, or even in August 2018 when originally charged, Hunter chose to mislead the
14 more than 700,000 people who reside in the 50th congressional district. As we now know,
15 Hunter lied to the people about his guilt. Not once, but countless times. In doing so, he
16 conned voters into electing a soon-to-be-convict. As a result of his duplicity, the voters
17 were duped of their right to representation in Congress—representation they are denied to
18 this day.

19 Our very democracy is at risk when a criminal like Hunter wins an election by
20 weaponizing the tropes of fake news and the deep state. This is not a mere philosophical
21 debate in the 50th Congressional district; it is a fact. Hunter’s false narrative about being
22 an innocent politician framed by a partisan Justice Department influenced his 2018 re-
23 election to Congress. This reason alone supports the United States recommendation that
24 Hunter be sentenced to 14 months in custody – the top of the adjusted post-departures
25 guidelines range.¹

26
27 ¹ Given this background – and the need for the Court to understand the full extent of
28 Hunter’s pecculation – the United States sets forth in this Sentencing Memorandum some

1 **II.**

2 **STATEMENT OF FACTS**

3 A. Introduction

4 Despite coming from a privileged background and serving in Congress for almost a
5 decade, Duncan Hunter was virtually penniless. He and his wife Margaret Hunter
6 possessed no liquid assets, no investment funds, and no savings. *See* House Financial
7 Disclosure Forms (2010 – 2016). His credit cards were maxed out with five-figure negative
8 balances. Between April 2009 and August 2016, the Hunters carried maximum negative
9 balances on their USAA credit card (between \$9,000 and \$10,000) and their Discover Card
10 credit card (between \$7,500 and \$10,000). They carried additional negative balances on a
11 number of other consumer credit cards.

12 The Hunter family had very little equity in their former Alpine home and frequently
13 missed mortgage payments.² They overdrew their primary family bank account more than
14 one thousand times in roughly this same seven-year period, racking up more than \$38,000
15 in “overdraft” and “insufficient funds” fees alone. *See* Exhibit 1. In 2015, they fell behind
16 more than \$15,000 in tuition payments to their children’s private school in spite of their
17 50% tuition discount. *See* Exhibit 2. The Hunters were well aware that they were unable

18 _____
19 of the evidence demonstrating that Hunter: (i) personally stole many tens of thousands of
20 dollars in campaign funds beginning the moment he issued himself a credit card in January
21 2010; (ii) both condoned and enabled his wife’s commission of similar thefts that were
22 executed for their shared benefit; and (iii) deflected blame onto his wife and family for
23 these crimes. Hunter’s crime was neither an inadvertent mistake by a busy congressman
24 occupied with the business of the nation, nor some type of excusable omission in
25 supervising a spouse entrusted with the family’s finances. To the contrary – it was
26 intentional, extensive, and premeditated.

27 ² The Hunters formerly owned a home at 1125 South Grade Road, Alpine,
28 California, but had little or even negative equity in the residence. They purchased this
property in July 2009 for \$595,000, using two mortgages totaling approximately \$567,000.
The minimal down payment of approximately 5% appears to have been provided by
Hunter’s parents. After purchasing the home, the Hunters were continually late making
mortgage payments and incurred various late fees.

1 to timely pay for their children's Irish dance lessons, dental bills, and school lunches. *See*
2 Exhibits 3-5. Their financial problems were all the more startling given that on around
3 139 separate occasions they received a total of nearly \$175,000 in loans and gifts from his
4 parents. *See* Exhibit 6 (attaching representative checks).

5 Nevertheless, the Hunter family lived a profligate lifestyle leading to continual debt
6 and an ever-increasing need to find cash to pay bills. In order to support their spending
7 and pay their outstanding bills, the Hunters turned to pilfering hundreds of thousands of
8 dollars donated by citizens to finance Hunter's Congressional campaigns. Beginning as
9 early as 2009, the Hunters used campaign funds to purchase items as inconsequential as
10 fast food, movie tickets, and golf outings; as trivial as video games, beachwear, and coffee;
11 as mundane as groceries, utilities, and garage doors; and as self-indulgent as luxury hotels,
12 overseas vacations, and designer face cream. *See* Exhibits 7-9. In total, they looted
13 \$250,000 in campaign funds to sustain their needs. To conceal the theft, the Hunters gave
14 false or misleading explanations for many of their expenses, including in mandatory public
15 disclosures.

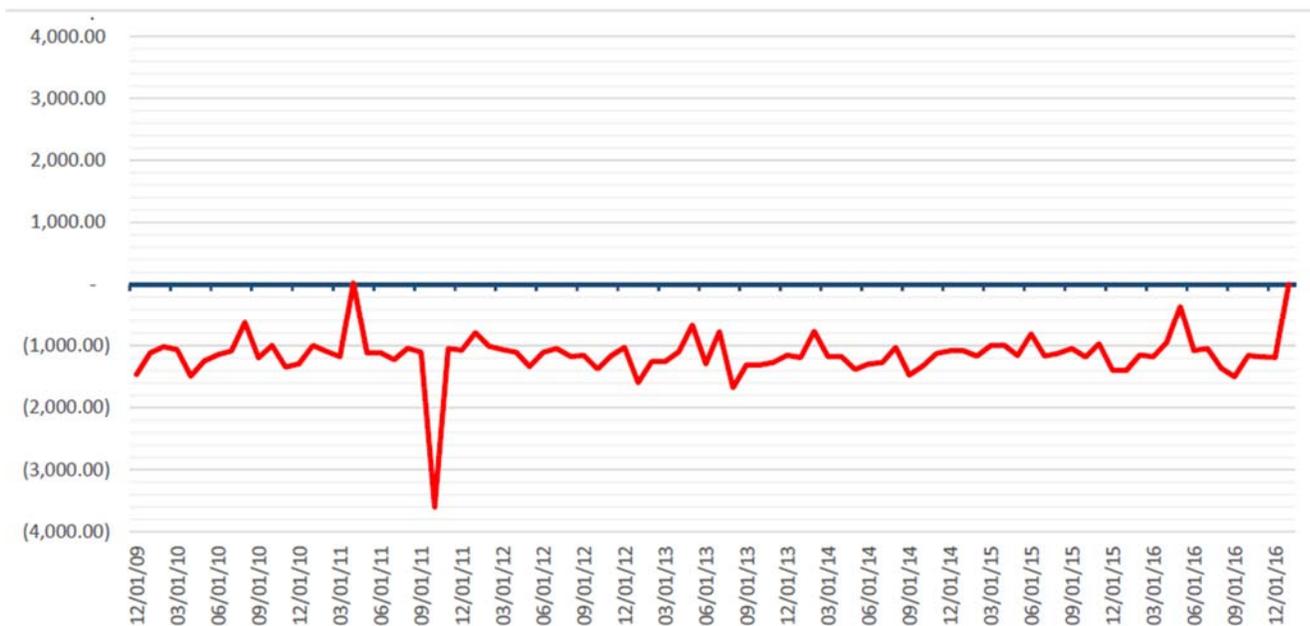
16 B. Hunter's Knowledge of his Personal Finances

17 Hunter was all too well aware of his family's dismal financial state. Indeed, he made
18 no secret of his lack of personal funds when talking with many of his close friends and
19 confidants. For example, Hunter's field representative and San Diego area driver (who
20 was a lifelong Hunter family friend who considered the Congressman to be like a son)
21 recalled that Hunter's financial problems were so dire that Hunter had to check his account
22 balance before he could buy a bottle of water. His driver also related that Hunter's parents
23 had to regularly supplement his income with regular \$1,000 payments, private school
24 tuition, extra funds for basic needs such as car repairs, and even money for clothing.

25 Joe Kasper (a close friend and Congressional staffer of Hunter's who became Chief
26 of Staff in 2015), noticed Hunter's financial problems as soon as Hunter assumed office.
27 According to Kasper, as far back as 2009, Hunter had to check with Margaret to ask
28 whether they had enough money for him to buy a pair of nail clippers. In fact, Kasper

1 noticed that Hunter needed to call Margaret and ask for permission before making
 2 purchases of any kind. Over the years, Kasper noticed this trouble in similar ways: Hunter
 3 did not have enough money to buy cigarettes, new shoes, clothes, tires for his car, or even
 4 for basic “personal hygiene items that everybody needs.” See Exhibit 10 (Kasper Grand
 5 Jury Transcript (“GJT”) at 23). Kasper noticed that Hunter’s credit card was declined from
 6 time to time. Toward the end of the month, when Hunter’s paycheck was stretched thin
 7 (Congress makes payroll once a month), Kasper would often “just swallow the cost” and
 8 pay for Hunter’s cigarettes and dry cleaning.

9 There was, in fact, not a single month between 2009 and 2017 when the Hunter
 10 family bank account had a positive balance throughout the month:



Monthly Low Balance Chart

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 23 Indeed, Hunter embodied the very definition of living paycheck to paycheck. And,
 24 even given the regularity of his substantial paycheck and supplements from his parents, not
 25 a month passed where his bank balance did not dip into negative territory. Given this stark
 26 reality, it is easy to see why Hunter had to check with his wife to make even the most basic
 27 purchases, if he were using their personal—and not campaign—funds. More importantly,
 28

1 it is also easy to see why Hunter would know that the only way he could afford to pay for
2 basic family living expenses, lavish meals, and luxury vacations was to use campaign
3 funds. Obviously, if Hunter did not have funds to buy a \$7 pack of cigarettes in any given
4 month, he certainly did not have the personal funds to afford private schools, overseas
5 vacations, or fancy meals.

6 C. Hunter's Knowledge of Improper Use of Campaign Funds

7 Even before he was elected to Congress, Hunter was instructed as to the importance
8 of filing accurate FEC reports by his trusted first Treasurer, Bruce Young. Young was a
9 San Diego businessman who agreed to act as Duncan L. Hunter's Treasurer on a volunteer
10 basis for more than 16 years. In 2007, when Hunter announced his run for his father's old
11 seat, Young took on the role of Treasurer of the Duncan D. Hunter Campaign. He worked
12 for the younger Hunter for approximately six years until early 2013.

13 Young was responsible for preparing and filing the quarterly reports with the FEC.
14 These reports—available to the public on the FEC's website—detailed campaign
15 contributions, spending, and the total cash on hand available to the campaign. The
16 campaign's core staff all understood that the FEC reports could be subject to a great deal
17 of media scrutiny. According to Young, Hunter was very engaged in the financial aspect
18 of the campaign. He hated to raise money and was therefore focused on keeping costs
19 down (as opposed to raising more funds) in order to increase the campaign's cash on hand.

20 Young kept the staff, including Hunter, apprised of their financial situation regularly.
21 On April 4, 2008, for example, he circulated the draft accounting numbers for the first
22 quarter of 2008, which showed about \$273,000 cash on hand—but, he warned, they had
23 outstanding bills that would bring the real figure down to about \$200,000. Hunter was
24 paying attention. He responded, "I'd like to go over all the expenditures... I just want to
25 wrap my mind around our outflow." *See* Exhibit 11. Young recalled that they spoke, and
26 that Hunter "wanted to make sure he had a handle on the ways the campaign was spending
27 its cash on hand." *See* Exhibit 12 (Young GJT at 28).

28

1 Hunter prevailed in the general election in November 2008. Even after his solid
2 victory, he remained concerned about the campaign's finances. Shortly after the election,
3 Hunter told the campaign's fundraiser (Sheila Hardison) that he planned to cut her salary
4 because he thought the campaign was paying her too much in relation to her fundraising.
5 Hardison was surprised, and countered that she would rather resign. Young, however,
6 encouraged her to stay with the campaign and offered to talk with Hunter on her behalf.
7 Young eventually convinced Hunter to change Hardison's salary from a flat \$5,000 per
8 month to a commission-based system using a percentage of her fundraising. Regardless of
9 the merits of their dispute, it was clear that right from the very start of his first term, Hunter
10 had his eyes carefully trained on campaign spending.

11 D. Hunter's First Term (January 2009 – December 2010)

12 1. Hunter's Improper Use of Campaign Funds

13 In January 2009, Hunter was sworn in to his first term in the House of
14 Representatives. He remained engaged in the campaign's finances, and recognized that to
15 improve his standing in Washington he had to use his campaign funds to benefit both his
16 party and other candidates. Young was aware of this dynamic. On February 20, 2009, he
17 emailed Hunter to warn him that the campaign faced a negative cash balance. At the time,
18 Young indicated that Hunter was focused on cost-cutting; Hunter's concern was: "What
19 are we spending all this money for?" *See* Exhibit 12 (Young GJT at 40). As this shows,
20 Hunter from the beginning was "focused on the costs [of running a campaign]." *Id.* This
21 view was echoed by his first Chief of Staff (Victoria Middleton) who indicated that Hunter
22 "would monitor issues with [the campaign's] cash flow and spending to make sure
23 everything was on the right track." *See* Exhibit 13 (Middleton GJT at 20).

24 From the very beginning of his time as a Representative, Hunter's desire to maintain
25 adequate cash-on-hand came into conflict with his family's pecuniary failings, and Hunter
26 soon began dipping into campaign funds to finance the most minor of purchases. For
27 example, on October 19, 2009 (when his personal account had a negative balance), he used
28 his personal iTunes account to buy a popular Feist song, a Scrabble app, "Tap Tap

1 Revenge,” and a football game app. Even though the purchase totaled just \$7.96, Hunter
2 claimed that the purchase was a legitimate campaign expense and asked Young to “get the
3 reimbursement to Marge as soon as possible.” *See* Exhibit 14.

4 Soon after demanding this reimbursement to his personal account, Hunter instructed
5 Young to open a credit card account, with cards for himself and Margaret. Although this
6 required Young to place his own credit on the line, he complied with the request—which
7 he believed was necessary to help Hunter pay for (what he believed were necessary,
8 appropriate, campaign-related) travel expenses.

9 As a new Congressman, Hunter instantly became part of Washington’s elite. Along
10 with a number of other young Congressmen, Hunter was invited to parties practically every
11 evening that Congress was in session. In April 2009, he met a woman with whom he soon
12 began a romantic relationship. Although they were both careful to keep this relationship
13 secret to all but their closest friends, their relationship grew “serious,” and Hunter soon
14 began living at her house in the D.C. area.

15 In January 2010, Hunter and his new girlfriend arranged for a romantic weekend
16 together in Lake Tahoe, utilizing a convention in Reno as cover. *See* Exhibit 15. On
17 Friday, January 22, 2010, Hunter flew into Reno (arriving at 2:10pm), rented a car, made
18 a brief appearance at the convention, and then drove to the Hyatt Regency Lake Tahoe.
19 The couple then spent a romantic weekend in Tahoe, where they ordered room service,
20 skied at the Heavenly Mountain Resort, and enjoyed all the resort’s amenities. *See* Exhibits
21 16-17.

22 Between airfare, his rental car, skiing charges, and food and lodging, the trip was far
23 outside Hunter’s meager personal finances. Although he did make some small purchases
24 with personal funds (*e.g.*, \$11.39 at Wendy’s, \$16.01 at the Peppermill Gift Shop, and
25 \$19.67 at Heavenly), Hunter financed his romantic getaway with almost \$2,000 in
26 campaign funds. Once again, this was not an accident, but part of a deliberate scheme by
27 Hunter to subsidize his lifestyle – and, perhaps, conceal the financial costs of his marital
28 infidelity from his wife. Indeed, the day that Hunter checked out of the Hyatt and paid his

1 rental car bill, his personal bank accounts had a negative balance (-\$887.04) and he incurred
2 six separate insufficient funds fees of \$33 each, for a total of \$198. *See* Exhibit 1 at 1.

3 On the rare occasions in 2010 that Hunter did take his girlfriend out in public, he
4 financed their dates with campaign funds. For example, on March 24, 2010, Hunter and
5 his girlfriend joined another Congressman and his girlfriend to see Jack Ingram perform at
6 The Birchmere concert hall in Alexandria, Virginia. At the show, Hunter used \$121.34 in
7 campaign funds to pay for 12 beers, nachos, and wings. *See* Exhibit 18. On the many
8 occasions that Hunter went out with his girlfriend, he might use campaign funds to
9 purchase sundries (such as cigarettes and beer) prior to returning to her apartment to spend
10 the night. For example, on June 24, 2010, he went to a 7-Eleven around the corner from
11 his girlfriend's house and used the ATM to withdraw \$20 from his personal account. *See*
12 Exhibit 1 at 15. He was left with a balance of just \$0.06 in his personal account, so he used
13 his campaign credit card to pay for \$41.75 in snacks and drinks at the 7-Eleven.³ *See*
14 Exhibit 7 at 4.

15 Hunter's dependence on campaign funds was not limited to dates with his girlfriend,
16 but rather encompassed a variety of quotidian purchases. On January 29, 2010, Hunter
17 spent \$23.52 in campaign funds at Hudson News to purchase purely personal items, such
18 as a tin of Skoal Bandit Mint Chewing Tobacco and a copy of the book, "Why We Suck:
19 A Feel Good Guide to Staying Fat, Loud, Lazy and Stupid." *See* Exhibit 19. On this day,
20 the Hunter family bank account again had a negative balance. *See* Exhibit 1 at 2.

21 On June 1, 2010 and August 6, 2010, Hunter used campaign funds to purchase
22 cigarettes. *See* Exhibit 20. On August 21, 2010, he used additional campaign funds to buy
23 beer, skim milk, Granny Smith apples, chewing tobacco, and a pack of Marlboro Gold
24 cigarettes at the Albertson's grocery store near his home in Alpine. *See* Exhibit 21. On
25 the latter occasion, Hunter's personal account was not only negative, but delinquent—

26
27 ³ Earlier this same month, Hunter used personal funds to pay approximately \$41 at
28 the very same 7-Eleven. His use of personal funds on the first occasion illustrates Hunter's
calculated use of campaign funds when necessary to subsidize his family finances.

1 incurring a \$34 insufficient funds fee the previous day. *See* Exhibit 1 at 3. And the
2 following month, when Hunter was again incurring insufficient funds fees to his personal
3 account, he used his campaign credit card to buy tobacco, alcohol, and deli snacks at an
4 Exxon near Dulles airport. *See* Exhibit 22.

5 Throughout this period, Hunter also made liberal use of his campaign credit card to
6 pay bar and restaurant tabs around Washington and San Diego. Often, although he spent
7 tens or hundreds of dollars in campaign money on a given evening, his calendar would
8 reflect no scheduled events or meetings. Hunter rarely used his personal debit card to pay
9 for meals or nights out. Nor could he, as he rarely had enough money in his personal
10 account to afford the expensive (and sometimes, inexpensive) nights out he was
11 accustomed to enjoying. For example, on October 15, 2010, Hunter used \$42 in campaign
12 funds at Hooley's Irish bar in El Cajon to celebrate his brother's coming home party. *See*
13 Exhibit 7 at 10 and Exhibit 23.

14 Hunter adopted the same tactic of dipping into campaign funds to purchase his and
15 his family's electronics. On August 28, 2010, after spending about \$1,000 in campaign
16 funds for a new iPad two months before, Hunter spent \$1,532.36 at the Apple Store for an
17 iMac computer and ASPYR Civilization videogame, *See* Exhibit 24. This computer was
18 later found by FBI agents in his children's room, along with evidence showing that
19 Hunter's children used the computer for gaming.

20 Hunter also used campaign funds to subsidize his many, many golf outings with
21 friends. While some of his golfing expenses can be justified as appropriate fundraising,
22 over the years he spent thousands of dollars in golfing fees on outings with his personal
23 friends and family. For example, on September 13, 2010, Hunter spent \$164.29 in
24 campaign funds to pay for a round of golf and a six-pack of beer at Riverwalk Golf Club
25 with one of his closest friends. *See* Exhibit 25. When asked by the Treasurer if this
26 expenditure (among several others) was campaign related, Hunter simply uttered the
27 disingenuous reply: "Yessir. All good." *See* Exhibit 26. He never disclosed that he was
28 out playing golf socially with his closest friend.

1 In late 2010, a Congressman invited the Hunter family to see the Pittsburgh Steelers
2 vs. Oakland Raiders game at Heinz Field in his family's private box. Despite recognizing
3 that his family's finances were inadequate to cover even the travel, Hunter used the
4 invitation to treat his 9-year-old son to an extravagant birthday trip.⁴ Unlike the
5 Congressman who issued the invitation, Hunter used campaign funds to pay for his son's
6 and Margaret's airfare (\$651.96), three nights at three hotels (\$767), gas for the drive to
7 Pittsburgh (\$161), meals at the hotel in Pittsburgh (\$84), and dinner at the Georgetowne
8 Inn in Pittsburgh (\$229.49). *See* Exhibit 7 at 9-13. Unsurprisingly, Hunter did not disclose
9 to his Treasurer that these expenses were for a football game, nor did he report that their
10 son's birthday was the reason for his attendance.

11 2. Margaret Hunter's Improper Use of Campaign Funds

12 Although the Hunter family's penury became a constant irritant in the
13 Congressman's life, its effects were ameliorated due to the opportunities he had to be wined
14 and dined in D.C. by various lobbyists and others who paid for his meals and nights out.
15 While Hunter was enjoying the D.C. high life, Margaret Hunter was left raising a family
16 operating under the same financial constraints. Recognizing this reality (and, perhaps,
17 assuaging the guilt resulting from his marital infidelities), Hunter took steps to ease the
18 financial burden on his wife. In particular, Hunter instructed Young to get Margaret a
19 campaign credit card, even though Margaret had no official role whatsoever with the
20 campaign. *See* Exhibit 12 (Young Grand Jury Transcript at 45-46).⁵

21 ⁴ During their entire vacation, the Hunter family bank account had a negative balance
22 and incurred two separate insufficient funds fees and one returned item fee (totaling \$102)
23 the day after their return.

24 ⁵ According to Hunter's campaign fundraiser, after Hunter took office in 2009,
25 Margaret was not interested in having a position with the campaign. "[S]he said she just
26 wanted to be a mom" and take a back seat in the campaign. *See* Exhibit 28 (Hardison GJT
27 at 51). Staffer Joe Kasper questioned what Margaret's exact role was and whether she was
28 actually doing anything at all. *See* Exhibit 10 (Kasper GJT at 20). In fact (even after she
became a salaried "Campaign Manager"), Kasper and Hunter used to joke that Margaret's
job was limited to picking up the mail. *Id.* (Kasper GJT at 32-33).

