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NewsRelease

Cadwalader Investigation Finds DC Council Member Graham Violated Metro Conduct Standards

Washington, October 11, 2012, Cadwalader, Wickersham & Taft LLP (Cadwalader), a leading counselor to global financial institutions and corporations, today announced the results of a four-month investigation conducted on behalf of the Washington Metropolitan Area Transit Authority (WMATA). The final report found that former Metro Board Member Jim Graham violated WMATA's Standards of Conduct by attempting to barter a Metro real estate development project with another matter before the District of Columbia Council.

The investigation, conducted at the direction of a Special Working Group of WMATA's Audits and Investigations Committee, found that Graham's actions constituted a conflict of interest and that he violated his obligation to place the public interest first in all contract award decisions.

Alvin J. Nichols, Chair of the Special Working Group of Audits and Investigations Committee stated: "The depth and breadth of this independent investigation into the conduct of WMATA Board members as to a contracting matter is unprecedented. By the full immediate release of this report, the Special Working Group of the Audits and Investigations Committee on behalf of the entire WMATA Board is sending an unequivocal message that we will ferret out behavior that does not accord with our highest standards."

"This Report is unimpeachable," Nichols continued. "It is tough, comprehensively documented and fair. Unblinkingly, it reveals wrongdoing on the part of a former Board member. That is disappointing. But it also signals that the Board will not tolerate violations of our own Code of Conduct. Indeed, we will use the findings from this incident to renew and strengthen our governance going forward," Nichols stated.

At issue in the investigation are the actions of Jim Graham, who served as a WMATA board member in 2008, when the transit authority was entertaining bids for a joint development project on Florida Avenue in Northwest Washington. The report finds that Graham created a conflict of interest by telling one bidder for the Florida Avenue joint development project that, through his position on the DC Council, he would consider supporting that bidder's efforts to obtain a DC Lottery contract if the bidder would first withdraw his bid for the WMATA project.

The report also finds that Graham acted alone, and without the awareness or support of any other WMATA Board member or employee.

"Sworn testimony and statements of witnesses and contemporaneous documents clearly show that Council Member Graham undermined the integrity of WMATA's joint development process by bartering a Metro Project with a D.C. Council contract," said Bradley Bondi, the lead investigative attorney for Cadwalader. In the view of the investigative team, "Mr. Graham's actions constitute a clear violation of Metro's own standards of conduct for its board members."

Release of the report builds on previous ethics and governance reforms announced by WMATA. In July 2011, Metro's Board of Directors approved measures that clarify its Code of Ethics and By-Laws governing policy, financial direction, oversight and Metro's relationship with customers and regional partners. Metro's Code of Ethics were strengthened to avoid all conflicts of interest or the appearance of conflicts of interest and instituted a formal recusal process in order to further protect the public interest.

"With the release of this report, WMATA has taken an important step forward in its ongoing commitment to openness, transparency, and being fully accountable for our actions," WMATA Board Chair Catherine Hudgins said. "The public should be assured that the Authority is dedicated to continuing to strengthen its corporate governance and to ensuring that we put the public interest first."

About Cadwalader, Wickersham & Taft LLP

Cadwalader, Wickersham & Taft LLP, established in 1792, is one of the world's leading international law firms, with offices in New York, Washington, Charlotte, Houston, London, Hong Kong, Beijing and Brussels. Cadwalader serves a diverse client base, including many of the world's top financial institutions, undertaking business in more than 50 countries in six continents. The firm offers legal expertise in antitrust, banking, business fraud, corporate finance, corporate governance, energy, environmental, financial restructuring and reorganizations,

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