

UNITED STATES DISTRICT COURT
DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA)
)
)
v.)
)
)
KARL B. RODNEY,)
)
Defendant.)
_____)

Criminal No. 11-0038 (EGS)

FILED
APR 14 2011
Clerk, U.S. District & Bankruptcy
Courts for the District of Columbia

FACTUAL BASIS FOR PLEA

The United States of America, by and through the undersigned attorneys of the United States Department of Justice, Criminal Division, Public Integrity Section, and the defendant KARL B. RODNEY (hereinafter "RODNEY"), personally and through his undersigned counsel, hereby stipulate that the United States could prove the following facts beyond a reasonable doubt.

That from in or around 2007 and continuing thereafter until in or around 2009, in the District of Columbia and elsewhere:

1. RODNEY owned and operated Carib News, Inc. ("Carib News"), a New York-based company which published a weekly newspaper named New York Carib News, which targets the Caribbean-American community in the New York metropolitan area. RODNEY was the President of Carib News.

2. RODNEY created the Carib News Foundation (the "Foundation") as the charitable arm of Carib News. RODNEY was an officer of the Foundation. RODNEY used

Carib News and the Foundation to organize an annual conference in the Caribbean named the Caribbean Multi-National Business Conference.

3. The 12th Annual Caribbean Multi-National Business Conference was held in Antigua and Barbuda (“Antigua”) in November 8-11, 2007 (the “2007 Conference”) and the 13th Annual Caribbean Multi-National Business Conference was held in St. Maarten in November 6-9, 2008 (the “2008 Conference”) (collectively, the “Conferences”). According to materials disseminated by RODNEY, the purpose of the Conferences was to bring together business, community, and government leaders “to stimulate the creation of commercial projects benefitting companies and individuals desiring to do business in the [Caribbean].”

4. The Conferences were each attended by, among others, several Members of Congress (“Members”) and top level corporate executives. In connection with their attendance at the Conferences, RODNEY used money and in-kind contributions provided by corporations and foreign governments to pay for Members’ transportation, lodging, and meals.

Disclosure Requirements of the United States House of Representatives

5. In 2007, the United States House of Representatives (“House”) implemented new rules regarding privately-funded travel by Members. Until 2007, a Member was generally permitted to accept a free trip paid for by a private source, so long as the trip was officially connected with that Member’s Congressional duties. The private sponsor of the trip was permitted to cover the costs for the Member’s transportation, lodging, meals and other expenses directly related to the purpose of the trip. In 2007, the House modified its rules in order to limit the ability of lobbyists, and companies that retain lobbyists, to subsidize official trips attended by Members.

6. Under the new rules, all privately-funded travel by Members needed to be pre-approved by the House Committee on Standards of Official Conduct (the "Ethics Committee"). The pre-approval process required the individual or entity paying for the Member's trip to complete a Private Sponsor Travel Certification Form ("Sponsor Form"). Among other things, the Sponsor Form required that the source of funding for the Member's trip (*i.e.*, transportation, lodging, and meals) be disclosed.

7. In determining whether to approve the proposed trip, the Ethics Committee reviewed the information reported in the Sponsor Form. The Sponsor Form was also made available to the public in an effort to promote transparency, deter abuses, and instill public confidence regarding official travel by Members paid for by a private source. The Sponsor Form constituted the public's only window into the source of financial support for such trips.

8. In or about 2007, RODNEY learned that the House implemented these new rules and disclosure requirements regarding privately-funded travel by Members.

Funding and Support for the Conferences

9. In 2007 and 2008, RODNEY, on behalf of the Foundation, solicited from various corporations, including companies that retain lobbyists, financial and other support for the 2007 and 2008 Conferences. These corporations provided hundreds of thousands of dollars to the Foundation for the conferences, as well as in-kind contributions such as airline tickets which were used to transport Members to and from Antigua in 2007.

10. In 2007, RODNEY, on behalf of the Foundation, solicited from the Government of Antigua funds for Members' lodging and meals in connection with the 2007 Conference. The Government of Antigua agreed with RODNEY to pay and did, in fact, pay for Members' lodging and meals at the Sandals Grande Antigua Resort and Casino in Antigua.

11. In 2008, RODNEY, on behalf of the Foundation, solicited from the Government of St. Maarten funds for Members' lodging and meals in connection with the 2008 Conference. The Government of St. Maarten agreed with RODNEY to pay and did, in fact, pay for Members' lodging and meals at the Sonesta Maho Beach Resort and Casino in St. Maarten.

False Statements by Rodney regarding the Source of Funding for the Conferences

12. In or about October 2007 and October 2008, RODNEY completed and caused the Sponsor Forms for the 2007 and 2008 Conferences to be filed with the House and certified that the information contained therein was true, complete and correct to the best of his knowledge. On the forms, RODNEY falsely stated that the Foundation was the sole sponsor of the Members' trip and that the Foundation had not accepted from any other source funds earmarked directly or indirectly to finance any aspect of the trip.

13. As a result of RODNEY's failure to disclose that sources other than the Foundation, including foreign governments and a corporation that retained a lobbyist, provided funding for the Member's travel, the public was denied the right to know the true source of financial support for travel by Members to the Conferences.

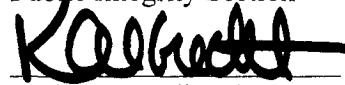
The preceding statement is a summary, made for the purpose of providing the Court with a factual basis for my guilty plea to the false statement charge against me. It does not include all of the facts known to me concerning activity in which I engaged. I make this statement knowingly and voluntarily and because I am in fact guilty of the crime charged.

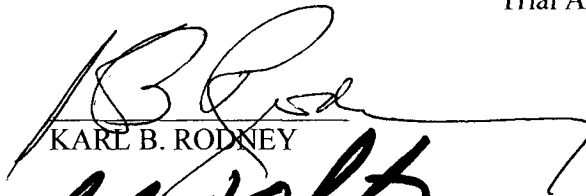
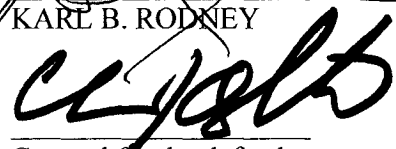
Dated: This 14th day of April 2011

Respectfully submitted,

Jack Smith
Chief
Public Integrity Section

By:


Kathryn H. Albrecht
Justin V. Shur
Trial Attorneys


KARL B. RODNEY

Counsel for the defendant