1 While Hunter was the first to use their new American Express campaign credit cards
2 (on December 29, 2009) for a \$60 meal at the Brigantine in La Mesa, Margaret began
3 spending the very next day. On December 30, 2009, Margaret went to Olive Garden in La
4 Mesa and charged a \$69 meal to her new card. A few days later, on January 4, 2010, she
5 spent \$80 on gas at an El Cajon Chevron. At that time, the Hunters had a negative balance
6 in their personal account.

7 At the same time Hunter was using campaign funds with his mistress in Tahoe,
8 Margaret was making liberal use of the new credit card to cover the financial shortfall in
9 their family bank account. On January 8, 2010, she spent \$75 to gas up the family car at
10 7-Eleven and purchased a \$153 meal at Mister A's restaurant. *See* Exhibit 7 at 1. Days
11 later she defrayed their personal food bill by using campaign funds to pay for meals at
12 California Pizza Kitchen (\$60.43), Jack in the Box (\$16.52), and Panda Express (\$17.92).
13 Towards the end of the month – after the family bank account had a negative balance and
14 had incurred multiple insufficient fund fees – she used her campaign credit card to buy
15 \$243.80 in groceries at Vons.

16 Even though Margaret possessed the credit card for a little over one month, Young
17 had already become deeply suspicious. Young told Hardison, “[i]f we can’t get the charges
18 resolved I will need to get the card back.” *See* Exhibit 29. Over the next few months,
19 Margaret did nothing to assuage Young’s suspicions. She began using her credit card at
20 retail outlets. In February 2010, she spent \$59.23 at Sears. *See* Exhibit 7 at 2. On March
21 18, 2010, Margaret spent \$70.76 in Campaign funds at Crate & Barrel to purchase a
22 wedding gift for two close friends. *Id.*, at 5. In addition, she spent \$181.12 in Campaign
23 funds at the La Quinta Resort to reserve a room for the same friends’ wedding.⁶ *Id.* The
24

25 ⁶ Hunter first met this friend when he volunteered for Hunter’s campaign. The
26 friend, however, was turned off by politics and quickly developed a friendship with Hunter
27 that was completely unrelated to Hunter’s job or politics. By 2010, their relationship was
28 purely personal. The friend and his wife frequently went out for dinner with the Hunters,
and they regularly attended one another’s parties and other family events. During these
occasions, they typically took turns footing the bill for dinner.

1 following week, she spent \$85.18 in Campaign funds at Barnes & Noble to purchase
2 various children’s books and puzzles, including two Disney Princess Storybooks, the
3 “Hardy Boys Series Book 44: The Haunted Fort,” and a 100-piece Gemstone Fairies
4 puzzle. *See* Exhibit 30. By this time, the Hunters’ family bank account had a negative
5 balance and incurred three insufficient funds fees. In describing the Barnes & Noble
6 expense to Young, she falsely reported that it was for “booklets on San Diego,” among
7 other things. *See* Exhibit 31.

8 From Young’s perspective, Margaret’s improper use of the campaign card resulted
9 in two problems. First, Margaret’s spending (when combined with Hunter’s) was out of
10 pace with the fundraising, so she was “draining cash on hand.” *See* Exhibit 12 (Young
11 GJT at 65). Second, she was spending money in ways that would raise a red flag if they
12 were scrutinized. This was further complicated by her refusal to give Young the basic
13 information needed to explain the charges as legally required under FEC rules and
14 regulations. *See* Exhibits 12 (Young GJT at 67-68) and 28 (Hardison GJT at 77).

15 As Hardison and Young grew increasingly concerned, they saw they needed to
16 ensure that Hunter was well aware of his wife’s improper spending. *See* Exhibit 28
17 (Hardison GJT at 75). Accordingly, they called a meeting to discuss their concerns. Hunter
18 agreed, but when the time came for the meeting, Margaret didn’t show up. *See* Exhibits 12
19 (Young GJT at 66) and 28 (Hardison GJT at 75-76). In Young’s mind, this actually worked
20 out better. Without Margaret present, Young was able to be more candid with Hunter about
21 his concerns. Young testified that during the meeting, Hunter understood that Margaret’s
22 spending was a serious problem that could turn into a political liability. *See* Exhibit 12
23 (Young GJT at 68).

24 At this meeting, Young counseled Hunter to take Margaret’s credit card away.
25 Hunter, however, never followed through. *Id.* (Young GJT at 69). In reality, Hunter
26 recognized the family’s need to rely on campaign funds – and was himself culpable for
27 misusing these funds in order to support his personal lifestyle. Hunter therefore simply
28

1 deflected Young's concerns by claiming that he would talk to Margaret about the problem,
2 plus work on increasing his fundraising activity. *Id.* (Young GJT at 70).⁷

3 In other words, despite being informed of Margaret's improper use of campaign
4 funds as early as April 2010, Hunter only allowed the illegal conduct to escalate. On April
5 15 and 19, 2010, Margaret spent \$448.48 in Campaign funds at Aaron Brothers to purchase
6 various items, such as glitter paint pots, princess and Halloween face paint, a butterfly girl
7 card, color flame birthday candles, Gerber daisies, and a white orchid, *see* Exhibit 33,
8 which she falsely reported to Young as "frames." On April 28, 2010, she spent \$226.40 in
9 Campaign funds to purchase an airline ticket for her sister. On all the above dates, the
10 Hunter family bank account had negative balances and was incurring insufficient fund fees.

11 Throughout the remainder of the year, Margaret continued to spend thousands of
12 dollars of campaign funds on the family's daily living expenses at a variety of retailers
13 such as Costco, Target, Rite-Aid, Michael's, JC Penny, Vons, and Albertson's. For
14 example, in May she spent \$307.72 in Campaign funds at Target to purchase a tablecloth,
15 three square pillows, a three piece brush set, a metal tray, four temporary shades, four
16 window panels, a white duck, two Punky Brewster items, a ring pop, and two five-packs
17 of "animals," *see* Exhibit 34, which she falsely reported to Young as "teacher/parent &
18 supporter events." *See* Exhibit 35. On this day, the Hunter family bank account had a
19 negative balance and incurred an extended overdraft fee. Over the next week, the account
20 incurred four returned item fees for unpaid checks and one insufficient funds fee charge
21 (totaling \$170).⁸

22
23 ⁷ Right around the same time that Young first warned Hunter about Margaret's
24 uncontrolled spending, Hunter's girlfriend sent him a seemingly prescient article from the
25 *Washington Post* discussing how another Representative was the subject of an FBI
26 investigation for his misuse of \$40,000 in campaign funds. *See* Exhibit 32 (Hunter's
27 girlfriend used a code name to conceal Hunter's identity in her contacts).

28 ⁸ On occasion, Margaret unsuccessfully attempted to use her personal credit card to
pay for personal outings. For example, while attending their friends' May wedding in Palm
Springs, she used a personal credit card to pay \$26 at the Mountain View Country Club –

1 Margaret's use of campaign funds to purchase the commonplace items of everyday
2 family life is illustrated by her shopping at the Miramar Commissary (where on September
3 27, 2010 she spent \$155.96 to purchase groceries, including chicken fettucine, sherbet,
4 breakfast cereal, orange juice, coffee, chicken nuggets, tissue bath wipes, baby shampoo,
5 and bubble bath), *see* Exhibit 36, and Michaels craft store (where the very next day she
6 spent \$239.28 to purchase a variety of gift and craft items, including foam glitter stickers,
7 Elmer's Glue, frames, rock candy, Nestle Raisin[ettes], and a "We love Halloween" book).
8 *See* Exhibit 37.

9 These and similar purchases continued to concern Young. He made a point of
10 tracking Margaret down each month in pursuit of explanations. Margaret often answered
11 late, with incomplete information. When she did respond, she gave facially plausible but
12 dubious explanations for her spending. On June 16, 2010, for example, she claimed that
13 her purchases at Target and Costco were for "items purchased to fill into baskets I have
14 been and still am preparing as auction donations for several events." She did not identify
15 the "events." *See* Exhibit 38.

16 The following month, she similarly claimed that her charges at World Market,
17 Michaels craft store, and Target were "for remaining basket items I needed." *See* Exhibit
18 39. As for the grocery stores, she frequently just categorized the expenses as "event with
19 supporters" or "volunteers." She often claimed that her restaurant purchases were simply
20 "meals with supporters," still without indicating who ate with her or why they were meeting
21 over a meal. Despite Young asking Margaret for receipts, they weren't forthcoming. He
22 explicitly warned Margaret that he needed the receipts in the event they were audited, and
23 cautioned that her suspicious charges "could get lots of negative press." *See* Exhibit 40.

24
25
26 which brought her dangerously close to her credit limit and increased the balance on her
27 card to more than negative \$10,000. Thereafter, Margaret used her campaign credit card
28 to pay the remainder of the hotel bill.

1 As Margaret's (and Hunter's) illegal spending continued unabated,⁹ it started to have
2 a direct and worrying effect on the campaign's cash on hand in the 2010 election year. The
3 resulting deficiency caught the attention and concern of Hunter's congressional staff. *See*
4 Exhibit 10 (Kasper GJT at 18-19). Hunter's meager cash-on-hand also caught the attention
5 of various news outlets. On October 27, 2010—six days before the November 2 general
6 election—the *Poway Patch* published an article about Hunter's campaign war chest. The
7 article described that Hunter, facing little competition for his safe congressional seat, had
8 spent nearly all of the \$700,000 he raised for the campaign. The article suggested that
9 Hunter's spending, which included significant amounts spent on travel and "other," but
10 less on voter outreach, was "unusual." Hardison distributed it to the campaign staff,
11 including Hunter, to ensure they were aware of the issue. *See* Exhibit 43. Obviously, none
12 of this could have come as a surprise to Hunter, who was well aware of his and his wife's
13 use of campaign funds to offset their personal financial liabilities.

14 Despite Margaret's improper use of campaign funds, in November 2010 Hunter
15 began to discuss the idea of actually hiring his wife to work for the campaign and paying
16 her a salary. *See* Exhibit 12 (Young GJT at 83-84). Hunter's staff universally found this
17 to be a bad idea. According to Hardison, she discussed the political risks with him—
18 specifically, that he would face criticism from the media for hiring his family members.
19 *See* Exhibit 28 (Hardison GJT at 86). Young was more direct; he told Hunter that if
20 Hunter's "grandfather was around...he wouldn't let it happen." *See* Exhibit 12 (Young
21

22
23 ⁹ For example, on six different occasions Margaret spent a total of \$1,611.52 at
24 Costco to purchase various items for the Hunter family, including groceries (such as
25 Cheerios, Hershey's Chocolate Milk, Ocean Spray Craisins, Galbani String Cheese,
26 Cottage Cheese, Gogurt, and Yoplait Light); household items (such as Foss indoor/outdoor
27 rugs, paper towels, Kleenex tissues, children's Advil, Clorox Disinfecting Wipes,
28 Neutrogena Rainbath, and Cottonelle Fresh Flushable Wipes); and gifts for her children
(such as pajamas, a dress, an "*Alice in Wonderland*" DVD, and a "*How to Train your
Dragon*" DVD). *See* Exhibit 41. Margaret falsely described these charges to Young as ink
cartridges, paper, notebooks, and holiday gifts for supporters. *See* Exhibit 42.

1 GJT at 84). In face of uniform resistance, Hunter did not pull the trigger on hiring his
2 wife—at least, not yet.

3 Following Hunter’s November re-election, Margaret continued her illegal spending.
4 For example, on November 6, 2010, she spent \$704 in Campaign funds at the Old Globe
5 to buy tickets to the play, “*How the Grinch Stole Christmas.*” See Exhibit 44. When Young
6 pointed out to her that “there is a restriction [against using campaign funds] on
7 entertainment/sporting events,” Margaret implausibly explained that the tickets were for
8 “holiday gift certificates/event donations etc.” See Exhibit 45 (page 2). Young wasn’t
9 satisfied.

10 In order to make sure that Young got Hunter’s full attention regarding his wife’s
11 continued problematic spending, he copied Hunter on an email warning Margaret that “the
12 chances of audit are high. When they go over one item they go over the entire campaign.”
13 *Id.* (page 1). By pointing this out, Young wanted to make sure that Hunter recognized that
14 that if his campaign spending was scrutinized, people would see not just the Old Globe
15 tickets, but also all the charges at Olive Garden, Vons, Albertsons, Costco, Target, and
16 elsewhere. See Exhibit 12 (Young GJT at 86-87). And, to make sure there was no
17 misunderstanding, Young followed up his email with a phone call to Hunter. *Id.*

18 To further apprise Hunter of his wife’s campaign spending, Young also began
19 sending Hunter a copy of Margaret’s campaign credit card charges and his included
20 correspondence. According to Young, he wanted Hunter “to see exactly what [Margaret]
21 was doing with the credit card” so that he would be aware of the problems and could put a
22 stop to it. See Exhibit 12 (Young GJT at 88-89). For example, he copied Hunter on a
23 November 18, 2010 email where he pointed out, among other things, that “[i]t is hard to
24 justify that all charges to the ‘Campaign Credit Card[’] are [c]ampaign related when
25 portions are charged as personal.” See Exhibit 46. He also reviewed a receipt she
26 submitted from Olive Garden (\$46), and pointed out that it showed: “three children and
27 one adult. Hard to justify as Campaign related.” *Id.*

28

1 Young concluded with a direct plea: “Duncan, Don’t know how you want to handle
2 this. I think our chance of audit are increased substantially. I will call you tomorrow.” *Id.*
3 Although there was no question about Margaret’s ceaseless theft of campaign funds, Young
4 stated that it was up to Hunter to handle the problem. All Young could do as Treasurer
5 was to bring it to the Congressman’s attention, make sure he understood the risks, and
6 encourage him to make the right choice. *See* Exhibit 12 (Young GJT at 90, 99). Young
7 had tried to do that from the day they first got the credit cards, and had been warning Hunter
8 about these problems for many months prior to this November exchange. *See* Exhibit 12
9 (Young GJT at 93).

10 In December, Young continued to copy Hunter on his correspondence because he
11 was “concerned enough that [he] wanted Duncan to hear firsthand straight from [him]
12 exactly what Margaret was doing with her credit card.” *See* Exhibit 12 (Young GJT at
13 97).¹⁰ In a December 10 email in which he copied Hunter, Young reminded Margaret that
14 campaign money cannot be used “for a leisure outing at which the discussion occasionally
15 focuses on the campaign.” *See* Exhibit 48. Rather than come to his senses and stop their
16 illegal spending, Hunter personally responded to Young’s entirely appropriate questions
17 with a defensive and disjointed accusation that Young was trying to put together a “paper
18 trail on me:”

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¹⁰ Young’s concerns were no doubt exacerbated by the fact that in early December 2010 his cash on hand estimate showed only \$30,500 in campaign funds. *See* Exhibit 47.

1 **From:** Duncan <duncan@breakcontact.com>
 2 **Sent:** Friday, December 10, 2010 10:15 PM
 3 **To:** Bruce Young
 4 **Cc:** Margaret Hunter
 5 **Subject:** Re: American Express Charges.

6 Are we attempting to create an email trail for some reason? I am trying to raise money for my campaign and the
 7 conservative cause. This requires meeting people. I'm not sure why Sheila is included in this either. Should she
 8 be copied as an fec consultant? Or lawyer? I'm feeling like we are trying to create some kind of paper trail on
 9 me. Which is fine if that's what we need. But if not, we need to go on the offensive and raise money. If we don't
 10 all agree that I should meet new people then I'm not sure what to do.

11 See Exhibit 49.

12 In the face of Hunter's refusal to address the problem, on December 22, 2010, Young
 13 sent the Congressman a response, explaining that he had copied Hunter on his
 14 correspondence with Margaret so that Hunter could see "the exact charges that Margaret
 15 was making" and could address them specifically with her. See Exhibit 50. This once
 16 again proved futile. Finally, Young issued an ultimatum. Either Hunter stepped up and
 17 got Margaret in line, or Young would leave the campaign. See Exhibit 12 (Young GJT at
 18 112).¹¹ According to Young, this finally got Hunter's attention and Hunter reported back
 19 that Margaret was finally going to put her campaign credit card away. See Exhibit 12
 20 (Young GJ Testimony at 113-14). Instead of charging things directly, Margaret would
 21 have to pay her own expenses and then ask Young for reimbursement. See Exhibit 12
 22 (Young GJT at 116). With that, the tension diffused somewhat, and Young did not resign
 23 after all—at least, not yet.

24 E. Hunter's Second Term (January 2011 – December 2012)

25 1. Hunter's Continued Improper Use of Campaign Funds

26 Chastened with the realization that his volunteer campaign Treasurer was
 27 threatening to quit over Margaret's improper spending, Hunter finally heeded Young's

28 ¹¹ For her part, Margaret claimed to appreciate Young's efforts, but felt that he
 thought she was lying to him, which – as the receipts demonstrate and Hunter had to
 recognize – she most certainly was doing. See Exhibit 51.

1 repeated warnings and stopped Margaret from using her campaign credit card to subsidize
2 the family's normal living expenses. Indeed, faced with the prospect of political ruin,
3 Hunter even temporarily reigned in his own illegal campaign spending. Although Hunter
4 still used his campaign credit card for meals, drinks, and golf outings that appear unrelated
5 to any official functions or work-related meetings, this spending was modest enough not
6 to attract attention.¹²

7 Hunter's communication with Young indicates that he did not enjoy curbing his
8 spending; and, despite patching up their relationship in late December, things were still
9 occasionally testy. On March 15, 2011, Young as usual asked Hunter to review his monthly
10 credit card charges and confirm whether they were campaign-related. Hunter replied to this
11 simple request: "of course they are all campaign. Why else would I charge them to the
12 campaign credit card." *See* Exhibit 54. Ten days later (when Hunter was perilously low
13 on funds in his personal bank account) he used his campaign credit card to charge \$92 at
14 Sycuan Resort & Golf, even though his calendar was again blocked "PERSONAL." *See*
15 Exhibit 56. Then on May 8, 2011, when Hunter was in San Diego for the weekend, photos
16 from the day show he took his son out for Mother's Day golf at Cottonwood and charged
17 their green fees (\$65) to his campaign credit card. *See* Exhibit 57.

18 Hunter continued racking up small personal charges on his campaign credit card. He
19 played golf at Cottonwood, and used campaign funds to buy beers and snacks. He spent
20 money at a few bars in DC. On May 27, 2011, on his way home to San Diego, he spent
21 \$18 in campaign funds to buy, among a few other items, a pack of Marlboro Gold cigarettes
22 and Copenhagen long cut chewing tobacco. *See* Exhibit 58. And, on June 9, 2011, while
23 he was buying computer supplies at Best Buy in El Cajon, Hunter spent \$164.63 in
24

25 ¹² For example, on Saturday, February 5, 2011, while Hunter was home in San Diego
26 and his calendar was marked "Personal – Cottonwood," he spent \$53 in campaign funds at
27 the Cottonwood golf course for one weekend round of 18 holes with one of his best friends.
28 *See* Exhibit 52. After golf, Hunter spent another \$116 in campaign funds at Harney Sushi
in Old Town, a spot which his friend recalled they used to go to with some frequency after
golfing. *See* Exhibit 53 (GJT at 29).

1 campaign funds for a pink iPod Nano. *See* Exhibit 59. Upon reviewing these and other
2 charges, he falsely confirmed to Young, “Yes,” they were all campaign related. *See* Exhibit
3 60.

4 On June 17, 2011, Hunter spent \$142.36 in campaign funds to buy two pairs of pants
5 at the Men’s Wearhouse in La Mesa. Even though he emailed Young that night to confirm
6 his May and June spending, Hunter mentioned nothing to Young about the pants. A full
7 month later, when the bill came due, Young asked Hunter specifically about the Men’s
8 Wearhouse charge. Only then did Hunter give an implausible explanation: claiming that
9 he “used the wrong card,” and was too “semi-embarrassed” to correct the mistake and pay
10 for the clothes using his personal credit card. “Lol.” *See* Exhibit 61.

11 In June 2011, Margaret arranged for a quick trip to D.C. She reserved a room at
12 the Liaison Capitol Hill Hotel for June 21 through 24. However, she altered her plans, and
13 changed her flight to arrive a day later. But Hunter kept the room they had reserved, and
14 stayed there with his girlfriend the night before Margaret arrived. *See* Exhibit 62. He
15 charged the entire bill to the campaign, including the \$162.02 in charges due to the extra
16 night spent with his girlfriend.

17 On June 29, 2011, Hunter spent \$253.56 in Campaign funds at the Old Hickory Golf
18 Club on a golf outing with his girlfriend. *See* Exhibit 63. In addition to their greens fees,
19 Hunter purchased 10 beers, an Adidas shirt, and a visor during their visit to the golf course.
20 *See* Exhibit 64. Hunter did not mention these expenses to Young when he was asked to
21 review his spending.

22 On July 3, 2011, Hunter and Margaret got together with good friends for golf and a
23 date night. Their friends emailed Hunter and Margaret a few days ahead of time to set up
24 plans, and they settled on dinner at Sally’s downtown. *See* Exhibit 65. That afternoon at
25 2:00 pm, Hunter used \$90 in campaign funds to purchase three rounds of golf at
26 Cottonwood. Then the two couples met up for dinner. The couples split the bill and Hunter
27 spent \$148.90 in campaign funds to fund his portion. *See* Exhibit 66.

28

1 2. Margaret's New Campaign Credit Card

2 Without her own campaign credit card, in early 2011, Margaret's ability to illegally
3 access campaign funds was limited. This changed in June 2011 when she asked Young for
4 a new credit card. Although Margaret still had no official role in the campaign, Young
5 obliged as Hunter voiced no objection. Accordingly, he obtained and sent Margaret a new
6 campaign credit card, and she quickly put it to use.

