



Department of Justice

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Eastern District of California

FOR IMMEDIATE RELEASE
FRIDAY, MARCH 30, 2012
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FORMER CALIFORNIA CAMPAIGN TREASURER PLEADS GUILTY TO DEFRAUDING CAMPAIGN COMMITTEES

SACRAMENTO, Calif. – Kinde Durkee, 59, of Long Beach, Calif., pleaded guilty today before U.S. District Judge Kimberly J. Mueller to five counts of mail fraud, announced Benjamin B. Wagner, U.S. Attorney for the Eastern District of California. The charges relate to a long-running scheme in which she misappropriated millions of dollars from various campaign committees of federal and state elected officials.

This case is the product of an extensive investigation by the FBI. Assistant U.S. Attorneys John K. Vincent and Phillip A. Ferrari prosecuted the case. The investigation originated with an audit by an investigator with the California Fair Political Practices Commission.

In pleading guilty today, Durkee admitted that the losses to victims exceeded \$7 million. The case is believed to be the largest embezzlement by a campaign committee treasurer ever prosecuted.

According to the plea agreement, Durkee operated Durkee & Associates, a firm that specialized in providing accounting and campaign reporting services to political committees for state or federal offices, including political campaign committees and nonprofit organizations. Part of that service included filing campaign disclosure forms with the California Secretary of State in Sacramento (for state candidates or officials) or the Federal Election Commission (FEC) (for federal candidates or officials). In addition, Durkee served as the treasurer for many of her client committees and maintained bank accounts for her clients.

According to court documents, from approximately January 2000 to September 2011, Durkee operated a scheme to defraud clients of Durkee & Associates by routinely misappropriating client funds and submitting and causing the submission of false information to the California Secretary of State and the FEC. As a result of the false filings, clients believed that their campaign accounts had more money in them than they actually held. Durkee used the money she misappropriated to pay her personal expenses, including mortgage payments and American Express charges; to pay business expenses, including payroll; and to repay unauthorized withdrawals from other client accounts.

U.S. Attorney Wagner said, “Kinde Durkee’s casual embezzlements over a decade added up to devastation for many of her clients. Like any fraudster, she depended on trust to perpetuate and conceal her scheme. In the world of politics, no less than in the world of finance, clients should be wary of relying on trust alone when choosing a guardian for their funds.”

“Greed is the root of all white-collar crime,” said Herbert M. Brown, Special Agent in Charge of the FBI Sacramento Field Office. “Our agents tirelessly investigate these crimes that silently erode our communities, exposing those who purposely defraud, steal and embezzle from those they are entrusted to serve.”

As part of the sentence ultimately imposed in this case, Durkee will be ordered to pay restitution to the victims. As part of the plea agreement, she agreed to turn over any equity in a property in Burbank, Calif., where her firm was located. The firm is no longer operating. She also agreed to liquidate funds in a 401(k) account for use in restitution.

Durkee is scheduled to be sentenced by Judge Mueller on June 20, 2012, at 9:00 a.m. The maximum penalty for each count of mail fraud is 20 years in prison and a \$250,000 fine. The actual sentence, however, will be determined at the discretion of the court after consideration of any applicable statutory factors and the Federal Sentencing Guidelines, which take into account a number of variables.