



Department of Justice

**United States Attorney Anne M. Tompkins
Western District of North Carolina**

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CONTACT: Lia Bantavani
704-338-3140
Lia.Bantavani@usdoj.gov

FORMER CHARLOTTE MAYOR PLEADS GUILTY TO PUBLIC CORRUPTION

*Patrick Cannon Admitted to Carrying out a Bribery Scheme and Accepting
at least \$50,000 in Exchange for Using his Official Position to Benefit his Payors*

CHARLOTTE, N.C. – Former Charlotte Mayor Patrick D. Cannon pleaded guilty today to one count of honest services wire fraud, announced Anne M. Tompkins, U.S. Attorney for the Western District of North Carolina and John A. Strong, Special Agent in Charge of the Federal Bureau of Investigation (FBI), Charlotte Division.

A federal criminal bill of information charging the former mayor and a filed plea agreement were unsealed on Monday, June 2, 2014. Cannon, 47, appeared in court today and formally pleaded guilty to the charge before U.S. Magistrate Judge David S. Cayer.

“Former Mayor Cannon used his elected official position to enrich himself at the expense of the City of Charlotte,” said U.S. Attorney Tompkins in making today’s announcement. “Through his actions, Cannon betrayed the trust of his constituents and his peers, compromised the integrity of our local government and damaged Charlotte’s good reputation as a city that does business the honest way. Cannon will now be held accountable for depriving the citizens of Charlotte of their right to his honest and faithful services and for putting personal gain over the greater good. As we move forward, let one message be clear: My office will continue to investigate allegations of public corruption and go after anyone who uses public office as a means of getting rich. Charlotte has no room for corrupt politicians.”

“This nearly four year investigation was complex and required a great deal of diligence and dedication from the FBI Special Agents and prosecutors involved. By its very nature, public corruption is conducted in a shroud of secrecy and can be difficult to detect. Fortunately, the FBI has the capability to use a number of lawful, sophisticated tools and techniques to capture key evidence. The criminal actions of Patrick Cannon brought undeserved shame and embarrassment upon the city of Charlotte. As the city begins to heal, citizens should be reassured, this investigation does not end with today’s guilty plea. FBI agents will continue to follow the trail of evidence in this case and look into related allegations as the investigation moves forward,” said John A. Strong, Special Agent in Charge of the FBI in North Carolina.

According to the criminal bill of information to which Cannon pleaded guilty, other documents filed in this case and statements made in court:

I. Background

Beginning in on or about December 7, 2009, and continuing through March 26, 2014, Cannon devised a bribery scheme and used his official position to enrich himself. During the course of the scheme, Cannon was an elected official serving as a member of the City Council, and/or *Mayor Pro Tem* or Mayor of the City of Charlotte. During the relevant time period, Cannon solicited and accepted gifts, payments and other things of value in exchange for a pattern of official actions favorable to the persons who secretly paid him. Specifically, Cannon accepted a total of at least \$50,000 from a Charlotte business owner and two undercover agents posing as investors interested in opening businesses in Charlotte. Cannon accepted the bribes in exchange for use of his official position on an “as needed” basis, including communicating with City and County officials and others to assist his payors’ projects and intervening with any zoning, permitting and transportation issues, among others. Cannon’s actions and fraudulent bribery scheme defrauded the citizens and the government of Charlotte and deprived them of their right to Cannon’s honest and faithful services.

II. The Scheme to Defraud

a. The Scheme to Solicit and Accept Things of Value from Businessman No. 1 (“BM1”)

The criminal bill of information identifies BM1 as the owner of a company that owns and operates a live adult entertainment club in the Charlotte area (the “Club”). During the relevant time period, Cannon secretly solicited, accepted and agreed to accept periodic payments and checks from or on behalf of BM1 in exchange for Cannon’s use of his elected offices to exert influence over City zoning, planning and transportation officials, as needed or required by BM1. Specifically, in and around January 2013, Cannon accepted approximately \$2,000 in cash from BM1 in exchange for Cannon’s influence in relocating the Club away from the proposed LYNX Blue Line Extension (BLE), thereby enabling BM1 to keep his establishment open as an adult club.

b. The Scheme to Solicit and Accept Things of Value from Undercover Employee No. 1 (“UCE1”)