7 On July 6, 2011, Hunter, Margaret, and the three kids flew to DC for a 12-day family
8 vacation. Originally, they planned to attend the National Republican Congressional
9 Committee ("NRCC") annual retreat at the Nemaquin Woodlands Resort in Pennsylvania,
10 with an extra week sightseeing in D.C. before the retreat. The Hunters, however, never
11 attended the NRCC event. Nevertheless, Margaret used \$1,925 in campaign funds to book
12 the family's plane tickets, *see* Exhibit 7 at 18, and obtained \$900 in campaign funds to
13 subsidize their stay at a rental house in Accokeek, Maryland (just across the Potomac River
14 from Mount Vernon). She later requested \$705 in additional campaign funds to cover
15 three more nights at the rental house, in lieu of the NRCC accommodations. *See* Exhibit
16 68.

17 During their D.C. stay, the Hunters used personal funds to buy groceries, gas, and
18 tickets to Mount Vernon and the International Spy Museum. But the family also spent
19 hundreds of dollars in campaign funds on vacation expenses—including \$65.19 at the Spy
20 Museum gift shop (for two secret message journals, a spy decoy listener, and mini weapons
21 of mass destruction), \$31.50 at the Mount Vernon food court, and \$364.45 at the Mount
22 Vernon gift shop for a host of souvenirs including Christmas ornaments and two beanie
23 babies. *See* Exhibit 70. She also used \$34 in campaign funds to buy Metrorail tickets,
24 another \$68 on parking (\$48 of which was at the Hyatt), \$36.89 at the Longworth Café,
25 and \$49.39 at McDonald's. *See* Exhibit 7 at 21-22. On July 17, 2011, the family's last
26 night in D.C., the Hunters spent \$410.33 in campaign funds taking advantage of room
27 service and running up a bar tab at the Hilton near the airport. *See* Exhibit 71.

1 Armed with her new campaign credit card, Margaret returned to her “old” ways upon
2 arriving back in San Diego. Over the following days, she used her new campaign credit
3 card to purchase gas (\$40), and meals at Olive Garden (\$86.81), Starbucks (\$21.05), and
4 Carl’s Jr. (\$19.60). *See Exhibit 7 at 22.*¹³ When Young asked her to review these charges,
5 she misled him, claiming: “These are all related to some expenses during July 6-15 trip to
6 DC-VA.” *See Exhibit 72.* Hunter, however, never corrected Margaret’s false explanation
7 and her misleading claim that the trip to DC was an appropriate campaign expense.

8 On August 2, 2011, Hunter returned to San Diego. During his trip home, he spent
9 \$20.96 in Campaign funds at a Paradies Shop to purchase a tube of Blistex, several
10 magazines, and the science fiction film, “*Cowboys and Aliens.*” *See Exhibit 73.* The
11 following Friday, August 6, 2011, the Hunters met friends at the Treasure Island Hotel in
12 Las Vegas for a long planned couples’ weekend. In order to cover for this personal
13 vacation, Hunter scheduled a pretext 20 minute “tour” of a charter school.

14 The husband of the other couple was a close friend of Hunter, who described the trip
15 as a “pure vacation” – and recalled that the foursome spent their weekend together going
16 out to restaurants, lounging by the pool, sightseeing, and taking in a show. In a sworn
17 statement, Hunter’s friend indicated that it was memorable because it was the first time he
18 and his wife had vacationed without their children. This statement was corroborated by
19 photos showing that the Hunters enjoyed the getaway. *See Exhibit 74.*

20 Although Hunter’s friend was an elected state official, he and his wife paid for the
21 vacation with personal funds (not state or reelection funds). The Hunters, on the other
22 hand, did not. They used campaign funds to pay for nearly every expense incurred during
23 this trip. Hunter signed off on the \$761.95 Treasure Island Hotel bill, and spent more than
24 \$260 for a number of meals and cocktails at the hotel bars, \$69.46 at Spago, \$150.80 at the
25 Bellagio Hotel and Casino, and more than \$60 in personal Las Vegas taxi rides. Margaret
26 used \$748 in campaign funds to pay for their flights to Vegas (using Hunter’s credit card),

27 ¹³ Margaret also used Duncan’s credit card to purchase admission tickets for the Del
28 Mar races at a cost of \$102. *See Exhibit 7 at 23.*

1 and additional funds for assorted meals at the airport and hotel incidentals. *See* Exhibit 7
2 at 24-26 and Exhibit 75.¹⁴ When Young inquired about the Las Vegas charges, Hunter
3 lied: “Yes. All campaign related.” *See* Exhibit 77.

4 The following weekend, August 20, 2011, it was time for another date night with the
5 Hunters’ best friends. *See* Exhibit 78. With their family bank account in the red, Hunter
6 used his campaign funds to pick up the Hunters’ half of the \$227.45 dinner tab at Jake’s
7 Del Mar. *See* Exhibit 79. The next morning, Hunter and his friend hit the links at
8 Cottonwood Golf Club. Prior to teeing off, Hunter used his campaign credit card to buy
9 \$30.16 worth of golf balls and tees, and two breakfast sandwiches totaling \$10.08. *See*
10 Exhibit 80. After golf, the two couples went to the Del Mar racetrack (using the four tickets
11 purchased by Margaret the previous month). At the races, Hunter spent \$156.22 in
12 campaign funds for food and drinks. *See* Exhibit 81.

13 Hunter did not allow his lack of personal funds to interfere with celebrating his
14 youngest daughter’s 5th birthday at the end of August. On August 28, 2011, he took his
15 family out for brunch at the Hotel del Coronado for a lavash birthday celebration. As can
16 be seen in photographs taken by the Hunters, among other things, the kids enjoyed treats
17 from the chocolate fountain while the adults were enjoying bloody Marys). The bill for
18 their Coronado outing came to \$511.03, which Hunter paid through the use of campaign
19 funds. *See* Exhibit 7 at 28-29. When Young inquired about the burnch charges at the Hotel
20 Del, Hunter simply lied to his Treasuerer and falsely told him that the charges were “all
21 campaign related.” *See* Exhibit 83.

22 On September 5, 2011, Hunter spent \$399.06 in Campaign funds at Best Buy to
23 purchase a Nikon CoolPix S9100, plus battery and SD card. *See* Exhibit 84. The camera
24 was purchased in anticipation of a family vacation to Idaho, where his eldest daughter was

25 ¹⁴ Upon returning home from their Vegas vacation, Margaret restocked the family
26 fridge by spending \$262.12 in campaign funds at Vons for family groceries and household
27 items, including Claritin, trash bags, Scooby Doo fruit snacks, Hostess Ho Hos,
28 Lunchables, protein shakes, Lysol disinfectant, and Palmolive liquid detergent. *See* Exhibit
76 (records produced by Albertson’s – as it purchased and now runs Vons).

1 competing in the Boise Feis by the River, an Irish dancing tournament. Metadata from the
2 photos of the competition reveal that the family pictures were taken with Hunter's new
3 CoolPix S9100. In order to cover up his theft, Hunter falsely described the purchase as
4 being for "ink, paper, and software Microsoft office for mac." *See* Exhibit 83.

5 Once again, Hunter illegally funded this family vacation with campaign funds –
6 except for using about \$100 of their own funds before ending up with a negative balance
7 in their personal account. In addition to the airplane tickets for the entire family, Hunter
8 used his campaign credit card to finance \$75.58 at airport kiosks on the way to Boise, a
9 \$108.67 meal at Cracker Barrel in Boise, and \$28.65 in purchases at Chevron. Margaret
10 also used her campaign card to buy \$42.71 in food at the airport, \$99 in parking fees,
11 \$203.71 in additional purchases at the Boise Cracker Barrel, \$45.35 in gas, and \$36.38 in
12 snacks on the trip home.

13 3. Margaret Becomes Campaign Manager

14 In the fall of 2011, with their family financial situation unimproved, Hunter revived
15 the idea that Margaret should join his paid campaign staff. Young, who had nothing but
16 difficulties managing Margaret and evaluating her spending, "continued to think this was
17 a bad idea" that carried political risks and the likelihood of negative publicity. *See* Exhibit
18 12 (Young GJT at 118-19). Hunter's Washington staff also opposed the plan. Joe Kasper
19 "thought it was foolish" and a mistake for Hunter to allow Margaret to draw a salary. Like
20 Young, Kasper recognized the political cost, and also the reality that, as Hunter's wife, it
21 would be difficult for other staff to challenge Margaret or to push back on any of her
22 requests. *See* Exhibit 10 (Kasper GJT at 33-35).

23 No doubt cognizant that another salary would partially alleviate their desperate
24 financial situation, Hunter ignored his advisors and hired Margaret as his paid campaign
25 manager. In September 2011, FEC records show that Margaret began collecting a salary
26 of \$2,000 per month for "campaign management services." And, not only did she draw a
27 salary from campaign funds, but Margaret used her new official position to disguise a slew
28 of campaign spending. Armed with a credit card and the cover of being the "Campaign

1 Manager,” Margaret returned to – and in many cases exceeded – her prior pilfering. Over
2 the next 16 months, Margaret spent lavishly in a wide variety of retail locations, such as
3 Barnes & Noble (\$1,798), Costco (\$2,309), Home Depot (\$879), Michael’s (\$1,727),
4 Target (\$560), Von’s (\$1,752), Walmart (\$3,440), World Market (\$454), and many others.

5 According to Young, as soon as Margaret began working officially for the campaign,
6 he began seeing “the exact same kinds of charges that were causing [him] great concern
7 back in late 20[10] when Duncan finally took the credit card away.” In response, just as
8 he did at the end of 2010, Young brought Margaret’s spending patterns to Hunter’s
9 attention. Yet Hunter simply ignored the illegal spending and “did not do anything to stop
10 her[.]” *See* Exhibit 12 (Young GJT at 119-22).

11 The week after returning from Boise, Margaret drove their children up to Los
12 Angeles so the Hunters could attend the St. Ambrose Feis in Burbank during the weekend
13 of September 23, 2011. Hunter joined the family in Burbank after playing golf at the Los
14 Angeles Country Club.¹⁵ Margaret financed the trip by using \$670.64 in campaign funds
15 to pay for the family’s rooms, food, drinks, and parking at the Marriott in Burbank. *See*
16 Exhibit 7 at 30-31. For his part, Hunter used \$92.77 in campaign funds to pay for the gas
17 used on the return trip. *Id.* at 32. Compounding this theft, he then “double-dipped” by
18 claiming reimbursement for mileage. *See* Exhibit 85.

19 This was far from the last Irish dancing vacation taken by the Hunters in 2011.
20 Approximately four weeks later, Margaret used \$327.76 in campaign funds to allow the
21 entire family to watch as their eldest daughter participated in the 13th Annual Feis Orange
22 County. *See* Exhibit 86. This time Hunter did not have the pretext of a campaign event,
23 and his calendar was blocked for his daughter’s “Dance Recital” in Orange County. *See*
24

25 ¹⁵ Hunter flew from D.C. to Los Angeles as he had received an invitation to a
26 legitimate fundraiser held by Eric Cantor in Beverly Hills. Even though Hunter’s invitation
27 to the Cantor event included the cost of a room for him at the Beverly Hills Hotel, he passed
28 on the free room opting to stay in Burbank where the Feis was being held.

1 Exhibit 87. Nevertheless, he used \$344.56 in campaign expenses to rent a car in Los
2 Angeles – despite the fact that Margaret drove the family car to Burbank. *See* Exhibit 88.¹⁶

3 Just a few days later, the Hunters took their children to the east coast for a fall family
4 vacation. On October 28, 2011, the family went to Washington on the weekend of the
5 Marine Corps Marathon, which Margaret joined in with Hunter. Because Margaret ran the
6 10K portion of the Marine Corps Marathon with “Team Kelly” – which included at least
7 one other congressman and some staffers from Hunter’s office – her participation may be
8 considered an appropriate campaign expense. The Hunters, however, should not have
9 spent \$3,754.73 in Campaign funds to finance the children’s portion of the vacation. In
10 this regard, Margaret spent almost \$500 in campaign funds for airline fees, parking, and
11 fast food. *See* Exhibit 7 at 33-34. For his part, Hunter’s campaign credit card was used to
12 pay the \$3,255.66 bill for four nights at the Hyatt Regency Capitol Hill, which included
13 eight trips to the hotel gift shop (\$213), six orders of room service (\$728), two meals
14 (\$139), and two movies (\$26). *See* Exhibit 91.¹⁷

15 Upon returning to San Diego, Margaret continued using campaign funds to pay her
16 family’s personal expenses. For example, on November 15, 2011, she spent \$238.18 at
17 Barnes & Noble to purchase gifts for her family and friends, including two Shrinky Dinks
18 Christmas Tree Kids Creativity Kits, a Night Before Christmas picture puzzle, Fancy
19 Nancy Peel & Stick Wall Decals, and a number of children’s books such as A Long
20 Winter’s Nap, Flight of the Penguin, and Goofy Goes to the Doctor. *See* Exhibit 92.

21
22
23 ¹⁶ Margaret also used campaign funds to fill the family car with gas for her travel to
24 the two Los Angeles area Feis shows. In doing so, she copied Hunter and made her
25 duplicity explicit. *See* Exhibit 89. Hunter’s knowledge of his wife’s improper use of
26 campaign funds would have been obvious anyway – as Young was also copying Hunter
and detailing Margaret’s various campaign expenditures that appeared to be for personal

27 ¹⁷ During the entire trip, the Hunters used their personal debit card just twice at the
28 Lego Store in McLean, Virginia. This is not surprising as they incurred three insufficient
funds fees during the vacation. *See* Exhibit 1 at 8.

1 Later that month, the Hunters used \$168.89 in Campaign funds for a day trip to
2 watch their daughter compete at the Irish Dance Teacher’s Association Regional
3 Championships held in Anaheim, California. *See* Exhibit 7 at 37. Hunter’s calendar holds
4 the day for “Family Time” and his daughter’s “Dance Recital.” *See* Exhibit 93.

5 In December, Hunter charged \$389.43 to register Hunter and Margaret for the San
6 Diego Half Marathon (held in March) and the Rock & Roll marathon (held in June). *See*
7 Exhibit 7 at 38. When questioned about these charges, Hunter told Young, falsely, that
8 the race fees “were supposed to be for a wounded warrior thing...” *See* Exhibit 94 (Hunter
9 told Young he would get a refund, but he never did.). This would not be the last time that
10 the Hunters contemplated using the “wounded warriors” to mask the theft of campaign
11 funds. *See infra* at pp. 41, 56.

12 As the year came to a close, Hunter continued to use campaign funds for family
13 outings, such as the numerous golf outings he enjoyed with both friends and family. For
14 example, on December 29, 2011, Hunter went to Cottonwood golf course for a day out
15 golfing with his son—as shown in photos from the family outing. Using campaign funds,
16 Hunter paid \$11.99 for beers at 11:08 am, then \$58.42 for soft drinks, hot dogs, snacks,
17 and beers at 4:15 pm. *See* Exhibit 95.

18 4. New Year (2012): Same Improper Spending

19 In 2012, Hunter continued to be somewhat circumspect about his illegal use of
20 campaign funds. Margaret, however, felt no such compunction. Her husband spent most
21 of his time in Washington, while she was left to manage the family – a task that she was
22 simply unable to handle given their unstable financial situation. To close her household
23 financial gap, Margaret again turned to campaign funds.

24 For example, on January 11, 2012, Margaret spent \$89.05 in Campaign funds at
25 Costco to purchase toothpaste, Benadryl, Nutella, mango nectar, chocolate milk, bologna,
26 and other typical family groceries (falsely reported as “gift basket items for basket donation
27 - Temecula chamber gala auction”). *See* Exhibit 96. And, on January 17, 2012, she spent
28

1 \$35.92 in Campaign funds at Target to purchase toys, including four Squinkies Do Drops
2 and Play-Doh (falsely reported as “printer paper”). *See id.*, Exhibit 97.

3 When it came to travel, Margaret continued to spend lavishly on her family. On
4 January 12, 2012, she spent \$918.60 in Campaign funds at Expedia to fly her sister and her
5 sister’s two children to a funeral in Tucson, and \$340 at United Airlines to purchase airline
6 miles and tickets for the Hunters to fly to Hawaii in April to celebrate Margaret’s birthday.
7 *See Exhibit 7* at 40 and 42. On January 22, 2012, she used another \$504.20 in Campaign
8 funds at United to purchase a February flight to Chicago for her mother. *Id.* at 41. And,
9 on February 24, 2012, she spent \$2,046 at United for her three kids and her nephew to
10 travel to D.C. for a family vacation in May.¹⁸ *Id.* at 43-44.

11 On St. Patrick’s Day, the Hunters celebrated with their best friends, who came down
12 from Orange County for the weekend. The two couples went out to dinner at Blue Point
13 Coastal in the Gaslamp downtown and split the \$361.44 bill. *See Exhibit 98.* Hunter
14 chipped in another \$55 in campaign funds for drinks at the Hyatt downtown to keep the
15 party going. *See Exhibit 7* at 45. The Hunters had a negative balance in their personal
16 account at the time, and had incurred three insufficient funds fees totaling \$102 three days
17 earlier, with no subsequent deposits. *See Exhibit 1* at 17-18.

18 In May 2012, the Hunters financed a family springtime vacation to Washington with
19 more than \$10,000 in campaign funds.¹⁹ These expenses included \$7,302.23 spent just for
20 lodging at the Hyatt Regency Capitol Hill between May 6 and 11, 2012, and thousands
21 more spent on family dining, visits to local Washington area attractions, and souvenirs.

22
23 ¹⁸ Significantly, Margaret used Hunter’s credit card to make most of the travel
24 arrangements. Therefore, in order for the scheme to succeed, it was necessary for Hunter
25 to verify to Young that all of the reservations were “campaign related.” Unsurprisingly,
26 Hunter backed up his wife’s improper travel spending on each occasion—even when the
27 bill showed flights for Margaret’s mother and nephew.

28 ¹⁹ The flight and hotel expenses attributable to Margaret could be permissible, as
she did attend a “First Ladies Lunch” at the Washington Hilton. However, all expenses
related to taking the Hunters’ three children and a nephew (also brought along on the
vacation) were inappropriate.

1 *See* Exhibit 99. The Hunters understanding that this was a personal vacation for their kids
2 was demonstrated by their use of personal funds on their first day out (spending \$465 at a
3 mall in Tyson’s Corner on fast food, shopping, and movie tickets). Their use of personal
4 funds, however, resulted in their incurring eight additional insufficient fund charges. *See*
5 Exhibit 1 at 11.

6 5. Mid-2012: Cash On Hand Crisis

7 Due to the Hunters’ rampant use of campaign funds to finance their lifestyle, by mid-
8 2012, Hunter’s campaign finances were in almost as much trouble as their personal
9 finances. At the end of their Washington family vacation, the campaign’s cash on hand
10 was down to just \$58,000, with another \$10,000 in outstanding bills. Young found this
11 “especially troublesome” because they were still a few months away from the 2012 general
12 election, and the campaign would need to spend money. *See* Exhibit 12 (Young GJT at
13 123). In addition to relaying his concerns to Hunter, Young also began to involve Victoria
14 Middleton in the campaign’s spending problems. Even two years after Young first
15 addressed the problem with Hunter, he was still “concerned about Margaret’s charges,” *see*
16 Exhibit 13 (Middleton GJT at 36), and Hunter was still continuing to facilitate his wife’s
17 continuing misappropriation of campaign funds.

18 Middleton caught on to the problem right away. She worried about Margaret’s
19 spending on restaurant bills, supermarket charges, and gift cards (which Margaret claimed
20 were “donations to charities”). Among other things, Middleton feared trouble in the event
21 the FEC looked into the campaign’s spending. Accordingly, she made sure this problem
22 was on Hunter’s radar “as something that had to be taken care of.” *Id.* (Middleton GJT at
23 37-39, 41-42).

24 In fact, on June 2, 2012 (just two days after Young emailed Middleton about the
25 campaign’s dire cash situation), Hunter used \$221.18 in campaign funds to pay for a meal
26 at Buca Di Beppo in San Diego. *See* Exhibit 100. And, one week later, Hunter spent
27 another \$369.08 in campaign funds to pay for another weekend partying with their best
28 friends. First, the men played a round of golf at Riverwalk, which Hunter paid for with

1 \$184 in campaign funds. *See* Exhibit 101 (showing \$69 of the expenses). They then joined
2 their wives for dinner at Asti Ristorante. Hunter used campaign funds to pay the Hunters’
3 half of the \$370.16 restaurant tab. *See* Exhibit 102.

4 Despite Middleton’s concerns, Margaret continued to drain the campaign’s coffers.
5 On June 9, 2012, she spent \$1,276 in campaign funds on airplane flights to New Orleans
6 to assist with her sister’s family move to Mississippi—which Hunter falsely reported to
7 Young were “campaign related.” *See* Exhibit 103. On June 24, 2012, she spent \$46.98 in
8 Campaign funds at Safeway to purchase family groceries – including Skyy Vodka, white
9 wine vinegar, black beans, bread, Fage Yogurt, BBQ sauce, and olive oil (falsely reported
10 as “flowers”). *See* Exhibit 104 (records produced by Albertson’s – as it purchased and now
11 operates Safeway). On July 10, 2012, Margaret spent \$259.31 in Campaign funds to take
12 the Hunter children to the San Diego Natural History Museum and the Prado Restaurant in
13 Balboa Park. *See* Exhibit 105. Although photos taken of the outing show Margaret and
14 the three kids enjoying a day out in the park, Margaret falsely reported the expenses as
15 “gift basket items” and a “meal with supporters.” *Id.* On July 17, 2012, she spent \$105.28
16 in campaign funds at Olive Garden to purchase a meal for herself and two of her children
17 (again, falsely described as a “meal with support”). *See* Exhibit 106.

18 Unsurprisingly in light of all this spending, the campaign’s cash situation did not
19 improve—and Hunter’s staff made sure he was kept aware of the problem. On July 18,
20 2012, Young emailed Hunter to let him know that even though the “cash on the report was
21 at \$113K,” the current amount of actual cash on hand was only \$64,000. *See* Exhibit 107.
22 But despite this paltry cash balance and the upcoming general election, Hunter and
23 Margaret continued spending. Among other things, Margaret subsidized an Irish dancing
24 excursion (one of which she disguised by reporting it as a “Newport Event”), and used
25 campaign funds to purchase gas, fast food, and groceries. *See* Exhibit 108.

