



U.S. Department of Justice

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## PRESS RELEASE

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### **Former FEMA Executive Pleads Guilty To Federal Conflict of Interest Charge -Defendant Sought Job From Company That Did Work for FEMA-**

WASHINGTON – Timothy W. Cannon, 63, the former director of human resources at the Federal Emergency Management Agency (FEMA), pleaded guilty today to a charge of conflict of interest for negotiating employment with a polling and consulting services company that had a multimillion-dollar contract with FEMA, supervised by Cannon.

The plea occurred before the Honorable Amy Berman Jackson, of the U.S. District Court for the District of Columbia. Sentencing is scheduled for April 9, 2013. The charge carries a statutory maximum of five years in prison.

The guilty plea was announced by Ronald C. Machen Jr., U.S. Attorney for the District of Columbia; Assistant Attorney General Lanny A. Breuer of the U.S. Department of Justice's Criminal Division; Debra Evans Smith, Acting Assistant Director in Charge of the FBI's Washington Field Office; Christopher Cherry, Special Agent in Charge of the General Services Administration Office of Inspector General for the National Capital Region, and Mike Dawson, Special Agent in Charge of the U.S. Department of Homeland Security Office of Inspector General's Washington Field Office.

According to the government's evidence, from July 2007 through February 2009, Cannon was the director of FEMA's Human Capital Division. In 2007, Cannon had discussions with a firm, identified in court papers as "Company A," about FEMA hiring the firm to provide consulting services on human resources matters at FEMA. The work would be done through a project that would eventually be called the "BEST Workforce Initiative."

In March 2008, the Chief Executive Officer of Company A emailed another Company A employee, stating Cannon "said he has done everything to get a job at [Company A] because he

believes so much in our products . . . said he wants to do a real good job at FEMA and that maybe [sic] he would try again . . .” On April 22, 2008, Company A’s CEO emailed another Company A employee that “. . . [I]f [CANNON] gets us a big deal at FEMA . . . i [sic] think we should hire him . . . because he will be a ‘client’ hire . . . which might be good[.]” Later in the same email chain, Company A’s CEO asked, “[I]s the ink dry yet on our deal with fema [sic] [?]” The Company A employee replied, “[N]o might be mid-May.” Company A’s CEO then stated, “[W]e should wait of course to see if we win a big quality deal here[.]”

On Aug. 12, 2008, Company A was hired to administer the BEST Workforce Initiative at FEMA. The contract was valued at approximately \$6 million over five years.

On Nov. 18, 2008, a Company A employee advised Company A’s CEO in an email, “I talked to Tim today. He asked for a job.” Company A’s CEO then stated, “What about ethics . . . are we okay with all of that . . . he is a significant client . . . am sure you know the rules . . . gee he seems like a winner to me . . . I don’t think these guys are as expensive as one might think . . . and he has a military background[.]”

In December 2008 and January 2009, Cannon requested additional funding for the BEST Workforce Initiative. On Jan. 6, 2009, in an email to a Company A employee, Cannon stated, “. . . [A]h yes, I got another 500k put on the contract. Cool huh?”

On Jan. 12, 2009, Cannon had an employment interview with Company A in Washington, D.C. On Feb. 9, 2009, Company A sent an employment offer letter by email to Cannon. The letter offered Cannon “the opportunity to join [Company A] as a Partner with our Government Division in Washington, D.C.[,]” and guaranteed him a minimum annual salary of \$175,000 for the first two years of employment. Cannon responded to the email the same day, stating, “I am very excited about joining [Company A] and I look forward to working with you . . .” Following Cannon’s acceptance of Company A’s employment offer, Cannon continued to oversee and work on the BEST Workforce Initiative at FEMA.

Cannon retired from FEMA effective on Feb. 27, 2009. On his Public Financial Disclosure Report, known as a Form SF-278, Cannon indicated that he did not have any agreements or arrangements for “future employment” and he specifically did not list his future employment with Company A. On Feb. 27, 2009, Cannon requested that Company A provide him with an offer letter dated after Feb. 27, 2009, so that it would falsely appear that Cannon received Company A’s employment offer after he had resigned from FEMA. On March 2, 2009, Company A sent an updated version of the offer letter, with the new date of March 2, 2009, to Cannon. Cannon signed this updated version of the offer letter on March 3, 2009, and returned it to Company A.

In March 2009, a Company A employee voiced concerns internally about Cannon’s hiring. In addition, on March 25, 2009, a Company A employee stated in an email to another Company A employee, “Well, I just got a call from and am getting more red flags about Tim Cannon. Apparently, word is getting around about his departure and joining [Company A]. There is speculation among is [sic] co-workers that this is improper. They are pretty mad. This may get in the way of future business with FEMA. . . . This, plus the bankruptcy, plus

appearance of ethics violations, both on [Company A] and FEMA side. This is not good. . . . I think we are getting too many sign[s], and I do not think this will work.” On March 26, 2009, Company A informed Cannon that Company A’s offer of employment was being withdrawn. Company A told Cannon that he did not meet the background check requirements.

Later, on Sept. 17, 2009, Cannon sent an email to Company A’s CEO advising that Cannon had joined a consulting firm and asking to have lunch. Company A’s CEO forwarded that email to other Company A employees stating, “This is a guy that was our sponsor at FEMA . . . he is so [Company A] gung ho . . . when he was applying we broke some of the rules of the US Gov on the 'how' we do it . . . so we had to let him go . . . .”

In announcing the guilty plea, U.S. Attorney Machen, Assistant Attorney General Breuer, Acting Assistant Director in Charge Smith, Special Agent in Charge Cherry, and Special Agent in Charge Dawson commended the outstanding investigative work of agents of the FBI’s Washington Field Office, Assistant Special Agent in Charge Floyd Martinez of the GSA OIG, and agents of the DHS OIG, as well as agents and auditors of other federal investigative agencies that assisted with this case. They also praised the efforts of members of the U.S. Attorney’s Office and the Criminal Division Fraud Section, including Paralegal Specialists Diane Hayes and Nicole Wattleit; Legal Assistant Jamasee Lucas; Information Technology Specialist Joshua Ellen; forensic accountants in the Fraud and Public Corruption Section; and Assistant U.S. Attorney David Johnson, Trial Attorney Brian Young, and former Trial Attorney James Graham, who have prosecuted the case.

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