

# Railroad executive charged with campaign law violations

By Daniel Bice of the Journal Sentinel

A major donor to Gov. Scott Walker was charged Monday with funneling more than \$60,000 in illegal campaign contributions through his railroad employees during the last election.

William Gardner, president and chief executive officer of Wisconsin & Southern Railroad Co., has agreed to plead guilty to two felony counts - one for exceeding the campaign contribution limits and a second for giving company and personal funds to others so they could make political donations. Individuals can give no more than \$10,000 to gubernatorial candidates.

Under the deal, prosecutors are asking that Gardner be sentenced to two years' probation.

"Because he was cooperative and accepted responsibility at the outset - providing much of the evidence against himself - we are not recommending jail time," said Milwaukee County Assistant District Attorney Landgraf, who investigates election and campaign matters.

Although Milwaukee prosecutors handled the case, the charges were filed in Washington County, where Gardner lives. Each of the two felony counts carries a maximum penalty of 3 ½ years of combined prison and extended supervision and a \$10,000 fine.

Gardner issued a statement Monday acknowledging his mistakes.

In that written statement, the 63-year-old railroad executive said he didn't initially realize that what he and others were doing was improper. The criminal complaint says Gardner took several steps to conceal the scheme and the illegal contributions came to light only when a former friend of Gardner's alerted state officials.

"I made and asked others to make these contributions, and I am responsible for having the company reimburse some individuals," Gardner stated. "My actions were against the law and wrong, and I take full responsibility."

A spokesman for Walker said he had no comment on the matter. His campaign received the vast majority of the illegal campaign contributions.

Last year, Walker returned more than \$43,000 in donations to Gardner and a handful of his company workers after the railroad official informed state regulators that he had been using company funds to reimburse his workers for their campaign contributions.

The Assembly Democratic Campaign Committee also has forfeited \$3,500 in donations from Gardner.

It is illegal in Wisconsin to give corporate money to political candidates.

The state Government Accountability Board is expected to announce that more than a half-dozen of Gardner's employees will pay civil forfeitures of \$250 each and that Gardner's corporation will pay about \$166,000. A press conference is scheduled on the matter for 2 p.m.

One election lawyer said he is not surprised that Gardner is getting off with such a light penalty.

"Although these are serious criminal allegations, the mitigating factor that might preclude jail time is the fact the Gardner notified the GAB of his crimes before he was caught," said Michael Maistelman.

Milwaukee County prosecutors have been conducting a John Doe probe into the allegations against Gardner. The Journal Sentinel first reported the illegal donations last summer and the John Doe probe late last year.

According to the 12-page criminal complaint, Gardner told several employees in 2009 and 2010 to donate money to Walker and file expense reports with the railroad to cover the donations. He told them not to send their checks until they received the money from the railroad.

Gardner continued to solicit employees for such donations even after a former friend informed him she had reported the situation to the Government Accountability Board. The former friend - who is not identified by name in the complaint - on April 19, 2010 informed Gardner and an attorney mediating a dispute between them that she had gone to election authorities.

"Knock yourself out," Gardner responded in an email. "I did nothing wrong and have broken no law."

The former friend did not identify the name of the company when she reported the situation to the board, but an attorney there was able to figure out the railroad was involved.

Prior to her report to election authorities, a friend of hers, Gregory Edminster, contacted Walker's campaign. Edminster told investigators that someone from Walker's campaign staff assured him they had methods to detect illegal contributions and were confident they had not received any.

Gardner had tried to keep the scheme quiet. He sent an email to Dale Thomas, the chief mechanical officer for railroad cars, telling him to donate \$4,900 to Walker once he received the same amount from the railroad.

Thomas agreed, and Gardner wrote him back: "And let's not blab this around." Responded Thomas: "I kinda figure that, my lips are sealed."

Gardner's attorneys told investigators Gardner didn't want it out because he didn't want employees thinking lavish payments were being made at a time when wages were being cut.

Gardner also made a \$5,000 donation to Walker in July 2005, when Walker made an earlier run for governor. That contribution was illegal because lobbyists can't make contributions to state candidates during the legislative session, and Gardner was a lobbyist for the railroad.

On Nov. 15, 2005, Gardner was fined \$1,000 by the Government Accountability Board because he'd made the donation as a lobbyist. On Nov. 17, 2005, Walker's campaign returned the \$5,000 contribution to Gardner, but the same day Gardner had his daughter, Stephanie Schladweiler, give the campaign the same amount.

Schladweiler used Gardner's money to make the contribution, which is illegal.

The complaint shows \$34,800 going to Walker from the railroad in late 2009 and early 2010. Gardner in 2005 and 2006 gave another \$12,000 to others using his personal funds so they could make donations to Walker.

Gardner was charged under an unusual provision of the law that requires campaign finance cases to be filed in the county where defendants live. Most crimes are charged in the county where they occur.

Gardner is one of the first people to be charged in the way the 2007 law was envisioned, though former Assembly Speaker Scott Jensen invoked the law to successfully move his case to his home county.

The case shares similarities to the one against Kenosha trucking magnate Dennis Troha, who in 2008 was sentenced to six months of probation for exceeding federal campaign donation limits by funneling political donations through family members. Troha, who unsuccessfully sought a Kenosha casino, was a large donor to Democratic Gov. Jim Doyle, as well as Republicans.