26 For his part, Hunter continued to spend on golf, dining, and other entertainment. For
27 example, on July 21, 2012 (while attending a campaign golfing event), he improperly used
28 \$59.26 in campaign funds to purchase a pair of Under Armour shorts; the fact that he

1 purchased them at a golf course rather than a clothing store no doubt helped the purchase
2 go unnoticed. *See* Exhibit 109. On August 11, 2012, he spent \$224 in campaign funds for
3 green fees and beers while golfing with a friend at the Doubletree Golf Resort. *See* Exhibit
4 7 at 59. The following day, Hunter and Margaret returned to the Del Mar Racetrack with
5 their best friends. In addition to spending \$102 on the tickets, Hunter spent \$310.45 in
6 campaign funds to purchase food and drinks while enjoying a day at the races. *See Id.* and
7 Exhibit 110. And, on September 2, 2012, he spent \$371.51 to pay for food (including five
8 kid’s meals) at the Lowe’s Resort in Coronado where his daughter was competing in a
9 dance competition. *See* Exhibit 111.

10 By October 2012, a month before the general election, Hunter’s campaign balance
11 was down to a measly \$26,000. *See* Exhibit 112. The next day, Young alerted Hunter that
12 he amended this estimate based on some additional bills, noting that the new net cash
13 available was actually just \$17,000. *See* Exhibit 113. Even in the face of this news, the
14 Hunters kept spending needed campaign funds on what appeared to be clearly personal
15 expenses, including Enterprise Rent-a-Car (\$801.97), Costco (\$327.43), Dick’s Sporting
16 Goods (\$282.58), Home Depot (\$161.53), Vons (\$116.01), Walmart (\$106.32), and others.
17 *See* Exhibit 114.

18 On October 29, 2012—just one week before the election—Young alerted Hunter to
19 a new level of trouble: the campaign did not have enough in the bank to cover all its bills.
20 The campaign had to stop an order on a campaign flyer that was scheduled to be mailed
21 that day, even after the campaign had already sunk \$18,000 into printing costs. Young told
22 Hunter he would need to raise another \$24,000 just to pay his existing bills. Hunter
23 responded, “Don’t pay. I’ve already stopped the mailer. We will talk tomorrow morning.”
24 *See* Exhibit 115. Hunter was angry, and “essentially relieve[d] Margaret of duty” as of that
25 moment. *See* Exhibits 12 (Young GJT at 130) and 28 (Hardison GJT at 109).

1 Despite being “fired” (and despite the campaign’s now-desperate financial situation)
2 Margaret kept on spending campaign funds.²⁰ Days after the October 30 conference call,
3 she took her campaign credit card shopping at Barnes & Noble (\$167), Target (\$109), Party
4 City (\$43), Stater Bros (\$27), the Miramar Commissary & Exchange (\$420), Domino’s
5 Pizza (\$31), and Costco (\$110). *See e.g.*, Exhibit 116.

6 By this time, Middleton understood that something more drastic had to be done, and
7 she took an even more active role in the campaign’s finances. In her view, the campaign
8 had to either raise more money, spend less, or both; and most importantly, the campaign
9 needed to cut Margaret’s spending. *See* Exhibit 13 (Middleton GJT at 47-48, 49). On
10 December 4, 2012, Young—to assist Middleton gaining control of the improper
11 spending—sent Middleton a list of all credit card spending in the past year, separated by
12 category (including \$3,689 for “gifts for supporters;” \$3,035 for “gift baskets,” “gift basket
13 items,” and “campaign gift baskets;” \$15,421 for “meals with supporters;” and other
14 concerning figures). *See* Exhibit 117. Young asked Middleton to review it with Hunter,
15 who indicated that she would talk with the Congressman that day.

16 On December 4, 2012, Middleton spoke to Hunter about her concerns with
17 Margaret’s spending habits. *See* Exhibit 13 (Middleton GJT at 55). Rather than handle the
18 issue himself, Hunter asked Middleton to speak with Margaret. With Hunter present,
19 Margaret told Middleton that she understood and would “endeavor to to[e] the line” by
20 reigning in her spending. *Id.* at 55-56. However, within days, the campaign’s cash on hand
21 further dropped to just \$7,280. In response, Young warned the team, including Hunter,
22 that “we need to stop all excess spending. If not Duncan may need to lend the campaign
23

24
25 ²⁰ In reality, Hunter’s decision to take Margaret off the payroll may have been
26 influenced more by an October 17, 2012 article in the *San Diego Reader* (criticizing
27 Margaret’s \$2,000 salary) than by his disappointment at her spending. Indeed, Hunter
28 opted *not* to take away Margaret’s campaign credit card even after relieving her of all
duties—and even after the evidence was clear that she helped spend the campaign into a
hole.

1 money to make bills or we may have an FEC problem.” *See* Exhibit 118. Of course,
2 Hunter well knew that he was in no position to loan any personal money to his campaign.

3 On December 19, Middleton had another talk with Margaret about her rampant
4 spending on “charitable donations,” “gift baskets,” and the like—and the risk that those
5 charges would be perceived as inappropriate. In response, Margaret vowed, “[a]s of now,
6 I am done with any donation item purchases relating to [the] campaign.” *See* Exhibit 119.
7 Yet, astoundingly, later *that same day*, Margaret used her campaign credit card to spend
8 \$155.66 at World Market (falsely described as “holiday basket gift items”), \$44.20 at
9 Walmart (falsely described as “gift wrapping”), and \$359.57 at Barnes & Noble (falsely
10 described as “items for multiple toy drives/childrens [sic] hospital book drive”). *See*
11 Exhibit 7 at 66 and Exhibit 120. And, three days later (right before Christmas), Margaret
12 spent \$54.50 at Albertson’s (falsely reported as “holiday party tray”), \$233.34 at Walmart
13 (falsely described as “toys for tots”), and \$256.81 at Barnes & Noble (falsely described as
14 “toys for tots”). *See* Exhibit 7 at 66 and Exhibit 121.

15 By this time, Young was fed up with his volunteer job on the campaign and his
16 efforts to keep the Hunters’ spending in check. He began to transition the Treasurer’s
17 duties to Chris Marston of Election CFO, a “professional” treasurer who worked for several
18 different Congressmen in Washington. As part of this transition, Young made
19 arrangements to cancel the campaign credit card—which was under his name—at the end
20 of the year. With no ready access to campaign funds and nothing in their personal bank
21 accounts, the Hunters grew desperate for money.²¹

22
23 ²¹ On December 19 Margaret paid a visit to Duncan’s mother, asking for money.
24 And, on Christmas Eve, Margaret asked Hunter to stop by his mom’s house for cash before
25 he came home. He pushed back (“Dude. C’mon”), but she insisted, “Said u would.” On
26 December 28, he asked Margaret, “How do I pay for gas[?]... Will the card work?” She
27 told him specifically to go to Shell (as opposed to one of the other gas stations nearby)
28 because “[S]hell takes 3 days to actually clear the authorized amount and that will be
payday[.]” And, as Hunter went back to Washington at year’s end, they were both
struggling to pay for basic needs. When Hunter found out on New Year’s Eve that the

1 On December 31, 2012, as Young prepared for his departure, he sent Hunter and
2 Middleton an accounting of the cash on hand and bills coming due. He warned that Hunter
3 needed to raise \$11,000 to \$15,000 by mid-January in order to keep their bills current. “If
4 we can’t raise that much money, Duncan needs to loan the campaign enough money to get
5 by.” *See* Exhibit 123 (Young had previously observed that he had “never worked with an
6 organization that has gone this far in the hole”).

7 F. Hunter’s Third Term (January 2013 – December 2014)

8 1. Middleton Assumes Control

9 With Young’s departure, Middleton assumed control and started reviewing all
10 campaign spending. Hunter’s new treasurer stuck to general bookkeeping and prepared
11 and filed Hunter’s FEC reports. *See* Exhibit 124 (Marston GJT at 11-12). Indeed, Hunter
12 did not even obtain a credit card until March. Significantly, Middleton required Hunter to
13 send her receipts for his expenses around town and at events. Perhaps because of
14 Middleton’s vigilance (and the low balance available to the campaign), Hunter made
15 modest use of his campaign credit card in the first few months of the year. Margaret was
16 similarly limited as she no longer had access to a credit card. In fact, throughout 2013, she
17 was limited to the occasional use of Hunter’s card for internet orders, reimbursements
18 requested through Marston, or travel approved by others.

19 In short, Middleton’s efforts to turn around the campaign’s finances and finally put
20 the brakes on improper spending were very successful. *See* Exhibit 125. But while the
21 campaign coffers began to increase, the Hunters’ personal finances deteriorated. They
22 incurred insufficient funds fees as early as January 11, 2013. Throughout 2013, they
23 incurred more than 150 insufficient funds or overdraft fees (totaling more than \$5,000) in
24 their checking account. Hunter’s texts indicate that he was all too aware of their troubles
25 and negative bank balances. *See* Exhibit 126.

26 _____
27 Capitol Hill Club was closed for the next few days, he complained that now he couldn’t
28 “even get free food [.]” Margaret told him he should “go to a grocery store get couple
things to eat and can take cash on top[.]” *See* Exhibit 122.

1 By mid-April, Hunter again began using campaign funds to pay for nights out with
2 his friends. On Friday, April 19, 2013, the Hunters' best friends came down to San Diego
3 for a weekend visit. On Friday night, the two couples went out to dinner at Cowboy Star
4 Steakhouse and their friends treated the Hunters to dinner. *See* Exhibit 53 (GJT at 56).
5 Saturday morning, as was their habit, the men played golf and followed it up with dinner
6 with the wives at Island Prime restaurant on Harbor Island. They ordered martinis, oysters,
7 steaks, a few sides, and key lime pie and port for dessert. The two couples split the bill,
8 with Hunter using \$210.91 in campaign funds to pay his half (and another \$9.02 for a pre-
9 dinner beer). *See* Exhibit 127.²²

10 Over the next six months (with Middleton's watchful eye trained on his receipts),
11 Hunter used campaign funds to pay bar tabs and restaurant bills for what arguably could
12 be considered work-related socializing. Only occasionally would he use campaign funds
13 to pay for purely personal charges. For example, on a rainy day in June, he spent \$302.10
14 in campaign funds to purchase a Zero Restriction rain jacket (while attending a fundraiser
15 at a Maryland golf club) and several days later he purchased a pair of \$150 Bose sport
16 headphones at Best Buy. *See* Exhibit 129. And, likely knowing that Uber receipts would
17 not raise questions from Middleton, he began using campaign funds to pay for Uber rides
18 to and from a Washington area apartment (where he had romantic liaisons).

19 On November 16, the Hunters' son's youth football team had a playoff game. The
20 Hunters invited their best friends down to watch the game. Prior to the game, the couples
21 agreed to meet for Mexican food and margaritas at Casa de Pico. Their friends arrived
22 first, had a few drinks at the bar, and ordered margaritas for the Hunters before they arrived.
23 For his part, Hunter used \$100.69 in campaign funds to pay the check (and his friends
24

25 ²² Hunter misled Middleton about the dinner when he emailed her his signed
26 receipts, claiming: "Dinner with State Farm insurance guy. Does business for a bunch of
27 churches in SoCal" – without disclosing that the dinner was actually one of their regular
28 double dates and the "insurance guy" was one of his closest friends. *See* Exhibit 128. He
also omitted his friend's name—as Middleton might recognize him as a purely personal
friend of Hunter's.

1 pitched in some cash for their share). After the meal, Hunter emailed a photo of the signed
2 receipt to Middleton, with the false explanation “Dinner with volunteers/contributors.” *See*
3 Exhibit 130. Again, he omitted his best friend’s name to keep Middleton from learning the
4 truth. Photos from the evening show the Hunter family with their best friends all there to
5 cheer on Hunter’s son at the game.

6 In December, the Hunters decided to treat their son to another birthday getaway to
7 watch a Steelers game from a luxury box at Heinz Field. *See* Exhibit 131 (inviting friend
8 along for “Bday trip”). Margaret – for the first time in almost a year – used Hunter’s
9 campaign credit card to charge \$210 so that she could purchase the airline miles necessary
10 to pay for their flights. On the way to the airport to pick them up, Hunter used \$63.57 in
11 campaign funds at Best Buy to pick up a car charger and a pair of Isotoner gloves, and
12 \$708.59 at Hertz to rent an SUV for the trip. After Margaret landed, Hunter paid \$115.81
13 in campaign funds for supper at TGI Friday, and an additional \$177.24 for a night at the
14 Marriott. On Saturday, December 14, Hunter drove Margaret, another couple, and his
15 Congressman friend’s wife up to Pittsburgh (\$35.22 for gas), while their son rode with the
16 other Congressman and his kids in a separate car. In Pittsburgh, Hunter used his campaign
17 card for dinner on Saturday night (\$254.75) and to pay their two-night hotel bill (\$686.88).
18 *See* Exhibit 8 at 1-3 and Exhibit 132.²³

19 Upon returning home for Christmas, money was every bit as tight as it had been the
20 previous year. With Hunter’s brother Sam in town, the two of them hit the links with one
21 of Hunter’s good friends. Hunter’s friend pitched in \$55 for his share and Hunter used
22 campaign funds to pay the \$165 in greens fees. When Hunter texted Margaret that he had
23 invited Sam and several other people to dinner, Margaret replied that she “did not buy
24 steaks for 8 adults!” Privately, she told Hunter he should “buy [more] steaks and [c]all it

25 ²³ Before heading back to Washington, Hunter had a quick morning meeting at the
26 hotel with the Executive Director of the Port of Pittsburgh. As the planning for this meeting
27 occurred right before the trip, it is clear that it was set up only as pretext, to cover for his
28 son’s birthday vacation and so that he could provide Middleton with a plausible explanation
for the travel costs. *See* Exhibit 133.

1 campaign then.” *See* Exhibit 134. Margaret’s instruction to Hunter to “call it campaign”
2 when referring to this family BBQ is a clear-cut example of their mutual understanding
3 and joint efforts to secretly siphon campaign money to pay their personal expenses.

4 2. A New Year: A New Campaign Manager

5 At the end of 2013, Hardison left her longtime position of San Diego Fundraiser for
6 the Hunter Campaign. Seizing on the opportunity, Hunter once again ignored his advisors
7 and installed his wife as his Campaign Manager – this time with a raise to \$3,000 per
8 month. Although Middleton was apprehensive, she understood that “if that’s what he
9 wanted to do, that—he’s the boss, right.” And because she believed that Margaret’s
10 spending had been under control in 2013, Middleton was optimistic that her concerns had
11 been properly addressed. *See* Exhibit 13 (Middleton GJT at 97-98).

12 Hunter’s soon-to-be Chief of Staff, Joe Kasper, was even more apprehensive about
13 Hunter’s decision to hire Margaret back to the campaign. *See* Exhibit 10 (Kasper GJT 42-
14 43). As Kasper saw it, Hunter disregarded Kasper’s advice because he saw “that the idea
15 of getting more money month-in and month-out in the form of a paycheck was an enormous
16 upside, so why not take advantage of that because they could.” *Id.* Indeed, when texting
17 Hunter, Margaret made this explicit between them, and in discussing the salary he would
18 authorize, she reminded Hunter: “you need the extra money as much as I do[.]” *See* Exhibit
19 135.

20 As was the case in 2013, Hunter continued to be cautious in his use of campaign
21 funds. He would normally use campaign money to pay bar tabs, restaurant bills, and golf
22 outings for what arguably could be considered work-related socializing. Only occasionally
23 did he risk using campaign funds to pay for purely personal charges. For example, he
24 bought the odd item of clothing (\$99 to purchase a pair of Cross Flex Sports golf shoes and
25 \$21 for a golfing glove, *see* Exhibit 136), continued to finance “couples’ dates” with their
26 best friends (*e.g.*, \$1,163.68 at the Montage Hotel—which they falsely told their friends
27
28

1 would be “a comp evening,” i.e. free, *see* Exhibit 137),²⁴ and subsidized the family’s
2 vacations (including \$1,067 at the Nemaquin Woodlands Resort for activities for his kids
3 such as \$399 for the Fatbird Super Flyer zip line (as can be seen in photos showing Hunter
4 enjoying the occasion with his two older children). *See* Exhibit 138.

5 Hunter also continued to spend hundreds of dollars to pay for Uber rides to his
6 girlfriend’s apartment and for transportation to other purely social occasions. His decision
7 to charge personal Uber rides to his campaign credit card was not an accident. He had, in
8 fact, both campaign and personal credit cards tethered to his Uber account. On the rare
9 occasion that he opted to use his personal card, he knew that he could expect Margaret to
10 question or chastise the expense. *See* Exhibit 139 (“did you pay personal for uber
11 yesterday? \$8.14.”) So Hunter avoided these confrontations, and saved his family money
12 by using campaign funds to pay for personal rides. Hunter, however, recognized that this
13 was illegal and confided in a close friend, who then offered to pay Hunter’s Uber tab for a
14 ride to dinner. He told Hunter, “I know you have to keep some of those off of your
15 account.” *See* Exhibits 140 and 141 (K.C. GJT at 110-111).

16 Even with Margaret’s new designation as Campaign Manager, Middleton’s
17 vigilance (and the fact that Margaret still did not have her own campaign credit card)
18 largely kept Margaret’s improper spending under control. Nevertheless, Margaret
19 managed to get the campaign to pay for some expenses, including: \$201.38 for a July 4th
20 couples celebration (plus Hunter’s mom) at Sally’s Restaurant, *see* Exhibit 142; \$250 to
21 fly their family’s pet rabbit Eggburt to Washington, D.C., *see* Exhibit 143; \$2,550 for three
22 night’s family vacation at the Marriot in Washington (including five movies, room service,
23 and Aviator sunglasses that Hunter specifically requested), *see* Exhibit 144; \$187.60 to
24 purchase airline tickets for her nephew’s travel from New Orleans to San Diego, *see*
25

26 ²⁴ It would have been appropriate for the Hunter’s to take a “comp” room at the
27 Mirage as his campaign was contemplating holding a fund raiser at the hotel later on in the
28 year. However, the Hunters used this excuse to bill the campaign for an extravagant meal
with their friends to which they were not entitled and could not otherwise afford.

1 Exhibit 145; \$261.12 (of \$1,547 due and owing) to partially settle the family’s outstanding
2 overdue balance for their home cable subscription that included HBO and NFL Red Zone
3 (falsely reported as being for an “internet printer and fax line one time set up”), *see* Exhibit
4 8 at 7 and Exhibit 146; and \$554.20 for an extra room for their friends at the La Quinta
5 Resort in Palm Springs for a couples weekend (falsely reported as resulting from the
6 Hunters needing to switch rooms). *See* Exhibit 147.

7 With Middleton minding their campaign spending, the Hunter’s precarious personal
8 financial condition worsened. In the last four months of 2014 alone, the Hunters were
9 forced to obtain \$14,750 in loans from Hunter’s mother. And, even with this cash infusion,
10 the Hunters found themselves unable to pay their bills. As a result, in November, Hunter
11 spent \$215.40 in campaign funds at Albertson’s to purchase food for his son’s football
12 team’s end-of-the-season party. *See* Exhibit 148. Similarly, the following month, he spent
13 \$411.19 in Campaign funds at Vons to purchase basic family groceries, including Febreze
14 Toasted Almond Air Freshener Room Spray, Airwick Scent Oil, butter, chopped spinach,
15 brownie mix, corn chowder, mango juice, Hostess Ho-Ho's, and Pinot Grigio wine. *See*
16 Exhibit 149.

17 G. Hunter’s Fourth Term (January 2015 – December 2016)

18 1. 2015: Middleton Retires – Kasper Takes Over

19 In 2015, Vicki Middleton retired and Joe Kasper was appointed as Hunter’s new
20 Chief of Staff. Prior to retiring, Middleton made sure that Kasper “knew that he had to
21 keep an eye on Margaret[.]” *See* Exhibit 13 (Middleton GJ at 124-25). But Kasper saw
22 this “Margaret problem” as outside of his “swim lane.” He believed that Margaret was
23 capable of keeping herself under control without micromanaging, and that it was Chris
24 Marston’s role to attend to any problems. *See* Exhibit 10 (Kasper GJ at 54).

25 Kasper (who was a good friend of Hunter’s as well as his Chief of Staff) had no
26 interest in getting between Margaret and Hunter. Indeed, he observed that Hunter also had
27 no desire to get in Margaret’s way. According to Kasper, Hunter was well aware of
28 Margaret’s practice of spending way too much campaign money, but in an effort to keep

1 the peace at home, Hunter chose not to discuss the problem with her. In other words,
2 Margaret's spending problem was "just something he [Hunter] did not want to touch with
3 a 10-foot pole." *Id.* (Kasper GJ at 41-42, 54, 56-58).

4 Even though Kasper was not keeping a watchful eye on Margaret, her improper
5 campaign spending was partially checked simply by the fact that she still did not have
6 access to her own credit card.²⁵ Hunter, on the other hand, continued to use his campaign
7 debit card to pay for visits to bars and restaurants with his friends (some of which included
8 women with whom he was romantically involved), as well as Uber rides around
9 Washington.

10 Similarly, Hunter continued spending campaign funds on days or evenings out in
11 San Diego with the Hunters' friends. For example, on March 8, 2015, Hunter spent
12 \$258.95 in campaign funds at Sally's Fish House and Bar with their best friends. *See*
13 Exhibit 150. On May 3, 2015, he spent \$869.26 in Campaign funds to pay for dinner and
14 drinks at the Cowboy Star Restaurant & Butcher Shop, where photos show the family
15 celebrated their daughter's birthday along with their closest friends. *See* Exhibit 151. On
16 May 10, 2015, Hunter spent \$999.68 in campaign funds at the Hotel del Coronado on a
17 Mother's Day brunch for his family and some items at the gift shop (photos show the family
18 posing together on the Coronado beach). *See* Exhibit 152. On May 22, 2015, Hunter spent
19 \$232.73 in campaign funds at the Trattoria Fantastica after visiting Waterfront Park with
20 his family. *See* Exhibit 9 at 11. On July 19, 2015, he spent \$362.06 in campaign funds for
21 food, drinks, and tickets to the Del Mar Racetrack with the same good friends the Hunters
22 went to the races with in past years (photos from the day show the Hunters with their kids
23 posing with their good friends, who brought along their newborn).²⁶ *See* Exhibit 153. On

24
25 ²⁵ As was the case in 2013 and 2014, Hunter continued to allow Margaret to use his
26 card for online purchases, including travel reservations, airline tickets, and other spending
that could be done remotely.