UCE1 was an FBI undercover agent who Cannon believed to be a business manager for a Chicago-based venture capital company interested in opening a nightclub/bar in Charlotte at a property identified as the “Firehouse.” The selected location had numerous zoning and parking issues. Beginning no later than December 12, 2012 through on or about March 26, 2014, Cannon secretly solicited, accepted and agreed to accept \$12,500 in cash and the occasional use of an apartment in exchange for Cannon’s influence and intervention as needed to assist UCE1 in dealing with City and County officials and working out any zoning, licensing and permit issues associated with the selected property.

c. The Scheme to Solicit and Accept Things of Value from Undercover Employee No. 2 (“UCE2”)

UCE2 was an FBI undercover agent, who Cannon believed to be a Las Vegas real estate developer looking to secure foreign investors to finance commercial real estate developments in Charlotte. Beginning no later than May 21, 2013 through on or about March 26, 2014, Cannon secretly solicited, accepted and agreed to accept a total of \$36,000 in cash, a trip to Las Vegas and the occasional use of an apartment in exchange for use of his elected position to create and make false representations on behalf of UCE2 to individuals Cannon believed to be foreign investors. Specifically, at the request of UCE2, Cannon traveled to Las Vegas, and in his official capacity as Charlotte’s *Mayor Pro Tem* delivered a presentation to purported investors during which Cannon falsely told them that he had successfully used his position in the past to assist with a similar project in Charlotte. Over the course of his dealings with UCE2, Cannon promised to use his new position as Mayor to make contacts and exert his official influence over City and County officials to secure federal financing for transportation projects that would benefit UCE2’s company; offered to use and used the Mayor’s office to persuade one of UCE2’s purported skeptical investors to invest in UCE2’s company; and promised to give UCE2’s company preferential treatment over other potential developers.

During the relevant time period, Cannon never disclosed to any City and County employees whom he contacted his relationship with BM1, UCE1 and UCE2 or that he was receiving cash, gifts and other things of value from them in exchange for use of his official position.

III. The Charged Offense and Penalties

Cannon has pleaded guilty to one count of honest services wire fraud. In pleading guilty, Cannon has admitted to defrauding and depriving the citizens of Charlotte and the Charlotte government of their right to Cannon’s honest and faithful services through bribery and the concealment of material information. (The attached table outlines the manner and means by which Cannon carried out the bribery scheme).

The charge carries a maximum prison term of 20 years, a \$250,000 fine or both. According to the terms of the plea agreement, Cannon has also agreed to pay restitution. Cannon’s final sentence and restitution amount will be determined by a federal judge at sentencing. Cannon is currently released on bond and a date for his sentencing hearing has not been set.

The case is being prosecuted by Assistant United States Attorneys Michael E. Savage and Craig D. Randall of the U.S. Attorney’s Office in Charlotte. The ongoing investigation is being handled the FBI.

A copy of this press release and related documents can be found at:
<http://www.justice.gov/usao/ncw/calendar.html>

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Manner and Means of the Scheme

Date(s)	Payor	Bribe ("Quid")	Official Act(s) ("Quo")
Jan. 1-31, 2013	BM1	\$2,000 cash	CANNON urged a Council Member to intervene with City official on behalf of the Club.
Jan. 17, 2013	UCE1	\$12,500 cash	CANNON promised to use his influence to move UCE1's applications for business licenses, planning and building permits to "the top of the pile."
July 1, 2013	UCE1 UCE2	\$1,000 cash Hotel Room Air Fare	CANNON traveled to Las Vegas to give a false presentation as Charlotte Mayor Pro Tem to a group of UCEs posing as foreign investors.
July 2, 2013	UCE2	\$5,000 cash	CANNON gave a false presentation as Mayor Pro Tem to a group of UCEs posing as foreign investors and promised to use his official position as needed to benefit UCE2's real estate projects.
July 19, 2013	UCE2	\$10,000 cash	CANNON used his official position as Mayor Pro Tem to successfully recruit a payment to UCE2's company from a UCE posing as a foreign investor and called the City's Zoning Administrator on behalf of UCE1.
Dec. 11, 2013	UCE2	Key and Use of Apartment	CANNON called the City Manager on behalf of UCE2, provided UCE2 with the Planning Director's contact information, and advised UCE2 to tell the Planning Director that he had previously had a conversation with CANNON and the City Manager.
Feb. 21, 2014	UCE2	\$20,000 cash	CANNON used the Mayor's office and his elected position to convince a UCE posing as a skeptical foreign investor to "close" on a \$25 million payment to UCE2's company.