



WISCONSIN LEGISLATURE

P. O. Box 7882 Madison, WI 53707-7882

May 20, 2015

The Honorable Loretta Lynch
Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530-0001

Dear Attorney General Lynch,

We write today to express our concerns with recent issues surrounding the Wisconsin Economic Development Corporation (WEDC) that were contained in the attached series of articles in the Wisconsin State Journal (WSJ) regarding a WEDC loan to the Building Committee, Inc. (BCI), a private business. We are very concerned that several of these allegations may amount to violations of federal law including:

- 52 U.S.C. §30122 – “Contributions in Name of Another Prohibited.”
- 18 U.S.C. §666 – “Theft or Bribery Concerning Programs Receiving Federal Funds.”
- 18 U.S.C. §1341 – “Frauds and Swindles.”
- 18 U.S.C. §1343 – “Fraud by Wire, Radio or Television.”

The WEDC was created in 2011 to replace the Wisconsin Department of Commerce. Governed by a Board of Directors comprised of public and private sector officials and chaired by Governor Walker, WEDC was tasked with overseeing the awarding of millions of dollars in bonds, grants, loans and tax credits aimed at promoting economic development throughout the state. However, since its inception, WEDC has been plagued by mismanagement and allegations of impropriety. In fact, an audit by the Legislative Audit Bureau released this month found that WEDC has not been following state law and its own board approved policies. The reporting on WEDC’s handling of BCI’s loan request is concerning to those of us who have continually attempted to push WEDC officials to follow the letter and spirit of the law.

The WSJ, in reporting this story, requested the documents that WEDC used to underwrite and approve a \$500,000 loan to BCI. However, they report that WEDC indicated they could not locate key documents that were used to make the eventual underwriting decision. We are concerned that officials in the administration of Governor Walker may have willfully erased/destroyed these documents, which would hinder any investigation into their actions surrounding the approval of a WEDC economic development loan to BCI. In addition, WEDC’s response to requests for documents raises the possibility that not all legally required

documentation was prepared for the BCI loan application, and yet WEDC may have disbursed the funding to BCI anyway, in potential violation of both 18 U.S.C. §1341 and 18 U.S.C. §1343.

The WSJ also reported that the Secretary of the Wisconsin Department of Administration (DOA), Mike Huebsch, introduced Mr. William Minahan, BCI's owner, to then-WEDC Chief Executive Officer, Paul Jadin, to discuss a potential loan after Mr. Minahan donated \$10,000, the maximum individual contribution allowed under campaign finance laws, to Mr. Walker's gubernatorial campaign. Keith Gilkes, Governor Walker's 2010 campaign manager and then Chief-of-Staff, met with Mr. Huebsch and Mr. Minahan to discuss the loan in June 2011. In addition, Mr. Minahan's contribution to Governor Walker's campaign was made on November 2nd, 2010, a day after the Wisconsin Department of Revenue (DOR) issued a tax warrant seeking \$15,800 in unpaid taxes for BCI. We are concerned with the timing of the campaign contribution relative to both the scheduling of the meetings among Mr. Minahan, Mr. Huebsch, Mr. Jadin and Mr. Gilkes and the DOR's issuance of a tax warrant for BCI. These possible "pay to play" activities may violate 18 U.S.C. §666, 18 U.S.C. §1341 and 18 U.S.C. §1343.

Mr. Jadin stated in the WSJ article that, during these meetings, Mr. Huebsch, a non-voting member of the WEDC board as DOA Secretary, and Mr. Minahan advocated for a \$4.3 million loan for BCI. Mr. Jadin said WEDC could not justify any loan in excess of \$500,000, and approved a loan he called "fairly shaky" due to reported pressure from Mr. Huebsch. WEDC staff approved BCI's request to be given more time to pay back the loan, and both WEDC and Walker administration staff assisted BCI's attempts to secure federally subsidized energy bonding in spite of the fact that BCI was being sued by numerous creditors for unpaid bills. In the end, BCI created no jobs and would not provide specific information about any work that had been done while expending the \$500,000 loan. In addition, BCI gave misleading information about potential partners they claimed were a part of the loan project. To date BCI has not made any payments on the loan and has been sued by WEDC to recover the funds.

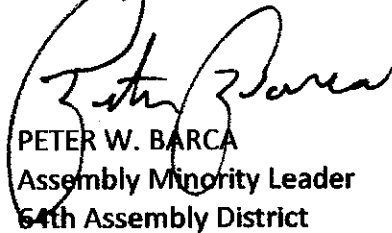
The WSJ also reported that three BCI employees, two named and one unnamed, said they were asked by Mr. Minahan to contribute to political campaigns and were told that they would be reimbursed for their contributions through a BCI expense account. If true, this would appear to be a violation of 52 U.S.C. §30122. However, we are also concerned that the campaign contributions to Governor Walker's campaign, which may have influenced the actions of the various officials from Governor Walker's administration, may also have been given by someone other than the named donor, in potential violation of 18 U.S.C. §666, 18 U.S.C. §1341 and 18 U.S.C. §1343.

Lastly, WEDC requires that an applicant, or any company owner or officer, for economic development loans through WEDC indicate whether they have been sued within the previous five years. This requirement states that those who provide false information in response to that question "will be deemed ineligible and denied based on the falsification of information."

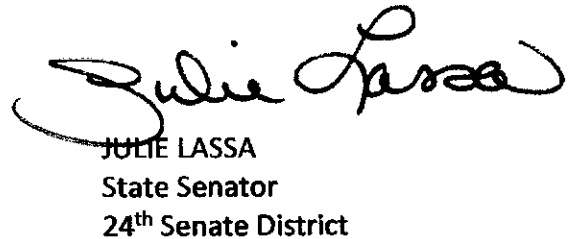
The article indicates that Mr. Minahan checked "no" to that question, in spite of the fact that he had been sued on three separate occasions within that time frame, information that was readily available on public websites. We are concerned not just that Mr. Minahan appears to have falsified his answer, but that officials within the administration of Governor Walker may have willfully ignored this requirement when approving a loan to BCI because of Mr. Minahan's campaign contributions in potential violation of 18 U.S.C. §666, 18 U.S.C. §1341, and 18 U.S.C. §1343.

As elected members of the Wisconsin State Legislature, we have taken an oath to support the constitution of the United States and the state of Wisconsin. Further, as members of the WEDC Board of Directors, we have a fiduciary responsibility to Wisconsin taxpayers. If true as reported, the actions undertaken by officials in Governor Walker's administration in their interactions with BCI both hindered our ability to monitor WEDC's action and potentially violated numerous federal laws. We respectfully request a U.S. Department of Justice investigation into these serious allegations with all due haste.

Sincerely,



PETER W. BARCA
Assembly Minority Leader
64th Assembly District



JULIE LASSA
State Senator
24th Senate District

cc: Raymond Hulser, Acting Chief, Public Integrity Section, U.S. Department of Justice
U.S. Attorney John W. Vaudreuil
U.S. Attorney James L. Santelle