27 ²⁶ Hunter used his campaign debit card to withdraw \$300 in cash at an ATM in
28 Alpine prior to leaving for the races. The evidence suggests he spent—and lost—this

1 August 27, 2015, he spent \$276.84 in Campaign funds to play golf at the Riverwalk Golf
2 Club with an old buddy. *See* Exhibit 154. On October 31, 2015, he spent \$223.32 in
3 campaign funds at Jake’s Del Mar for the Hunters’ portion of the bill during a night out
4 with friends. *See* Exhibit 155. And, on December 21, 2015, he spent \$677.42 in campaign
5 funds at Lou & Mickey’s during another night out with the Hunters’ best friends. *See*
6 Exhibit 156.

7 On rare occasions, the government was able to uncover examples of Hunter and
8 Margaret explicitly discussing embezzling campaign funds in order to pay for personal
9 items. For example, on March 20, 2015, a close friend from D.C. was visiting San Diego,
10 and he and Hunter played golf that morning. In the afternoon, they were on their way to
11 Lululemon to buy shorts for Hunter’s upcoming Hawaii vacation. Prior to arriving at the
12 store, Hunter texted Margaret asking her if his bank debit card worked (*i.e.*, did their family
13 bank account have enough money to cover the purchase as he needed money to buy
14 “Hawaii shorts”). *See* Exhibit 157. Margaret told Hunter that the card wouldn’t work that
15 day. With no personal funds available, she instructed him to use campaign funds instead
16 – noting that “today needs to be work day,” *i.e.*, Hunter should pretend that he was spending
17 the day on legitimate campaign business in order to justify fraudulent campaign spending.
18 Thinking he was still at the golf course, Margaret suggested that Hunter buy the shorts at
19 the pro shop and then falsely tell Marston the charge was an appropriate charitable gift of
20 “some [golf] balls for the wounded warriors.” *Id.*

21 In addition, Margaret suggested that Hunter take cash out on top of any purchases,
22 and send him the campaign card pin number via text message. She also recalled fondly the
23 days when Bruce Young was still running the show (“We used to do petty cash all the time
24 with Bruce it was great”). *Id.* Although he didn’t use campaign funds for the shorts, Hunter
25

26 campaign cash betting on the horses, as Hunter had to withdraw an additional \$200 from
27 the same ATM the day after visiting the track. Kasper never questioned what Hunter did
28 with the cash, so he took the liberty of withdrawing \$400 more on August 9 and \$200 more
on August 16, 2015. *See* Exhibit 8 at 17 and 20.

1 did take Margaret's advice: he used his campaign card at Chevron to buy \$63.78 worth of
2 gas before driving to the Alpine Albertson's where he bought \$99.60 worth of groceries
3 (including dog food, bananas, and asparagus) and took back \$100 in cash. *See* Exhibit 158.

4 The next day, Hunter's debit card was used to withdraw an additional \$100 from an
5 ATM in Fashion Valley Mall. *See* Exhibit 8 at 15. Hunter also spent \$57.27 in campaign
6 funds at a Shell station in El Cajon where he purchased gas, a car wash, candy, and a pack
7 of Marlboro Gold cigarettes. *See* Exhibit 159. Later in the day, Hunter's debit card was
8 used to spend \$77.20 in campaign funds at Barns & Noble (falsely reported as "kids books
9 donated during visit to Radys [sic] Children's hospital"). *See* Exhibit 160.

10 At the very end of June, the Hunter family planned a family vacation around
11 Hunter's cousin's wedding taking place over the July 4th holiday in Boise, Idaho. *See*
12 Exhibit 161. On their way to Boise, the whole family stopped in Las Vegas for two nights
13 at Caesar's Palace. Despite being deeply in debt, the Hunters ordered room service, drinks
14 by the pool, dined out, and shopped freely. In order to finance these purely personal
15 expenses, the Hunters used campaign funds to pay the \$1,369 Caesars Palace hotel bill,
16 \$202.15 for dinner at Carmine's, plus \$42 at the Gap. *See* Exhibits 9 at 12, and 162.²⁷
17 Indeed, they racked up so many charges at Caesar's Palace (including extravagant minibar
18 spending and poolside service) that they ran over the campaign credit card limit. After
19 they returned home from Boise, the Hunters texted about the overspent card, and noted
20 they had spent \$600 at the minibar and another \$200 on breakfast. Margaret shrugged off
21 the expenses, "Anyway lots of \$ oh well[.]" *See* Exhibit 163. This exchange demonstrates
22 how cavalierly the Hunters misspent campaign funds, with full recognition that it was not
23 their own personal funds that were being used to purchase frivolous luxuries they could
24 otherwise not afford.

25
26 ²⁷ Based upon the signed receipts, it appears that Hunter gave his campaign credit
27 card to his wife so she could charge these and many other expenses in 2015. Indeed, this
28 tactic was one of the many ways that Hunter conspired with his wife to steal campaign
funds.

1 When they arrived in Boise, the Hunters spent \$185.32 for a hotel room downtown,
2 then moved to the wedding venue where they spent another \$1,083.63 for rooms at the
3 Grove Hotel. The Hunters also used \$73.14 in campaign funds at Epley's Boise River
4 Rentals to rent equipment for tubing down the Boise River, \$205.62 at a North Face store
5 (where Hunter bought himself a pair of sunglasses), and \$91.49 for a meal at Cracker
6 Barrel. In all, adding gas, parking, and other travel expenses, the Hunters spent \$3,834 in
7 campaign funds for this personal trip. *See* Exhibit 9 at 12 and Exhibit 164.

8 By mid-2015, Hunter was counting on Margaret to use the campaign credit card he
9 had given her to subsidize most of their family expenses. Hunter was not disappointed. In
10 total, Margaret spent more than \$50,000 in campaign funds during 2015 to offset their
11 limited personal funds. Indeed, the Hunters use of campaign funds appeared to increase
12 exponentially while Joe Kasper was occupied with other concerns.

13 On occasion, Hunter personally helped out with the family shopping. For example,
14 on July 24, 2015, he used his campaign credit card at Albertson's to purchase \$196.58 in
15 groceries (including milk, wine, hot dogs, and dog food) – and then added on an additional
16 \$100 in cash back. *See* Exhibit 165. On August 22, 2015, he spent \$95.81 in campaign
17 funds to purchase groceries at Safeway. *See* Exhibit 8 at 21. On September 13, he used
18 \$638.44 in campaign funds at Costco to purchase a variety of groceries (including several
19 bottles of wine, Frontline, dog treats, bath towels, and a large quantity of food), and then
20 added \$60 in cash back. *See* Exhibit 166. That same day, he also purchased \$121.74 in
21 groceries and party supplies at Albertson's. *See* Exhibit 167. And, on September 22, he
22 returned to Costco where he spent \$553.89 in campaign funds on family groceries, plus
23 muscle milk, fleece jogging pants, and kale, and then added \$60 cash back. *See* Exhibit
24 168.

25 On September 15, 2015, Hunter also used campaign funds to shop for a new iMac
26 computer at the Fashion Valley Apple Store.²⁸ Although the bill came to \$2,503, he was

27 ²⁸ During the 2017 FBI search of the Hunter residence this iMac computer was found
28 in the bedroom of one of Hunter's children.

1 only able to put \$2,000 on his campaign card. To cover the rest, he used his personal debit
2 card. *See* Exhibit 1 at 12, 169. Upon learning of this expense, Margaret asked Hunter to
3 please send her the receipt as she needed to get the money back from Marston immediately.
4 She then playfully warned Hunter they “can’t buy shoes today babe” – as she recognized
5 that there would be no money in their personal account. *See* Exhibit 170.

6 In late September, the Hunters used campaign funds to partially offset the costs of a
7 weekend trip to Disneyland followed by a Feis competition in Los Angeles. While they
8 fronted a bit more than \$500 on their personal debit card, they illegally charged at least that
9 much to the campaign. Among other things, the Hunters used campaign funds to pay
10 \$420.68 in hotel charges at the Westin LAX, \$118.46 in gas at Chevron, \$58.31 in food at
11 Royal Street Café, \$229.44 in souvenirs at the Star Trader gift shop, including two Minnie
12 Mouse ear headbands, an orange Star Wars droid knit beanie, and a raglan-sleeve black-
13 and-gray Star Wars girls T-shirt (photos from the outing show the Hunter family sporting
14 this gear as they toured the park), and the \$140 Feis entry fee. *See* Exhibit 171.

15 While the Hunters had taken their theft of campaign funds to a new level in 2015, it
16 reached its zenith in November of that year when they took the entire family for a luxury
17 vacation to Rome, Florence, Naples, Positano, and Pompeii. Prior to departing for Italy,
18 the Hunters stopped in D.C. for a two-night layover before heading to Europe. While in
19 D.C., they spent \$1,747.70 in campaign funds for their brief stay at the Hyatt in
20 Washington, \$389.11 at Hertz on a car rental, \$426 to dine out, and \$670 on shopping. *See*
21 Exhibit 172. In Italy, they were no more frugal. Indeed, the Hunter family spent more than
22 \$3,500 in campaign funds on hotels, restaurants, train tickets, museum fees, and souvenirs.
23 *See* Exhibit 173. On their way home, the Hunters spent an additional \$432.44 at the Hyatt
24 so the family could have an extra night in Washington to ease their journey home.²⁹ *See*
25 Exhibit 174. In total, the Hunters spent \$14,261.33 (including airfare) in Campaign funds
26

27 ²⁹ Although Margaret and their children only stayed at the Hyatt for a single night,
28 Hunter stayed an additional evening at the campaign’s expense and used the opportunity
to party with friends.

1 to finance – in the only way imaginable given their personal finances – their family
2 vacation.

3 As a “cover” story to justify their Italian vacation, right before they departed on their
4 long-scheduled trip, Hunter and Margaret asked Kasper to look into a possible visit to a
5 military base in Naples. Although Kasper was able to arrange the visit, Hunter “didn’t end
6 up doing it,” because logistical challenges prevented the tour from being scheduled when
7 it was convenient for the Hunters. *See* Exhibit 175. A few weeks after they returned,
8 Margaret revealed the true purpose of the trip in an email to a friend: “Italy was amazing.
9 Truly our best family trip so far. Like that saying ‘if traveling was free, you’d never see
10 me again’!” *See* Exhibit 176.

11 Upon returning to the United States, the Hunters continued to spend campaign funds
12 together. They made plans to have dinner downtown with their best friends over the
13 Christmas break. *See* Exhibit 177 (“let’s get nutty Dec 21. Bar hop after dinner[.]”). On
14 December 21, as planned, the two couples had dinner at Lou & Mickey’s; Hunter picked
15 up the \$677 tab with campaign funds (but still augmented their own finances by pocketing
16 the cash tossed in by their friends for their portion of the meal). The Hunters also used
17 \$304.50 in campaign funds to pay for a room at the Hard Rock Hotel, and an additional
18 \$155.52 to cover the minibar expenses at checkout. *See* Exhibit 178. During the month of
19 December, Margaret alone used \$7,878 in campaign funds to pay a variety of personal
20 expenses, including \$1,746.26 at Costco for assorted groceries, an Xbox, computer games
21 and a 60” flat screen TV for their home, \$374.19 at Home Depot and Pier 1 for Christmas
22 decorations, and \$189.53 at Pottery Barn for home furnishings.

23 2. 2016: A New Year – Same Old Illegal Spending

24 In January 2016, the Hunters spent more than \$5,000 in campaign funds on personal
25 expenses, funding all the same types of household goods, shopping trips, vacations, and
26 entertainment as done in months past. For example, Margaret used \$835.50 in campaign
27 funds to buy tickets for the family to see Riverdance, \$707.84 to take the Hunter kids and
28 their friends to SeaWorld; and \$520.18 at Target to buy sheets, towels, a drip coffee maker,

1 curtains, and toilet paper. *See* Exhibit 179. For his part, Hunter used \$276.15 to golf at
2 Barona with his brother, his dad, and his son, \$150.56 to have drinks at Hooley’s Irish Pub
3 with his brother, and \$140.62 to golf at Mount Woodson Golf Club with his brother, his
4 dad, and a friend he referred to as his “happy time guy.” *See* Exhibit 180. And Hunter and
5 Margaret took their kids to Arizona on the weekend of January 15, 2016, for another
6 vacation centered around an Irish dancing competition. With no personal funds available
7 to finance this trip, the Hunters used campaign funds to settle their \$632.53 hotel bill at the
8 Arizona Grand Resort, and \$104.89 to buy gas for the drive. *See* Exhibit 181.

9 3. Kasper Begins to Unravel (at least part of) the Crime

10 In preparing Hunter’s Year-End FEC report, Marston’s assistant, Brenda Hankins,
11 inquired – among other things – about the credit card charges related to the Hunters Italy
12 vacation. In response, on January 27, 2016, Margaret kept to the “cover story” that she
13 and Hunter had concocted to conceal their theft:

14 THESE PARTICULAR CHARGES WERE MOSTLY MILITARY /
15 DEFENSE MEET RELATED[.] SMALL PORTIONS PERSONAL
16 APPROX \$600 WORTH[.]

17 (emphasis in original). *See* Exhibit 182. Based upon this information, Hankins dutifully
18 prepared a draft FEC report and circulated it on January 28, 2016 to Marston, Margaret,
19 and Joe Kasper. In his role as Chief of Staff, Kasper continued to focus solely on the cash
20 on hand figures when reviewing Marston’s FEC filings. As a result, he immediately
21 noticed that the Campaign’s cash on hand had experienced a significant drop. When he
22 discussed this with Marston, the Treasurer pointed out that while their total cash raised had
23 increased since the last election cycle two years earlier, the Campaign’s expenses had
24 increased significantly – from \$67,244 in 2013 to \$123,180 in 2015. Marston advised
25 Kasper that it was “[p]robably worth taking a closer look at expenses.” *See* Exhibit 183.

26 This observation resulted in Kasper immediately forwarding the 2013-to-2015
27 comparison to Hunter – and specifically telling him that it was important that he examine
28 the “disbursements” – that is, the campaign spending. *See* Exhibit 184 (“That’s a 50k

1 swing in disbursements, for two quarters in a row.”). More importantly, Kasper—*for the*
2 *first time*—read through the FEC report with a critical eye and actually reviewed the
3 campaign expenditures. *See* Exhibit 10 (Kasper GJT at 106).³⁰

4 Without difficulty, Kasper quickly amassed a list of more than \$20,000 in
5 questionable expenditures that quarter, comprised of categories such as videogames,
6 utilities, Uber rides, grocery stores, “office supplies” (which included Best Buy, Target,
7 Walmart, Rite Aid, and others), and “baskets” (including Macy’s and Nordstrom’s). *See*
8 Exhibit 186. On Sunday, January 31, 2016, Kasper sent his “back of the envelope”
9 calculations to Hunter as he perceived that these charges could be seen as converting
10 campaign funds for personal use – an alarming term of art that Kasper and Hunter both
11 knew carried grave political and legal risks. *See* Exhibit 10 (Kasper GJT at 118).

12 Rather than take responsibility for his improper spending (including the family’s
13 Italian vacation), Hunter’s immediate response was to blame his wife and child for the
14 improper charges which were “scattered over 50 to 60 pages” in the draft FEC report:
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25 ³⁰ During the weekend that Kasper reviewed the Campaign expenditures, Hunter
26 coincidentally was busy withdrawing \$80 in campaign funds from a San Diego ATM (with
27 no campaign event on his calendar) and Margaret was using campaign funds to buy
28 Clearasil and laundry detergent at Walgreens (\$67.65), a pair of shoes at Famous Footwear
(\$43.49), a late Saturday night snack for five at Denny’s (\$70), and gas on the way home
from Denny’s (\$53.53). *See* Exhibit 185.

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See Exhibit 187. Kasper now fully understood the magnitude of the problem – and made sure that Hunter too was fully aware of their precarious situation. See Exhibit 10 (Kasper GJT at 122).

The next day, Monday February 1, 2016, Marston sent Margaret an email, copying Kasper, with all the recent credit card activity on the Hunters’ campaign credit cards. See Exhibit 188. Kasper concluded that the charges on their face—which included fast food, kids’ school lunches, and tuition payments—were not legitimate campaign expenses. Despite being confronted directly by his staff, Hunter neither admitted his role in the improper charging nor took positive action to correct the problem. Rather—as he had done in years past when presented with the same information from others—Hunter simply left it to Kasper to address the problem, present it to the media and, “figure out a way forward.” See Exhibit 10 (Kasper GJT at 125, 128).

1 In spite of Kasper's specific focus on improper expenditures, Hunter and Margaret
2 both continued using their campaign cards to spend money on personal items. For
3 example, on February 3, 2016, Hunter used campaign funds to pay for Ubers to and from
4 a friend's house for "[h]appy time and snacks." *See* Exhibit 141 at 162 and Exhibit 189.
5 The following day, Margaret used \$57.57 in campaign funds at Chevron. Three days later
6 she spent \$440 at Costco for peanut butter, jet-dry, diet coke, milk, ground beef,
7 blueberries, and other family groceries. *See* Exhibit 190. Indeed, despite Kasper's dire
8 warnings and deadly serious terminology, and with Hunter's full knowledge of the
9 improper spending during the preceding months and years, Margaret alone spent more than
10 \$5,000 in personal expenses during February. And, with the Hunter family finances still
11 in disarray, Margaret continued to spend money to fund family trips, *see* Exhibit 191; pay
12 for family groceries, *see* Exhibit 192; buy gas and fast food, *see* Exhibit 193; shop, *see*
13 Exhibit 194; and withdraw more than \$1,000 cash from ATMs. *See* Exhibit 8 at 28-30.³¹

14 The month of March saw no change in the Hunter family finances and no reduction
15 in their illegal use of campaign funds. Margaret charged more than \$8,000 on purely
16 personal expenses, including groceries at Albertson's and Costco; gas for the family car;
17 dining at various restaurants and fast food franchises; movie tickets; a new iPhone at the
18 Apple Store; children's books at Barnes & Noble; videogame equipment at Best Buy;
19 sweets at See's Candies, clothing for her kids at the Emerald Surf shop; plane tickets for
20 her nephew; a new garage door for their residence: and \$600 in cash withdrawals at ATMs.
21 *See* Exhibit 196.

22 If Margaret's charges in March were excessive, Hunter was similarly expansive with
23 his illegal use of campaign funds. As the month started, Hunter continued his use of
24 campaign funds to pay for travel to visit both friends and girlfriends. Then, on March 4,

25 ³¹ Even with their family bank account in the "red" and incurring numerous
26 insufficient fund fees, Margaret spent more than \$1,000 taking the Hunter girls to another
27 Feis in Orange County. Despite remaining in San Diego, Hunter was well aware of the
28 vacation and texted his congratulations when he heard about his daughter's win: "You are
the Tom Brady of Irish dancing." *See* Exhibit 195.

1 2016, Hunter celebrated his brother Sam’s first visit to Washington (for a friend’s bachelor
2 party) by hosting a weekend of partying with more than \$1,300 in campaign funds. To
3 celebrate, Hunter texted two of his good friends: “Dude[s], Sam is in town We need
4 to have fun, this is his first time visiting his [C]ongressman brother in DC[.]” *See* Exhibit
5 197.

6 The weekend of fun started at Jack Rose Saloon where the bachelor party was in full
7 swing. Hunter spent \$354.25 in Campaign funds to purchase numerous drinks, including
8 10 shots of bourbon, several vodka sodas, 2 old fashioned cocktails, and many, many beers.
9 The party continued into the wee hours, and at 1:00 am, Hunter spent an additional \$462.46
10 in campaign funds to purchase 30 shots of tequila and one steak at the nearby El Tamarindo.
11 Finally, at 5:25 a.m., they called it a night and Hunter used campaign funds to pick up the
12 \$8.23 Uber fare back the bachelor’s home. *See* Exhibit 198.

13 The next day, March 5, 2016, Hunter took Sam to breakfast at Meridian Pint with
14 one of Hunter’s good friends. Hunter’s friend picked up the tab. That evening, Hunter
15 spent \$39.88 in campaign funds to take an Uber with Sam to Stoney’s Bar and Restaurant.
16 At Stoney’s Hunter used \$127.56 in campaign funds to pay for three meals and five beers.
17 Then he paid \$32.89 to Uber from Stoney’s to the Capitol, where he gave his brother and
18 a couple of friends from the bachelor party a private Saturday night tour. Following the
19 tour, Hunter spent another \$25.25 in campaign funds to Uber with Sam to Fado’s Irish Pub.
20 At the pub, Hunter, Sam, and a few friends watched the Conor McGregor v. Nate Diaz
21 fight. At 1:34 a.m., Hunter closed out the tab with \$220.63 in campaign funds for food and
22 drink, including 4 house vodkas, 3 Grey Goose vodkas, 2 IPAs, 3 Light Draft Beers, 1 Harp
23 Lager, 1 DC Brau, 1 The Corruption IPA, 3 Stella Artois, 1 Lagunitas, 2 Guinness Stouts,
24 1 cider, and 1 fish cup with chips. *See* Exhibit 199.

25 This excessive spending is particularly stunning because it occurred many weeks
26 *after* Kasper’s dire warning that Hunter appeared to be converting campaign funds to
27 personal use. On the other hand, Hunter needed no warning as he had been using campaign
28 funds in this manner for years and years. It is clear that Hunter believed he was immune

1 from detection while using funds to dine and drink in D.C. Therefore, he simply had no
2 interest in stopping or taking heed of Kasper's warning as he wished to continue using
3 campaign funds to finance his family's lifestyle.

4 The following week, Hunter continued to use his campaign credit card to pay for
5 even more nights out on the town and Uber rides to party with his friends. He also used it
6 freely at bars, regardless of whether there was a legitimate business or campaign purpose.
7 For example, he used more than \$1,000 in campaign funds to pay for lodging (at the Liaison
8 Hotel), food, and transportation for one of Margaret's best friends to travel to D.C. Hunter
9 introduced Margaret's friend to his Washington pals and everyone apparently had a fine
10 time. *See* Exhibit 200 (Afterwards, Hunter texted his friends, "I had a blast.").

11 Upon returning home at the end of the month, Hunter was no more circumspect
12 regarding the improper use of campaign funds.³² On Thursday, March 24, 2016, he spent
13 \$145.55 at the Riverwalk Golf Club to play golf with two friends. Illustrating the personal
14 nature of the golf outing, Hunter spent a bit more than \$50 in personal funds on incidentals
15 while at the course. However, lacking the money for the greens fees, he put them on his
16 campaign credit card. And, on March 27, 2016, he and Margaret spent \$669.07 at the Hotel
17 del Coronado for an Easter Sunday Brunch in the Crown Room. *See* Exhibit 201. On both
18 of these occasions, the Hunters' family bank account was in the "red" and racking up
19 insufficient funds fees.

20 The Hunters' profligate spending did not go unnoticed by his newly vigilant Chief
21 of Staff. On March 31, 2016, at the end of the first FEC reporting quarter, Kasper texted
22 Hunter, "Burned 150K. Highest to date.... [W]e gotta figure out the spending. Can't
23 sustain that." *See* Exhibit 203. One of the purchases in question was a \$1,200 charge to
24 the Easy Open Door Company. Kasper described that as "the straw that broke the camel's

25 ³² As previously indicated, Hunter kept a close personal eye on the family bank
26 account and was all too aware of their need to use campaign funds to maintain their
27 lifestyle. This was again illustrated on March 21, 2016, by a text he sent to their kids upon
28 noticing \$32 in iTunes charges (as well as three Xbox charges totaling an additional \$39).
See Exhibit 202 ("Do not charge anything in iTunes until next month please.").

1 back,” when he realized that they were “shifting from political to criminal . . . behavior.”
2 *See* Exhibit 10 (Kasper GJT at 135-36, 140).

3 4. The FEC’s Initial Inquiry

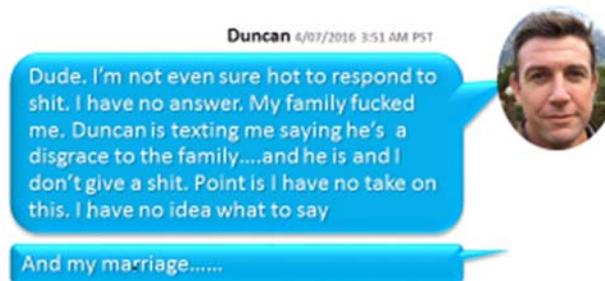
4 As it turned out, April was indeed the cruelest month for the Hunter campaign.
5 Kasper’s prescient fears (which had been building since the beginning of the year) were
6 realized just a few days later, when, on April 4, 2016, the FEC publicly inquired of the
7 campaign about charges to Christian Unified Schools and online gaming outlet Steam
8 Games that were listed on the 2015 Year-End Report as “personal expense—to be paid
9 back.” *See* Exhibit 204. This notice confirmed what Kasper and Hunter “both already
10 knew,” that personal use of campaign funds—if discovered—would not be tolerated. *See*
11 Exhibit 10 (Kasper GJT at 135-36).

12 On April 5, 2016, Morgan Cook, a reporter from The San Diego Union-Tribune,
13 contacted Kasper and Marston to ask questions. *See* Exhibit 205. As the news was
14 breaking, Hunter was in Israel on a Congressional Delegation. At 9:11 am PCT, Hunter
15 called Kasper; ten minutes later, he called Margaret. *See* Exhibit 10 (Kasper GJT at 144).
16 At 11:40 am on April 5, the Union-Tribune published a story about the Steam Games
17 charges and the FEC inquiry. *See* San Diego Union-Tribune, *FEC questions Duncan*
18 *Hunter’s video game charges* (April 5, 2016). By that time, Kasper had already told the
19 Union-Tribune that the Congressman’s teenage son used his father’s credit card for one
20 game, and then several unauthorized charges resulted after the father tried to close access
21 to the website. Kasper said that Hunter was trying to have the unauthorized charges
22 reversed before repaying his campaign account. *Id.* This was the first of many misleading
23 and false statements Hunter dreamed up to conceal the full extent and magnitude of his and
24 Margaret’s improper use of campaign funds.

25 For her part, Margaret immediately got to work trying to cover up the theft. On
26 April 5, 2016, she called the First National Bank of Omaha (where the campaign credit
27 card was issued) to report the Steam Games charges as fraudulent. In the call, which was
28 recorded and preserved, Margaret lied and said that she had already reported the charges

1 as fraudulent, and said she was simply calling to “check on” the status. When asked
 2 whether any kids or teenagers had access to the card, she falsely told the agent, “no.” Based
 3 on her lies, the bank agreed to credit the \$1,300 in contested charges. In addition to calling
 4 the bank, Margaret told Marston and Kasper that she was sending personal checks for
 5 \$1,650, \$3,500, and \$1,000 to cover the charges she had made to Christian Unified Schools
 6 “to take care of” what she described as “errors made.” *See* Exhibit 206.

7 Rather than face his role in the misuse of campaign funds, Hunter continued to blame
 8 his problems on his family. When talking to his mother at 3 a.m., the morning after the
 9 story broke, Hunter told her: “My family has just destroyed me. They’ve ruined my life.”
 10 *See* Exhibit 207 (L. Hunter GJT at 48, 57). Hunter continued to cast blame on his wife
 11 and kids when talking with his Chief of Staff:



14
 15
 16
 17
 18 Based upon the emerging scandal, Hunter decided to cut his Israel trip short and come
 19 home to address the problem. *See* Exhibit 10 (Kasper GJT at 142). Hunter flew back to
 20 California on April 9, 2016.

21 Within a couple of days, the national press picked up the story. Kasper recognized
 22 it was “just a matter of time” before the media found the next thing, then the next, and the
 23 next. Kasper quickly recognized that this was Hunter’s number one issue and it
 24 “[c]onsumed every minute of the day.” *See* Exhibit 10 (Kasper GJT at 140, 142, 147, 150).
 25 Although the full extent of the improper spending was still unclear, Kasper helped Hunter
 26 determine what charges needed to be immediately paid back—what he described as “the
 27 low hanging fruit.” Hunter, however, was financially strapped and could not come up with
 28 enough money to cover even these charges. He told Kasper he would have to sell his house,

1 and even then he wouldn't have the money "to pay back more than a few thousand bucks .
2 . . ." *See* Exhibit 10 (Kasper GJT at 146, 148, 149).

3 5. The 2016 First Quarterly FEC Report

4 In light of the media attention, it was clear that the Hunter Campaign's next FEC
5 filing would be pulled apart by reporters. On April 8, 2016, Kasper pointed this out in an
6 email to Hunter, Margaret, and Marston, noting: "I talked to Chris [Marston] and WE are
7 going to have to review, in detail the q1 report, before it's officially filed. It will be
8 reviewed by media. And phone calls will be made." *See* Exhibit 208. As Kasper testified,
9 "it was vitally important...that going forward at least [they] get the charges as close to
10 accurate as possible." Apart from any potential criminal charges, Kasper recognized that
11 if they did not find a solution, there was a good chance Hunter would lose his bid for re-
12 election in the fall and he and the rest of Hunter's staff would lose their jobs. *See* Exhibit
13 10 (Kasper GJT at 151).

14 Hunter recognized that their next FEC filing was extremely important, and there
15 were serious legal consequences if anything on the report was inaccurate or improper. As
16 a result, both Kasper and Hunter went over it together "with a fine-toothed comb to make
17 sure that [Hunter] could ensure it was as accurate as possible." According to Kasper, they
18 looked *at each individual charge* to ensure that every one of the charges was reported
19 accurately, and that Margaret had not included anything that was inappropriate. *See*
20 Exhibit 10 (Kasper GJT at 156-57).

21 However, a review of this report easily reveals that the Hunters' personal spending
22 in January through March was extraordinary, perhaps at record highs. Among other things,
23 the draft report included spending at places (like jewelry and other stores in Italy, for
24 example) that were clearly, facially, improper. Indeed, among the 189-pages of
25 disclosures, the FEC draft report included payments for the following obviously personal
26 expenses: 12 family grocery trips to Albertsons and Trader Joe's; 37 trips to Chevron, Shell
27 and Exxon; three major shopping expeditions at Costco; the "mistaken charge" at the Easy
28 Open Door Company; numerous charges for the kid's lunch program at Ki's; fast food

1 meals at Jack in the Box, Pizza Hut, Rubios, Starbucks, and California Pizza Kitchen;
2 retail store shopping at Nordstrom, Rite Aid, Target, Dick’s Sporting Goods, Home Depot,
3 Walmart, and Pier 1 Imports; movie tickets at Fandango, charges at Sea World, and all of
4 the charges from the Hunters’ trip to Italy. *See* Duncan D. Hunter for Congress April
5 Quarterly 2016, original, Schedule B Filings (Itemized Disbursements) at
6 <https://docquery.fec.gov/cgi-bin/forms/C00433524/1064348/sb/ALL>.

7 These charges (many of them made by Hunter or in his presence) were clearly
8 personal, and Hunter certainly recognized the importance of ensuring that this filing was
9 accurate. Yet, he continued to conceal the improper personal spending, and thereby
10 allowed and caused his Treasurer to file this false FEC report—as he had done so many
11 times in the past. And, just before midnight on April 15, that is exactly what occurred.
12 During this filing period, Hunter also allowed Marston and Hankins to file an amended
13 version of his third quarter 2015 report, which re-classified the \$3,500 payment to Christian
14 Unified Schools as a “Mistaken Transaction – Refunded 4/5/16” (in the original report filed
15 October 15, 2015 it was described as an “Annual Fundraising Donation”) rather than
16 admitting it was a payment towards their children’s tuition arrears.³³

17 After the Campaign’s 2016 First Quarterly Report was filed on April 15, 2016, the
18 media, as expected, picked it apart and began asking more questions. In consultation with
19 Hunter, Kasper began to “spin” the Hunters’ personal expenditures as being appropriate
20 campaign spending. For example, the press noticed around \$10,000 in charges made in
21 Italy surrounding what they concluded (based on Hunter’s personal Facebook posts and
22 photos) had been, in fact, a family vacation. Relying on Hunter’s instructions, Kasper
23

24 ³³ Similarly, Hunter allowed the amended report to falsely describe the many Steam
25 Games purchases as “fraudulent charges that have been challenged and refunded” (the
26 original report listed these charges as “personal”) rather than simply admit they were
27 attributed to their child’s videogame playing. *See* Duncan D. Hunter for Congress October
28 Quarterly 2015, Amendment 2, Schedule B filings (Itemized Disbursements) at
<https://docquery.fec.gov/cgi-bin/forms/C00433524/1064356/>.

1 falsely told the *Washington Post* that the Hunters' family vacation was really "an
2 arrangement with the military overseas...." Similarly, Kasper told the media that the
3 purchase of a watch for Hunter's son at an Italian jewelry store was a "donation to a
4 wounded warrior." *See* Exhibit 10 (Kasper GJT at 99).

5 Only during the federal criminal investigation did Kasper acknowledge misleading
6 the press. In his testimony, Hunter's former Chief of Staff now admits that Hunter's trip
7 to Italy was always intended to be a family vacation – not a legislative fact finding visit.
8 *See* Exhibit 10 (Kasper GJT at 98-99). Kasper did insist, however, that the Hunters take
9 the watch away from their son and donate it to a wounded warrior, in order to make his
10 statement to the media plausible.

11 6. The Hunters Continue Converting Campaign Funds

12 In face of the staff's and the media's scrutiny into campaign spending, the Hunters
13 brazenly continued to use campaign funds to pay personal expenses even after the FEC
14 meltdown in early April. Not surprisingly, Hunter was far more careful and limited his
15 personal spending to categories that were unlikely to raise suspicion, such as restaurant and
16 bar tabs, Uber rides, and golf outings. He also prudently cut off his wife's access to the
17 campaign credit card (but continued paying her a \$3,000 monthly salary). Over the next
18 several months, Hunter used his campaign credit card to pay for Ubers when partying at
19 his friends' houses and to facilitate various romantic liaisons. He also continued to "mix
20 business with pleasure," such as when he used campaign funds to take out his mother (who
21 visited Hunter in Washington for the First Lady's Luncheon) for an opulent birthday
22 celebration at Del Frisco's Double Eagle Steak House, which cost \$560.90 for just the two
23 of them (the bill covered \$218 on food, \$144 on liquor, \$36 on wine, \$15 on beer, and a \$4
24 cup of coffee). *See* Exhibit 209.

25 Margaret Hunter's behavior was no better. She used Hunter's campaign credit card
26 to purchase a hotel stay (through Expedia) and plane tickets so that she could attend her
27 nephew's high school graduation in Mississippi. And, prior to travelling to Mississippi,
28

1 she used the campaign's Staples credit account to buy \$1,000 in restaurant and other gift
2 cards (*e.g.*, Olive Garden, Applebees, Starbucks, and Visa) to finance her personal trip

3 In June, the Hunters again improperly mixed business with pleasure when they paid
4 for a "staycation" at the Hotel del Coronado. The Hotel Del hosted a USO Gala on June
5 4, 2019. Using this event to mask their personal trip, the Hunters stayed overnight the
6 following day (after the event ended) with their family. In doing so, they spent \$356.43 at
7 Expedia on room charges, \$209.86 on dinner for five (including beers, cocktails, and wine,
8 and three virgin coladas – presumably, for their three kids – and another \$70 on parking
9 fees). Margaret used personal funds for \$689 in additional charges for more food, drinks,
10 and items at the Hotel Del gift shop. But then, she submitted a fraudulent request to the
11 campaign treasurer that her personal spending be reimbursed (falsely claiming to Marston
12 that they were for "Food and Bev" at USO events that Hunter "was hosting"). *See* Exhibit
13 210.

14 During the last weekend in June 2016, Hunter also spent campaign funds on items
15 that were all pleasure and no business. In particular, he spent the entire weekend partying
16 hard with several close friends. While the friends all split the tabs, Hunter picked up a
17 number of Uber rides and spent \$409.45 on Friday night at L'Hommage Bistro (including
18 9 Goose IPAs; 5 Stella Artois; 11 shots of Ketel One, Adele wine, Captain Morgan rum,
19 and 3 shots of Don Julio tequila). *See* Exhibit 211. On Saturday, the gang got back together
20 for brunch at Busboys & Poets (paid for by one of the others) and they planned on "day
21 drinking [in] either [C]hinatown or eastern market." The next morning, he texted his
22 friends and described the weekend as "48 hrs of hard charging." *See* Exhibit 212.

23 Hunter continued this pattern for the remainder of the year, confining his illegal
24 spending mainly to restaurants, Uber expenses, and golf. For example, the Hunter family
25 went to dinner at Sally's in the Hyatt at the Embarcadero to watch the July 4th fireworks
26 from the restaurant's outdoor patio. Although they paid the bill (which included two bottles
27 of Justin Cabernet, three beers, and food) with personal funds, Margaret requested \$446
28 reimbursement for the meal and parking. Hunter did not protest. *See* Exhibit 213.

1 On September 14, 2016, Hunter went out partying at an NRCC event and used \$32
2 in campaign funds to Uber back to the apartment of a woman with whom he was
3 romantically involved. The next morning (at 7:40 a.m.) he texted this woman that he
4 showed up drunk to Congressional basketball practice (which started at 7:00 a.m.) and was
5 “still drinking.” Hunter’s calendar indicated that he was scheduled to attend an 8:00 a.m.
6 top-secret-level briefing of the Readiness Subcommittee of the House Armed Services
7 Committee that same morning.

8 7. The Beginning of the End

9 In November 2016, Hunter released the results of an “audit” of his campaign
10 spending and indicated that he would repay additional money to his campaign. On
11 November 3, 2016, the *Union-Tribune* reported that Hunter said he would repay \$49,000
12 to his campaign.³⁴ According to the paper, Hunter announced:

13 While the charges were primarily authorized by the campaign, the buck stops
14 with me and I take full responsibility – including the responsibility to
15 determine and implement other structural changes to ensure errors are not
16 repeated. In taking these steps, I am fully confident that the right oversight
and controls are now in place.

17 *See San Diego Union-Tribune, Hunter repays campaign \$49,000 in personal*
18 *expenses* (November 3, 2016). These were strong words from someone who had known
19 his campaign funds were being used to pay for his family groceries and other personal
20 items since at least 2010; and, despite it all, was still paying his wife a \$3,000 monthly

21 ³⁴ It appears that Hunter contrived this figure to make it appear he was repaying
22 what he owed—when in fact this represented the maximum amount of money Hunter was
23 able to raise in repayment. Due to their woeful financial position, the Hunters were forced
24 to obtain a third mortgage from a hard money lender in order to raise any additional funds
25 to repay the campaign. The Hunters still had \$471,447 outstanding on their first and second
26 mortgages and had terrible credit. They could obtain a loan only for about \$50,000 after
27 closing costs and fees. To obtain this short-term loan, the Hunters were forced to sell their
28 house. In December 2016, they sold their Alpine residence for \$600,000 (minus closing
and other costs) and moved in with Hunter’s parents. In other words, it seems that Hunter
pretended to the public that he was making his campaign whole, when in fact he knew this
repayment was woefully inadequate.

1 salary even as late as November 2016. The article quoted Hunter’s statement that a
2 “financial audit” was conducted, which “revealed additional unauthorized expenditures
3 that [he would] be reimbursing to the campaign today.” *See* Exhibit 214.

4 In fact, Hunter’s “independent” auditors came up with just \$48,650 in charges during
5 2015 and 2016—which was, as noted, coincidentally all the money the Hunters were able
6 to pay. In other words, it appears this audit “backed into” the amount Hunter alledgedly
7 owed. This allowed Hunter to claim, falsely, that he had repaid his entire debt, and to
8 deceive the public into believing that he had taken responsibility. In fact, Hunter should
9 have known that this repayment was wholly inadequate, that the dates and amounts were
10 arbitrary, and that it was designed only to avoid scrutiny by the FEC, the media, and the
11 public.

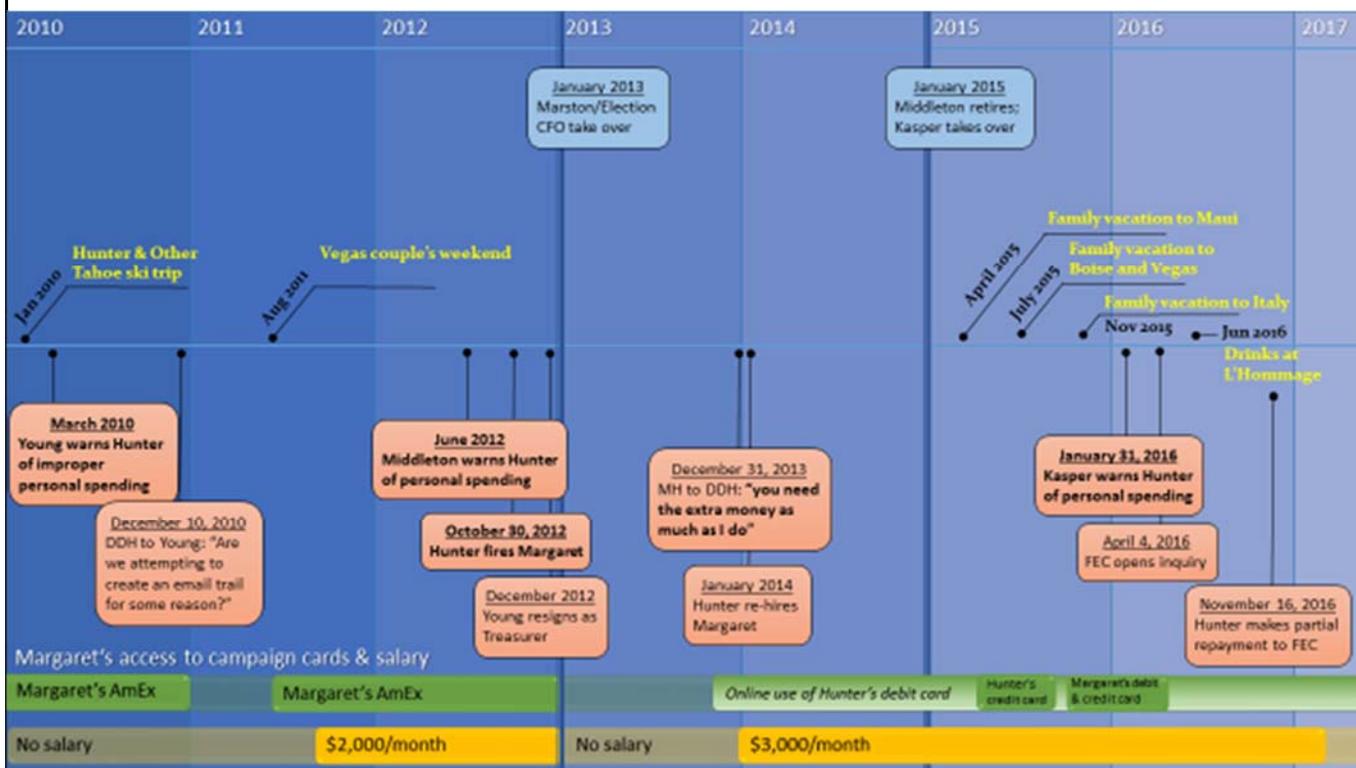
12 On November 16, 2016, eight days after the general election, Marston filed a
13 “Miscellaneous Report to the FEC” outlining the results of this self-described “independent
14 financial review of all expenditures for the 2015-2016 cycle[.]” The campaign had
15 “identified unauthorized expenditures that have been deemed personal in nature.” “In
16 addition” to those expenditures identified by the campaign as personal, it had also “deemed
17 any expense without adequate support as necessary for reimbursement”—but only “out of
18 an abundance of caution[.]” The letter did not distinguish which was which, and only
19 provided a lengthy list of charges that would be reimbursed. The result was that the
20 Hunters would repay \$48,650 to the campaign. *See* Exhibit 215.

21 Following this “audit” and the FEC disclosure, the Hunters charged fewer personal
22 expenses to the campaign. But there were occasional slip ups. For example, Hunter used
23 more than \$2,500 in campaign funds to finance yet another weekend of partying in Las
24 Vegas from January 14 to 16, 2017, where he met up with three of his good friends. Finally,
25 on February 23, 2017, the illegal spending ceased after the FBI conducted searches at
26 Hunter’s home, his district Congressional office, his campaign storage unit, and at the
27 Virginia offices of Election CFO. At that same time, Margaret’s salary payments also
28

ended. The campaign eventually hired a new campaign manager, (who was one of Hunter’s regular golfing buddies) at a fraction of the salary they had been paying Margaret.

8. Rough Graphic of Timing of Selected Events

While it is impossible to depict all relevant events, the following chart shows Margaret Hunter’s access to campaign credit cards over time charted against: (i) her salary; (ii) selected personal expenditures; (iii) selected warnings from Campaign Treasurers and Congressional staff about improper spending; and (iv) significant personnel changes among individuals with Campaign oversight responsibility:



III.

SENTENCING RECOMMENDATION

As is always the case, the United States’ analysis begins with a consideration of the United States Sentencing Guidelines (“Guidelines”). Although the guidelines are advisory, this Court is required to properly calculate and consider them when sentencing. See 18 U.S.C. §§ 3553(a)(4) and (a)(5); *United States v. Booker*, 543 U.S. 220, 264 (2005) (“district courts . . . must [take Guidelines] into account when sentencing.”); *Rita v. United*

1 *States*, 551 U.S. 338, 351 (2007) (observing that a district court should begin all sentencing
 2 proceedings by correctly calculating the applicable Guidelines range); *Gall v. United*
 3 *States*, 552 U.S. 38, 49 (2007) (“ . . . to secure nationwide consistency, the Guidelines
 4 should be the starting point and the initial benchmark.”).

5 A. Sentencing Guidelines

6 The Court’s task is made somewhat easier as the United States, Hunter, and the
 7 Probation Department all agree as to the appropriate Guidelines calculations:

8	Base Offense Level [USSG §2X1.1 / §2C1.8]	8
9	Value > \$150,000 [USSG §2C1.8(b) / §2B1.1(b)(1)(F)]	+10
10	More than 30 Transactions [USSG §2C1.8(b)(4)]	+ 2
11	Abuse of Position of Trust [USSG §3B1.3]	+ 2
12	Acceptance of Responsibility [USSG §3E1.1]	- 3
13	Total Offense Level	19
14		

15
 16 The Guidelines mandated adjustments to the base offense level therefore result in a total
 17 offense level of 19 and a sentencing range of 30 to 37 months. None of this disputed.

18 Yet, as the Court is well aware, this is only the initial stage of the required analysis.
 19 Along with the Guidelines considerations, the Court must consider a number of other
 20 factors to ensure that it imposes a sentence “sufficient, but not greater than necessary” to
 21 (i) reflect the seriousness of the offense, to promote respect for the law, and to provide just
 22 punishment for the offense; (ii) afford adequate deterrence to criminal conduct; (iii) protect
 23 the public from further crimes of the defendant; and (iv) provide the defendant with any
 24 needed educational or vocational training, medical care, or other correctional treatment.
 25 *See generally* Title 18, United States Code, Section 3553(a).³⁵

26
 27 ³⁵ Section 3553(a) further directs the Court to consider: (1) the nature and
 28 circumstances of the offense and the history and characteristics of the defendant; (2) the

1 The parties and the Probation Department once again all agree with the propriety of
2 the following Departures / Variances:

Total Offense Level	19
Departure [USSG §5H1.11 / 18 USC § 3553(a)]	- 4
Combination of Circumstances [USSG §5K2.0 / 18 USC § 3553(a)]	- 4
Resulting Guideline Range	11

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8 In other words, the parties agreed that consideration of the additional factors indicated in
9 the Guidelines and by Congress in Section 3553(a) result in a final offense level of 11 and
10 a sentencing range of 8 to 14 months.

11 1. Military Service (USSG §5H1.11)

12 “Our Nation has a long tradition of according leniency to veterans in recognition of
13 their service, especially for those who fought on the front lines...” *See Porter v. McCollum*,
14 558 U.S. 30, 43 (2009). Nevertheless, granting a departure on this ground is not automatic.
15 *See, e.g., United States v. Theunick*, 651 F.3d 578 (6th Cir. 2011). Indeed, military service
16 should be considered only if it is present to an unusual degree and distinguishes the case
17 from the typical cases covered by the guidelines. *Koon v. United States*, 518 U.S. 81, 96
18 (1996).

19 The United States finds it significant that Hunter volunteered to join the United
20 States Marine Corps after witnessing the September 11, 2001 attack on the World Trade
21 Center. Motivated by a desire to protect his country and fight terrorism, Hunter quit a
22 promising job and left behind his wife and 1-year old son upon entering Officer Candidate
23 School (“OSC”). After graduating OSC as a 2nd Lieutenant, Hunter successfully
24 completed two tours of duty in Iraq as a field artillery officer. During his second tour of

25 _____
26 statutory purposes noted above; (3) the kinds of sentences available; (4) the kinds of
27 sentences and the sentencing range as set forth in the Sentencing Guidelines; (5) the
28 Sentencing Guidelines policy statements; (6) the need to avoid unwarranted sentencing
disparities; and (7) the need to provide restitution to any victims of the offense. 18 U.S.C.
§ 3553(a).

1 duty, he fought in the Battle of Fallujah where he witnessed combat firsthand. This
2 experience, as discussed below, had a profound and lasting effect.

3 After he was discharged from the Marine Corps in 2005, Hunter's family (which
4 was now comprised of his wife and three small children) moved to Idaho, where Hunter
5 worked at his uncle's construction company. In 2008, Hunter agreed to run for his father's
6 former congressional seat as he wished to serve as "voice for the new wave of war
7 veterans." See Hunter Letter (Dkt. 120) at 2. During the ensuing political campaign,
8 Hunter was recalled to active service and served a third tour of duty in Afghanistan.³⁶
9 During his time in service, Hunter received a number of decorations and citations (e.g.,
10 Combat Action Ribbon; Navy and Marine Corps Achievement Medal; Iraq Campaign
11 Medal; Global War on Terrorism Service Medal; Sea Service Deployment Ribbon; Global
12 War on Terrorism Expeditionary Medal; National Defense Service Medal; and Navy
13 Achievement Medal). In 2013, Hunter was honorably discharged from the USMC
14 Reserves as a Major.

15 When examining Hunter's overall military service and the resulting effects upon his
16 life, the United States believes that a 4-level downward departure/variance is warranted.
17 This adjustment is suggested not only by the particular facts of his case (which, as noted,
18 are unique), but by the case law which demonstrates that many other criminal offenders
19 have been given similar consideration. See e.g., *United States v. Chapman*, 209 Fed. Appx.
20 3 (1st Cir. 2006) (finding it reasonable for lower court to depart downward from 70-87
21 month range and sentence defendant to 30-months based upon defendant's military service
22 and other factors); *United States v. Canova*, 412 F.3d 331, 358 (2d Cir. 2005) (finding --
23 in case involving multi-million-dollar Medicare fraud -- that it was reasonable to depart
24 downward to a sentence of probation in consideration of defendant's extensive, exemplary
25 service as a volunteer firefighter; and six-year Marine Corps service); *United States v.*

26
27 ³⁶ At the time, there were no combat veterans from either Iraq or Afghanistan serving
28 in Congress. Similarly, Hunter was the only individual who was actively campaigning for
a seat in Congress when recalled to active duty—a distinction worthy of note.

1 *Bruder*, 103 F.Supp.2d 155 (E.D.N.Y. 2000), rev'd in part, vacated in part, by *United States*
2 *v. Schwarz*, 283 F.3d 76 (2d Cir. 2002) (appropriate to depart downward four offense
3 levels based, in part, on defendant's military service in the Marine Corps, which included
4 various decorations and honorable discharge); and *United States v. Williams*, 332 Fed.
5 Appx. 937 (5th Cir. 2009) (upholding downward departure from 188-235 months to 120
6 months as defendant's pre-indictment military service was "admirable and worthy of
7 consideration as a mitigating factor").

8 In the present case, Hunter's military service is laudable and distinguishes his
9 situation from the typical cases covered by the guidelines. See *Koon*, 518 U.S. at 96.
10 Accordingly, the Probation Officer's recommendation of a 4-level downward adjustment
11 is appropriate.

12 2. Combination of Circumstances (USSG §5K1.0(c)(2)(A))

13 The Court may also depart from the applicable guideline range based on a
14 combination of two or more offender characteristics or other circumstances, none of which
15 independently is sufficient to provide a basis for departure, only if each such offender
16 characteristic or other circumstance is present to a substantial degree. See USSG
17 §5K1.0(c)(2)(A). The Probation Department recommended an additional 4-level
18 downward "combination of circumstances" departure based upon: (i) Hunter's eleven years
19 of service in the House of Representatives; (ii) his advocacy for veterans of the armed
20 forces; (iii) the impact to his family as he is the sole financial provider and both he and his
21 wife have been convicted of the offense; and (iv) post-traumatic stress disorder resulting
22 from his military service.³⁷ Once again, all parties concur that this departure is warranted
23 under the particular facts of this case.

24 _____
25 ³⁷ The United States does not believe that Hunter's service in the House of
26 Representative militates in favor of leniency. First, to the extent that Hunter was able to
27 pass legislation, see PSR at 107-115, this made him ideally well situated to understand the
28 deleterious effect that committing campaign finance fraud has on our political system. He
chose to commit the crime anyway. Second, the merits of Hunter's record may be seen

1 The Probation officer concluded that the departure due to Hunter's military service
2 (discussed above) does not fully address the fact that this service may also warrant a
3 departure in combination with other guidelines such as USSG §5H1.3 (Mental and
4 Emotional Conditions). See e.g., *United States v. Malley*, 307 F.3d 1032, 1033-34 (9th
5 Cir. 2002) (approving five-level departure based upon combination of diminished capacity
6 and extraordinary acceptance of responsibility); *United States v. Risse*, 83 F.3d 212 (8th
7 Cir. 1996) (court departed downward from a range of 57-71 months to 18 months based on
8 PTSD connected to Vietnam service); *United States v. Cantu*, 12 F.3d 1506 (9th Cir. 1993)
9 (downward departure warranted where defendant served in combat for two years and
10 suffered from a "grave affliction" including flashbacks and anxiety).

11 A departure on these grounds is particularly apt because it appears that Hunter's
12 military service undoubtedly contributed to the disintegration of his family life and a
13 practical estrangement from his wife. See *United States v. Leon*, 341 F.3d 928, 932-33 (9th
14 Cir. 2003) (departing six-levels for extraordinary family circumstances). In part, this may
15 have led Hunter to support and encourage his wife's misuse of campaign funds as a way to
16 purchase a bit of marital peace. Although this behavior in no way excuses his own role in
17 the theft of hundreds of thousands of dollars in campaign funds, the United States agrees
18 that the factors cited by Probation merit the recommended departure.

19 3. Dismissed and Uncharged Conduct (USSG §5K2.21)

20 Hunter pled guilty to a single count: Conspiracy. This does not reduce the
21 appropriate sentence, his Guidelines calculations or exposure, or his culpability in any way.
22 The applicable Guidelines calculations already incorporate all the relevant conduct and
23

24 _____
25 differently based upon the "eye of the beholder. For example, his advocacy on behalf of
26 Chief Eddie Gallagher and other veterans that he discusses in the PSR may or may not be
27 laudable. See PSR at 110(f). It is the government's position that this Court should neither
28 give Hunter credit nor attempt to attach blame based upon his political acts, which have no
place in the sentencing calculus falling to the judicial branch.

1 mandated adjustments related to the dismissed counts. In legal parlance, they grouped.³⁸
2 If the dismissed counts would have, in fact, increased Hunter's sentence, this Court would
3 have been free to depart upward to reflect the actual seriousness of the offense. But no
4 such departure is warranted or needed here, because the conspiracy to which Hunter
5 pleaded guilty encompasses all of his criminal conduct and relevant conduct.

6 Indeed, USSG §5K2.21 specifically allows for the consideration of counts dismissed
7 as part of a plea agreement, if that conduct would have increased the offender's sentencing
8 range. *See e.g., United States v. White Twin*, 682 F.3d 773, 777 (8th Cir. 2012) (upward
9 departure may be imposed for dismissed or uncharged conduct in order to reflect the actual
10 seriousness of the offense based on conduct underlying a charge dismissed as part of a plea
11 agreement). However, that is simply not the case here. To the contrary, Hunter is being
12 held responsible for the full range of his criminal conduct as set forth in the Indictment.

13 B. Avoiding Unwarranted Sentencing Disparities

14 As described above, after application of the Guidelines, including specific offense
15 enhancements in Section 2, and applicable departures in Section 3, Hunter's properly
16 calculated Adjusted Offense Level is 11. According to the U.S. Probation Office, Hunter
17 has zero criminal history points, which places him in Criminal History Category I. These
18 calculations result in Hunter falling within an advisory sentencing range of 8-14 months.

19 Prior to concluding its analysis, this Court must still determine whether the
20 application of the resulting 8-14 month guideline range upholds "the sentencing statutes
21 basic aim of ensuring similar sentences for those who have committed similar crimes in
22 similar ways." *United States v. Booker*, 543 U.S. 220, 252 (2005). Although the record is
23 replete with Representatives who have committed misconduct, there are surprisingly few
24

25 ³⁸ Counts 2 through 44 and 58 through 60 group pursuant to USSG §3D1.2(d) (as
26 the Guidelines calculation on Count 1 considered the total amount of gain); and Counts 45
27 through 57 group pursuant to USSG §3D1.2(c) (being comprised of conduct that has
28 already been taken into account in the Count 1, namely USSG §3C1.1).

1 examples of elected federal officials who have been charged solely for embezzling
2 campaign funds.³⁹

3 1. Theft of Campaign Funds by U.S. Representatives

4 Further compounding the problem, there are almost no cases strictly confined to the
5 defalcation of campaign funds the Court may utilize to ensure that Hunter receives a similar
6 sentence to those who committed similar crimes in similar ways. Perhaps, the only truly
7 analogous case is that of former Congressman Jesse Jackson, Jr., who pleaded guilty to one
8 count of wire and mail fraud in connection with his misuse of campaign funds. He was
9 sentenced to 30 months' imprisonment. *See e.g.*, The New York Times, *Jesse Jackson Jr.,*
10 *Gets 30 Months*, (August 14, 2013). The many parallels between Jackson's case and
11 Hunter's case are striking.

12 Like Hunter, Jackson's father was involved with politics and supported his son's
13 entry into politics. Like Hunter, Jackson involved his wife in his crime and put her on his
14 campaign payroll. Like Hunter, Jackson's improper use of campaign funds involved
15 extravagant spending and marital infidelity. And like Hunter, Jackson used campaign
16 funds for personal expenditures in order to support a lifestyle that his family could
17 otherwise not afford.

18
19 _____
20 ³⁹ It bears note that comparison to Hunter's fellow San Diego area Congressman,
21 Randy "Duke" Cunningham, are more facile than apt. Unlike Hunter, Cunningham pled
22 guilty to accepting millions of dollars in bribes for corruptly steering tens of millions of
23 dollars in defense contracts to his coconspirators. The resulting 100-month sentence was
24 predicated upon Cunningham being convicted of playing the central role in the largest
25 bribery scandal in Congressional history—not embezzling from his own campaign funds.
26 *See e.g.*, *United States v. Wilkes*, 662 F.3d 524, 530-31 (9th 2011).

27 Furthermore, simply because an elected federal representative may be involved, this
28 Court can get very little pertinent guidance from other political cases involving bribery,
racketeering, extortion, and other similar crimes. And while there are a number of cases
involving the illegal *donation* of campaign funds, these crimes are as dissimilar to the
present case as the crimes involving bribery. Accordingly, the United States believes that
they should carry little weight in the Court's analysis.

1 The critical difference between the cases is that Jackson stole approximately
2 \$750,000 from his campaign funds over about four to five years, while Hunter stole
3 approximately \$250,000 over about 8 years. In other words, Jackson stole approximately
4 three times more money than Hunter (but engaged in the theft for about half as much
5 time).⁴⁰ Although the quantum of the theft is just one factor (and, not the most important)
6 it is nevertheless a critical distinction between the cases that suggests – all other things
7 being equal – that Hunter receive a sentence less than Jackson’s 30 months in custody.

8 2. Theft of Taxpayer Funds by U.S. Representatives

9 Although not entirely analogous, the Court might examine for guidance cases of
10 other elected officials who stole congressional (as opposed to campaign) funds.
11 Significantly, such thefts by their nature can be seen as more aggravated as they involve
12 the direct theft of taxpayer funds, not campaign donations. Nevertheless, they do provide
13 some guidance. One of the leading cases in this category would be the prosecution of
14 Congressman Dan Rostenkowski, the Chair of the House Ways and Means Committee.
15 Rostenkowski was caught up in the Congressional Post Office scandal, which discovered
16 a conspiracy among various Congressional Post Office employees and members of the
17 House of Representatives to launder Post Office money through stamps and postal
18 vouchers.

19 In 1994, Rostenkowski was charged in a multi-count indictment with, among other
20 things, stealing thousands of dollars from the House Post Office (trading in official stamps
21 for cash), charging hand-painted chairs and scores of other personal gifts at the House
22 stationery store, and using government money to pay for vehicles for personal
23

24 ⁴⁰ Jackson’s misuse of campaign funds was stunning by any measure, and—while
25 not including a pet rabbit or an Italian family vacation—did include a \$43,000 gold-plated
26 Rolex watch, more than \$10,000 in Martin Luther King memorabilia, a \$3,900 fedora
27 previously owned by Michael Jackson, more than \$5,000 worth of fur capes and parkas
28 purchased in Beverly Hills, \$10,000 in children’s furniture, and assorted luxury vacations
to Martha’s Vineyard and other locales. *See e.g.*, CNN Politics, *Jesse Jackson Jr., wife
plead guilty to charges involving campaign funds* (February 21, 2013).

1 transportation. In all, he was accused of defrauding the government of approximately
2 \$25,000 per year for many years. In 1996, Rostenkowski pled guilty to two charges of
3 mail fraud and was sentenced to a 17-month prison term. *See* The New York Times,
4 *Rostenkowski Pleads Guilty to Mail Fraud* (April 10, 1996).

5 Congressman Joseph Kolter was also caught up in the House Post Office scandal.
6 In 1994, Kolter was charged with conspiring with the House postmaster to convert \$11,000
7 in official stamps for his personal use, and embezzling taxpayers' funds to purchase more
8 than \$33,000 worth of merchandise (including china, luggage and jewelry) over several
9 years from the House Stationery Store. After pleading guilty to a single conspiracy count
10 involving relatively little money, Kolter received a six month custodial sentence. *See e.g.*,
11 The Washington Post, *Ex-Congressman Kolter Indicted In The House Post Office Probe*
12 (October 19, 1994).

13 3. Theft of Taxpayer Funds by Congressional Staff

14 In 2016, David Bower (the former Chief of Staff to Congressman Paul Broun) was
15 convicted of three counts of making false statements, one count of obstruction of
16 proceedings, and one count of concealment of material facts in relation to the theft of
17 approximately \$43,000 in Congressional funds for use in Broun's congressional campaign.
18 Bowser's guideline range was 0-6 months, and he received a 4 month custodial term of
19 imprisonment (along with 24 months supervised release, and 2 months' further home
20 confinement). *See e.g.*, The Atlanta Journal-Constitution, *Ex-top aide to Paul Broun guilty*
21 *of obstructing congressional probe* (March 23, 2018).

22 One final somewhat analogous case involves Ngozi Pole, who was Senator Ted
23 Kennedy's office manager. In 2012, Pole was convicted following trial and received a 20
24 month prison term for stealing \$77,608 in taxpayer funds. Pole accomplished his theft by
25 repeatedly submitting paperwork causing the Senate to pay him larger bonus payments
26 than had been approved by Kennedy's Senatorial Office. Pole hid the existence of these
27 unauthorized payments by transmitting information to Kennedy's Chief of Staff that falsely
28

1 showed only his authorized payments. *See e.g.*, The Digital Journal, *Former Ted Kennedy*
2 *staffer gets 20 months for embezzlement* (April 1, 2012).

3 4. Comparison of Similarly Situated Offenders

4 As previously noted, Jesse Jackson, Jr. committed almost the exact same crime as
5 Hunter in almost the exact same way. As such, his 30-month sentence serves as the basic
6 lodestone for applying a *Booker* comparison to ensure that Hunter's calculated guideline
7 range would not be in conflict with the goals of our sentencing scheme.
8 As noted previously, this comparison would suggest that Hunter be sentenced to less than
9 the 30 months that Jackson received—but still receive a significant jail term.

10 As a simple mathematical principle, a sentence less than 30 months would be in
11 accord with the greater total amount stolen by Jackson (\$750,000). On the other hand,
12 Hunter's theft continued for a significantly longer period of time. It was undertaken despite
13 the repeated and consistent warnings of his campaign staff. And, the rate of his theft
14 increased exponentially over time, exposing the campaign to far larger losses – prevented
15 only by the FEC's April 2016 public inquiry and the resulting media scrutiny exposing
16 Hunter's possible campaign fraud. *See e.g.*, The San Diego Union-Tribune, *FEC questions*
17 *Duncan Hunter's video game charges* (April 5, 2016).

18 The other relevant sentencing data points are similarly in line with the United States'
19 recommendation here. Bower's theft of approximately \$43,000 and Kolter's theft of
20 approximately \$44,000 resulted in sentences of 4 and 6 months, respectively. Given the
21 small nature of these thefts it could be argued that Hunter's sentencing range is a bit low.
22 However, as noted, these cases involved the direct theft of taxpayer funds. Similarly,
23 Pole's sentence of 20 months (for approximately \$77,000 in stolen funds) is inapposite as
24 it involved not only the theft of taxpayer funds, but followed his conviction by a jury and
25 not a guilty plea. Finally, while Rostenkowski received 17 months in custody (for
26 approximately \$500,000 in stolen funds) the theft occurred over more than 20 years and
27 the practice of trading official stamps for cash was reputedly a somewhat widespread—
28 although clearly improper—practice.

1 C. Government’s Sentencing Recommendation

2 The United States submits that after applying the sentencing factors set forth in
3 Section 3553(a) and examining the other relevant cases, a sentence at the top of the post-
4 departures Guidelines range (14 months) is warranted in this case.

5 1. The Need to Afford Adequate Deterrence

6 The need to afford adequate deterrence weighs heavily in favor of a sentence at the
7 top of the post-departures Guidelines range. The legislative history of Section 3553
8 demonstrates that “Congress viewed deterrence as ‘particularly important in the area of
9 white collar crime.’” *United States v. Martin*, 455 F.3d 1227, 1240 (11th Cir. 2006) (citing
10 S. Rep. No. 98-225, at 76 (1983), reprinted in 1984 U.S.C.C.A.N. 382, 3259); *see also*
11 *United States v. Treadwell*, 593 F.3d 990, 1012 (9th Cir. 2010) (deterrence of white-collar
12 crime is “of central concern to Congress”); *United States v. Heffernan*, 43 F.3d 1144, 1149
13 (7th Cir. 1994) (Posner, J.) (“Considerations of (general) deterrence argue for punishing
14 more heavily those offenses that either are lucrative or are difficult to detect and punish,
15 since both attributes go to increase the expedited benefits of a crime and hence the
16 punishment required to deter it.”).

17 As the *Martin* Court noted: “Because economic and fraud-based crimes are more
18 rational, cool, and calculated than sudden crimes of passion or opportunity, these crimes
19 are prime candidates for general deterrence.” *Martin*, 455 F.3d at 1240 (internal quotation
20 marks and citation omitted). In this regard, the imposition of significant sentences can
21 deter other elected officials or staff who might otherwise tend to think that campaign
22 finance fraud is “a game worth playing.” *See United States v. Gupta*, 904 F. Supp. 2d 349,
23 355 (S.D.N.Y. 2012) (when dealing with white collar crimes that are easy to commit but
24 difficult to catch, others “similarly situated to the defendant must therefore be made to
25 understand that when you get caught, you will go to jail.”).

26 a. Crimes Involving the Electoral Process

27 The need for general deterrence is particularly acute here – as the type of white collar
28 crime at issue involves our electoral process. As all citizens learn in primary school, the

1 electoral system is the prime cornerstone of our democracy that translates the will of the
2 people into a government that serves rather than oppresses. Through elections our
3 government is held accountable to the people and political conflicts are channeled into
4 peaceful resolutions. And, it is through elections that power is attained and transferred.
5 When this process is corrupted or debased in any manner, democracy is jeopardized.

6 To promote the integrity of our electoral process, Congress enacted a series of rules
7 that govern campaign fundraising. These campaign finance rules (which prohibit the use
8 of campaign funds for personal use) are structured to ensure accountability and
9 transparency throughout the electoral process. *See generally* 52 U.S.C. § 30114. The
10 “personal use” restriction serves the vital interest of limiting the disproportionate influence
11 of wealthy individuals and special interest groups on the outcome of federal elections, and
12 prevents donors from exercising undue influence over candidates and federal officeholders.
13 Transparency in campaign financing is a major pillar in ensuring the integrity of our
14 democratic election process.

15 The egregious nature of Hunter’s campaign finance violations therefore directly
16 impact our electoral system and our democratic system of government.⁴¹ Consequently, it
17 is vitally important to dissuade potential offenders from engaging in similar conduct. Our
18 country’s electoral system has, in the past, been held up as a model for democratic societies.
19 Past success, however, does not guarantee that our electoral system is immune from assault
20 from corrupt politicians. In order to preserve our democracy, it is essential that politicians
21 who commit crimes similar to Hunter’s recognize that they will be held accountable for
22 their wrongdoing.

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25 ⁴¹ The campaign finance regulations explicitly prohibit spending campaign funds on,
26 among other enumerated examples, utilities, clothing, personal vacations, household food
27 items, school tuition, and entertainment not associated with the candidate’s election
28 campaign. Displaying flagrant disregard for these clear and uncontroversial rules, Hunter
used his campaign funds for each and every one of these prohibited uses. *See* 52 U.S.C. §
30114(b)(2) and 11 C.F.R. § 113.1(g).

1 By imposing a custodial term at the high end of the adjusted guideline range, this
2 Court can ensure that other politicians who are tempted to convert campaign funds will be
3 deterred, in part, by the almost certain jail term that awaits at the end of that path. In this
4 manner, Hunter's case—like Jesse Jackson, Jr. before him—becomes a cautionary tale
5 highlighting the downside of this type of criminal activity. Although one would have
6 hoped that Jackson's custodial term would have been sufficient to deter others, the fact that
7 Hunter continued to illegally convert campaign funds at the very time Jackson was
8 sentenced demonstrates the importance of this Court reminding other politicians of the
9 heavy cost this type of crime will carry.

10 b. Difficulty of Detection

11 Although one might assume that most politicians would be deterred from
12 committing campaign finance fraud by the consequent damage to their reputation and loss
13 of their office (entirely apart from any custodial term), this measure of deterrence only
14 works if they perceive a likelihood of apprehension. In this regard, a lengthy custodial
15 term is necessary to promote general deterrence due to the great difficulty of detecting and
16 prosecuting this type of criminal conduct. Unfortunately, only the threat of a significant
17 custodial sanction may persuade wavering future politicians to forego the relatively small
18 risk that they will actually be apprehended for campaign finance fraud.

19 Although the FEC rules, when rigorously followed, require the public disclosure of
20 all expenditures totaling more than \$200 (in aggregate) during any two-year election cycle,
21 the disclosures on their face leave a veritable universe of possibilities for the corrupt
22 politician seeking to conceal his illegal activity. For example, Hunter's \$669.07
23 expenditure at the Hotel del Coronado in 2016 on its face appears perfectly acceptable.
24 There is nothing to alert the public, the FEC, or law enforcement that the funds weren't
25 expended at a legitimate campaign fund raiser, political gathering, or other legitimate
26 event.

27 The criminal nature of the expenditure becomes apparent only as a result of
28 information painstakingly obtained from: (i) federal search warrants obtained on the

1 Hunters' social media accounts (*e.g.*, Facebook and Instagram), cell phones, computers,
2 and calendars; (ii) grand jury subpoenas issued to the Hotel del Coronado for records; (iii)
3 FBI interviews conducted of dozens of witnesses; and (iv) grand jury testimony that
4 confirmed relevant information. This type of information is obviously not available to
5 individuals outside of law enforcement and is available to law enforcement officials only
6 after they have received sufficient information suggesting that an investigation of a public
7 official is, in fact, warranted.⁴²

8 Further complicating detection of illegal campaign spending is the plain fact of their
9 volume. Using Hunter's FEC filing as an example, during the last quarter of 2015 alone,
10 his campaign had total disbursements of \$123,180.93. A review of his itemized
11 disbursements reveal that they cover 127 separate pages and amount to almost 500 separate
12 entries. *See* Hunter FEC Form 3 (January 31, 2016). An illegal charge amounting to an
13 improper expenditure is a needle in an FEC haystack. Given this background, it is the
14 simple truth that Hunter was brought to justice only by: (i) good fortune; (ii) a professional
15 FEC staffer; (iii) a diligent reporter; and (iv) an extremely thorough criminal investigation.

16 First, it bears note that Hunter's FEC problems began not because the public, the
17 media, or the FEC examined his disclosures and detected potential improprieties through a
18 rigorous examination of the hundreds of charges. To the contrary, they were brought to
19 light only because his campaign treasurer was unsure of several charges (\$1,302 in charges
20 to Steam Games and a \$1,650 disbursement to Christian Unified Schools) and, not having
21 received a timely response from Margaret Hunter, listed them as "personal expense—to be
22 paid back." Without this admission, it is likely that the improper campaign spending (that
23 had been ongoing for more than six years) would have simply continued.

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26 ⁴² A similar analysis applies to most charges at retail stores (such as Office Depot,
27 Best Buy, or Target), restaurants, and while traveling. All of these categories on their face
28 would normally be assumed to be perfectly legitimate. As a result, spending in these
areas—which is exhibited by virtually every single representative—is simply not worthy
of particular note.

1 Second, only because a diligent FEC reviewer took note of the campaign treasurer's
2 admission regarding the "personal" nature of these expenditures, did they generate a public
3 letter. After seeing these entries on various 2015 final quarterly disbursements, the FEC
4 sent a letter to the Hunter Committee's Treasurer asking for clarification about the \$1,650
5 disbursement to Christian Unified Schools (which it could not have known was in fact the
6 Hunter children's private school) and the \$1,302 to online video game company Steam
7 Games. In response, Hunter noted that the charges were self-disclosed, would be paid
8 back, and were a simple mistake.

9 Third, it is probable that the FEC letter to Hunter would have only resulted in his
10 paying back the two admitted categories of payment, except for the fact that it was followed
11 up by the *Union-Tribune's* Morgan Cook and other reporters who began sifting through
12 years of the Hunter campaign's publicly-filed FEC reports in search of other questionable
13 expenditures. Eventually, Citizens for Responsibility and Ethics in Washington
14 ("CREW") filed an ethics complaint requesting that Hunter's filings be audited by the FEC.
15 See CREW Press Release (April 28, 2016).

16 And finally, the United States Attorney's Office for the Southern District of
17 California contacted the local FBI Office about opening an investigation into Hunter's
18 potential campaign expenditures only after the matter had attracted national attention due
19 to the avalanche of news articles and CREW's referral. Based upon the information
20 unearthed in these articles and additional background work done thereafter by the FBI, the
21 United States opened the case after it was determined that sufficient "predication" existed
22 to warrant an investigation.⁴³

23 Once the investigation was opened, it took months and months of work by multiple
24 FBI agents to first compile a database able to track more than 11,000 campaign
25 expenditures and then obtain and analyze more than 13 terabytes of data obtained through
26

27 ⁴³ Pursuant to Justice Department Guidelines, investigations into elected officials
28 are opened only after it is first determined that there is a sufficient articulable factual basis
to warrant such an investigation.

1 search warrants executed, among other places, on 75 different electronic devices. It is an
2 understatement to note that prosecuting these types of offenses is exceedingly difficult,
3 time-consuming, and resource-intensive.

4 Due to the all the above, it is necessary that the Court impose a significant custodial
5 sentence. The relative simplicity of committing the crime combined with the challenge of
6 detecting and investigating these offenses would otherwise incentivize elected officials
7 similarly situated to engage in similar conduct. The very circumstances of Hunter's
8 participation illustrate the difficulty of detecting the crime and the importance of having a
9 strong deterrent counterweight.

10 2. The Need to Provide Just Punishment for the Offense

11 Hunter may seek leniency based on his fall from the heights of social status and
12 financial privilege, the loss of his elected office, the various collateral consequences of his
13 imprisonment, and a host of other such outcomes. Congress, through the Guidelines,
14 however, has pointedly addressed and rejected factors both individually and cumulatively
15 in the form of "I've been punished enough" from privileged white collar criminals who
16 bemoan the collateral consequences of a Guidelines sentence, while implicitly dooming
17 the less privileged and less fortunate to suffer greater punishments. 28 U.S.C. § 994(d)
18 ("The Commission shall assure that the guidelines and policy statements are entirely
19 neutral as to . . . socioeconomic status of offenders."); USSG §5H1.2 (vocational skills and
20 education not ordinarily relevant); USSG §5H1.5 (employment record not ordinarily
21 relevant); USSG §5H1.6 (family ties and responsibilities not ordinarily relevant); USSG
22 §5H1.10 (socioeconomic status of defendant not relevant).

23 The federal courts have repeatedly agreed. *United States v. Morgan*, 635 Fed. Appx.
24 423 (10th Cir. 2015) (reversing defendant's probationary sentence for bribery and agreeing
25 "with the reasoning of the Sixth, Seventh, and Eleventh Circuits [that b]y considering
26 publicity, loss of law license, and deterioration of physical and financial health as
27 punishment, the court impermissibly focused on the collateral consequences [and favored
28 criminals] with privileged backgrounds"); *United States v. Musgrave*, 761 F.3d 602,

1 608-09 (6th Cir. 2014) (“Impermissible considerations permeated the district court’s
2 justification for Musgrave’s sentence. In imposing a sentence of one day..., the district
3 court relied heavily on the fact that Musgrave had already ‘been punished extraordinarily’
4 by four years of legal proceedings, legal fees, the likely loss of his CPA license, and felony
5 convictions that would follow him for the rest of his life.”); *United States v. Kuhlman*, 711
6 F.3d 1321, 1329 (11th Cir. 2013) (vacating sentence of white collar criminal, stating, “The
7 Sentencing Guidelines authorize no special sentencing discounts on account of economic
8 or social status . . . unavailable to defendants of lesser means”); *United States v. Peppel*,
9 707 F.3d 627, 636 (6th Cir. 2013) (holding district court inappropriately considered
10 collateral consequences for white collar defendant, noting longstanding precedent that to
11 do so “would tend to support shorter sentences in cases with defendants from privileged
12 backgrounds, who might have more to lose along these lines”); *United States v. Prosperi*,
13 686 F.3d 32, 47 (1st Cir. 2012) (“[I]t is impermissible for a court to impose a lighter
14 sentence on white-collar defendants than on blue-collar defendants because it reasons that
15 white collar offenders suffer greater reputational harm or have more to lose by
16 conviction.”).

17 This Court must similarly reject Hunter’s contentions in this regard. A 14 month
18 sentence in this case will serve as much needed general deterrence to others contemplating
19 like crimes in any local, state or federal election, and consequently promote respect for
20 America’s laws and its electoral system. *See Morgan*, 635 F. App’x at 450 (emphasizing
21 “[d]eterrence is a crucial factor in sentencing decisions for economic and public corruption
22 crimes”). General deterrence, of course, weighs the heaviest in favor of imposing a
23 stringent sentence of imprisonment where, as here, the crime of conviction has an element
24 of elevated intent. Conversely, a departure below the recommended sentence under these
25 circumstances will further encourage our elected officials to engage in corrupt campaign
26 finance fraud schemes, after weighing the low risk of detection and the likelihood of a
27 lenient sentence if they are caught. *Id.* at 450 (“General deterrence comes from a
28 probability of conviction and significant consequences”).

3. The Need to Promote Respect for the Law

1
2 It is an essential component of our system of justice that every individual accused of
3 a crime has an absolute right to a defense. This right is sacrosanct; its fundamental nature
4 enshrined in this nation’s founding documents. *See e.g.*, U. S. Constitution, Amendments
5 IV, V, VI, VIII, and XIV. Certainly, the right to defend oneself is unassailable in our
6 system and justifiably comprises one of the jewels in the crown of our democracy.

7 On the other hand, Hunter’s tactics in the present case—particularly while
8 campaigning for re-election—went far over any permissible limit. As previously noted,
9 rather than simply mounting a vigorous defense, Hunter launched an improper, wide-
10 ranging, and dangerous assault on our system of justice. As part of a disingenuous attempt
11 to deflect attention from his own malversation, Hunter falsely claimed that it was not he,
12 but the Department of Justice that was corrupt. *See* KPBS, *News Interview* (August 22,
13 2018) (“This is the Department of Justice that we’re watching [] lie...show their
14 corruption...the Department of Justice right now, unfortunately, is more political than
15 politicians are”).

16 In order to evade his own guilt, Hunter repeatedly attacked our law enforcement
17 system with a multitude of base and inflammatory accusations. These wanton attacks were
18 aimed at our very system of government, including Congress, the FBI, the Department of
19 Justice, the justice system in general, and individual federal prosecutors in particular. *See*
20 *e.g.*, Mark Larson *Radio Interview* (January 9, 2018) (“the local Department of Justice is
21 being run by The Union-Tribune and, and local folks here with no oversight); Fox 5 San
22 Diego *Interview* (August 21, 2018) (“This is the political late hit . . . they’re hoping that
23 this charge itself takes [t]his Republican seat and moves it to their column - the Democrat
24 column. It’s a political late hit”); Channel 10 News *Interview* (August 22, 2018) (“This is
25 modern politics and modern media, mixed in with law enforcement that has a political
26 agenda . . . That’s the new Department of-of Justice [the] Democrats’ arm of law
27 enforcement.”); Hunter Campaign Press Statement (August 22, 2018) (“The fact is there is
28 a culture operating within our Justice Department that is politically motivated. It’s a sad

1 state of affairs when those entrusted with upholding the law have no appreciation for
2 following the rule of law.”); Times of San Diego, *Ramona Town Hall Meeting* (May 25,
3 2019) (describing justice system as abusive and arguing that Justice Department doesn’t
4 care about justice).

5 In news interview after news interview, Hunter concocted a fanciful conspiracy
6 theory in which he claimed that his prosecution was the product of the same “silent coup
7 of government officials in the FBI and the Department of Justice [that was] trying to
8 delegitimize President Trump’s election.” According to this dangerously false narrative,
9 Hunter’s prosecution was the result of a secret conspiracy in the United States Department
10 of Justice that “saw this as an opportunity to beat [him] and put a Socialist Democrat in the
11 seat.” He continued his mendacious public attacks by suggesting that his indictment was
12 “a political hatchet job” by the Department of Justice “to get a Democrat elected in a hard,
13 red, Republican seat.” *See e.g.*, KUSI News Interview (August 23, 2018) (arguing his
14 Indictment was product of a “partisan, biased Department of Justice [wanting] to rig the
15 elections...you have a culture of corruption [the] number one enemy right now is the U.S.
16 Congress.”).

17 Although it might be tempting for the Court to simply dismiss Hunter’s claims of a
18 deep state conspiracy as the rantings of a desperate politician caught in his own web of lies,
19 these dangerous allegations should not be ignored or overlooked. As previously observed,
20 rather than admit his guilt and resign his when originally questioned or charged, Hunter
21 chose to use his unfounded conspiracy trope to mislead the residents of the 50th
22 congressional district. As we now know, Hunter lied to the people about his guilt. In doing
23 so, he used his dangerous conspiracy theory to steal an election by lying about his stealing
24 of campaign funds.

25 As a result of his duplicity, the voters were robbed of their right to representation in
26 Congress—representation that they are denied to this day. This, in and of itself, suggests
27 the propriety of a sentence at the top of the adjusted guideline range. This Court’s sentence
28 must make it clear that choosing to provide an affirmatively false narrative to the voters in

1 order to get re-elected is unacceptable. A price must be exacted when our elected
2 representatives seek to cover up corruption by hiding behind lies.

3 Hunter's Hunter's wild accusations of conspiracy, fake news, and a politically
4 motivated witch hunt have other real world consequences. When Hunter attacks a
5 legitimate prosecution as being fake news, he diminishes the effect of actual facts (and the
6 legitimacy of our very governmental institutions) in order to dismiss truths that at the time
7 prove inconvenient to his cause. This is dangerous. If we abandon facts, we abandon
8 justice.

9 **IV.**

10 **CRIMINAL FINE**

11 The Probation Officer's analysis of Hunter's financial situation makes it clear that
12 he is presently unable to pay a fine. See PSR at ¶¶ 122-129. Accordingly, it recommends
13 that the Court impose no fine in Hunter's case. *See* USSG § 5E1.2(a) (the Court need not
14 impose a fine if the defendant establishes that he is unable to pay and not likely to become
15 able to pay). It is unclear, however, whether Hunter will become able to pay a fine. As
16 noted in the PSR, Hunter has been hired to work with Worldwide Aeros Corp, a
17 manufacturer of airships based in Montebello, California. Depending on his salary and
18 future opportunities, a fine may be warranted. Without other information, the United States
19 takes no position on whether the Court should impose a fine.

20 **V.**

21 **CONCLUSION**

22 In committing campaign finance fraud, lying to the public to cover it up, and in
23 continuing to actively serve in the House of Representatives, Hunter came to embody the
24 cynical idea that politicians who make the laws are not required to follow them. This surely
25 was not lost on him, yet he did not hesitate in stealing campaign funds for years while
26 holding one of the most visible and prestigious jobs in the United States. The sentence
27 imposed on Hunter must drive home the message that a person's status does not constitute
28 a basis for leniency. Hunter's decision to break the law while making the law – a decision

1 that he made repeatedly over eight years – was brazen. Hunter must now be held to account
2 to assure the public that those in power do not stand above the law.

3 The cynicism of Hunter’s conduct – his decision to repeatedly violate federal law
4 while continuing to accept the trust of the public to draft it – is exacerbated by its total
5 gratuitousness. Hunter committed a financial crime simply because he wished to live a
6 lifestyle above his means. Hunter’s substantial congressional salary, the tens of thousands
7 of dollars he was paying his wife with campaign funds, and the substantial gifts from his
8 parents all rendered the crime unnecessary. *See United States v. Miell*, 744 F. Supp. 2d
9 904, 955 (N.D. Iowa 2010) (“A crime of fraud by one who already has more than enough—
10 and who cannot argue that he suffered a deprived or abusive childhood or the compulsion
11 of an expensive addiction—is simply a crime of greed. A crime of fraud by one who is
12 otherwise successful, apparently by legitimate means, is ... particularly disturbing.”), *aff’d*,
13 661 F.3d 995 (8th Cir. 2011).

14 This Court’s sentence must also make it clear that choosing to provide an
15 affirmatively false narrative to the voters in order to get re-elected is unacceptable. Our
16 very democracy is at risk when a criminal like Hunter weaponize the tropes of fake news
17 and conspiracy theories. As noted previously, this is not a mere philosophical debate in
18 the 50th Congressional district; it is a fact. Hunter’s false narrative about being an innocent
19 politician framed by a partisan Justice Department influenced his 2018 re-election to
20 Congress.⁴⁴ There should be severe consequences when an elected representative seeks to
21 cover up corruption by hiding behind lies. This Court should ensure that Hunter faces
22 those consequences.

23
24
25 ⁴⁴ Surprisingly, the manner and frequency with which Hunter (and his surrogates)
26 lied to the public in this case suggests that he did not view it as a particularly weighty step
27 to take. During his public statements and town halls, he told lies over and over again. He
28 amplified his lies with fake details that he coordinated with his Chief of Staff. And, as has
been widely observed, Hunter’s public (and private) statements throwing his wife and
family “under the bus” were reprehensible.

