

The Secret Life Of an Informant

To secure a lighter sentence, Garland Hardeman taped friends, associates and a lover

Surviving a .22 caliber shot to the head

By **KAREN RICHARDSON** | *The Wall Street Journal*
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Garland Hardeman had many awkward moments in his four-year career as a government informant, such as the time he got shot in the face, and the time he wiretapped one of his oldest friends. He also recorded a conversation with his girlfriend in their hotel bedroom, deactivating the device only when their pillow talk turned steamy.

Mr. Hardeman, a Los Angeles cop-turned-lobbyist, was “working off a beef,” as prosecutors say—hoping to reduce his own jail time by acting as a government witness. Earlier, he had been busted for attempted bribery in a Los Angeles garbage-hauling scandal. He continued to work as a lobbyist, using the job as cover to trick friends and business associates into admitting their part in one of the most widespread cases of public malfeasance in the U.S., spanning nine cities and five states.

The double life of an informant is a peculiar one, filled at the same time with tedium and betrayal. Mr. Hardeman wore a wire to record 17 people, many of whom were subsequently convicted. That included his girlfriend. He testified in four grand juries and three trials and accounted for a “substantial” part of the evidence used in “the most pervasive corruption case this district has ever seen,” says Tom McConville, a federal prosecutor in the Central District of California.

Many of the cases involved paying bribes and kickbacks in return for municipal contracts.

Mr. Hardeman also complained about the petty indignities of life undercover. He had to pay for most of his travel costs before filing expenses to his boss, in this case, the Federal Bureau of Investigation. “It took them up to three months to reimburse me sometimes,” he griped during one of a series of interviews this summer.

The feds are now among Mr. Hardeman’s few remaining supporters. In February, Mary Butler, a top prosecutor from the Justice Department’s Public Integrity Section in Washington, D.C., took the unusual step of speaking on his behalf in court. She praised his meticulous record-keeping and noted that he stood up under “serious cross-examination” when he took the stand.

Mr. Hardeman’s account of his double life is largely confirmed by three current or former federal prosecutors, two of his defense lawyers, FBI officials, court documents and transcripts.

The government has long relied on informants and wiretapping to pursue drug rings and organized crime syndicates. But the government’s use of cooperating witnesses spiked after 1987 when Congress enacted federal sentencing guidelines that largely usurped judges’ discretion in doling out prison time.

Defendants quickly learned that the only way to escape the rigid penalty structure was to cooperate in return for a lenient sentence. In fraud cases, snitches are especially valuable because they can give life to the sometimes complex documents that lie at the heart of many cases. These days it is standard procedure in white-collar cases for the government to try to “flip” defendants if they have something to offer.

Cooperators’ testimony is most useful when prosecutors can corroborate it with hard evidence; juries aren’t predisposed to like or trust such

witnesses. Mr. Hardeman, 49 years old, was ideal in this regard. He provided the feds with hotel receipts, old photos and secret recordings that backed up his version of events.

Mr. Hardeman grew up in a tight-knit African-American Catholic family in Detroit with two brothers, including a twin, and three sisters. He was an altar boy.

Carlos Jones, Mr. Hardeman's college roommate, and a family friend for 30 years, remembers the young Mr. Hardeman as "very gregarious," athletic and popular. "I was surprised he was caught up in that because for the most part he was an up-and-up type of person," says Dr. Jones, who is also Mr. Hardeman's dentist.

After graduating from Michigan State in 1982, Mr. Hardeman moved to L.A. and became a policeman, remaining on the force for 14 years. In 1987, while still part of the Los Angeles Police Department, he won the first of three terms as a councilman in Inglewood, a working-class area in southwestern L.A., where he earned a reputation for being outspoken. Risking retribution from colleagues, he testified about discrimination in the force at a commission set up after the beating of black motorist Rodney King.

After Mr. Hardeman lost his seat in 1999—he supported closing the local fire department—he switched to lobbying. Using his knowledge as a public official, he helped companies bid for municipal contracts. Two big-name clients were M.R. Beal & Co., a minority-owned New York investment bank, and Waste Management Inc., a giant garbage-hauling company based in Houston.

Municipal contracting has expanded rapidly in recent years as cities turned to private companies to provide basic services. Last year municipalities issued \$408 billion in bonds to pay for filling potholes, laying sewers, wiring street lights and picking up trash

—nearly double the sum of a decade earlier.

It is a business notorious for corruption, in part because of the clubby nature of city governments. As federal authorities cracked down on no-bid contracts and payrolls padded with employees who don't work, corruption shifted to areas that had escaped federal scrutiny, such as minority set-aside programs. In such programs, which expanded rapidly in the 1970s and 1980s, cities seek out firms owned by women or minorities, or those with a substantial minority staff. Most of the cases in which Mr. Hardeman testified directly or indirectly related to this area, prosecutors say.

Cases involving minority set-aside contracts are little different from earlier forms of wrongdoing. "African-Americans and women did not invent municipal corruption in this country," says Steve Dettelbach, a partner at Baker & Hostetler LLP in Cleveland. Mr. Dettelbach, a former federal prosecutor, tried one of the cases involving Mr. Hardeman.

As Mr. Hardeman began his lobbying career, he became adept at introducing companies to local, often African-American politicians who could help them win business. After barely a year, he found himself on the wrong side of the law.

The FBI was investigating the mayor of City of Carson, Calif., as part of a wide-ranging corruption probe. Based on a tip from someone in the city council, agents started looking at consultants and lobbyists who did business with the city, including Mr. Hardeman.

Mr. Hardeman says he often thinks back to the events leading up to the day he was busted. "I should have followed my inner voice," he says, the one that told him "to go the road less traveled." Instead, he says, "I fell prey to the temptations of money."

The sting operation that nabbed him could have

been written by a Hollywood scriptwriter. To play the part of the corrupt official extorting bribes, the FBI recruited Manual Ontal, a City of Carson councilman. He volunteered to cooperate with the government after he was caught in a previous municipal-bribery scandal.

First, Mr. Ontal tried to interest Mr. Hardeman in participating in a gun-smuggling venture he claimed to be running out of the Philippines. When that didn't work, Mr. Ontal introduced him to "Uncle Jerry," a burly white man who wore a ponytail and gold-plated jewelry, and traveled by limousine. "He looked like a white Mr. T," recalls Mr. Hardeman.

Uncle Jerry was working in some way for the FBI, which won't explain his exact role or identity. Uncle Jerry spent lavishly on Mr. Hardeman and, after putting his target at ease, tried coaxing the lobbyist to talk about criminal acts he might have committed, such as paying bribes. Uncle Jerry paid for expensive dinners at Josh Slockum's, a restaurant owned by basketball star Dennis Rodman, and took Mr. Hardeman marlin fishing off Marina Del Rey. But Mr. Hardeman didn't say anything incriminating.

Eventually, the FBI recorded Mr. Hardeman—in a roundabout way—offering Mr. Ontal a \$50,000 bribe to steer city contracts to two clients, Waste Management and Klistoff & Sons, another trash-hauling company.

Nine people were convicted in what the FBI dubbed "the trash-talkin' case," including the City of Carson mayor. Neither Waste Management nor any of its employees were charged with a crime. In a written statement, the company's lawyer says Waste Management cooperated with the probe, "including providing information on Mr. Hardeman's activities." Klistoff & Sons was hit with a big fine in another corruption case and no longer exists. Waste Management later bought its assets.

In June 2005, a judge sentenced Mr. Ontal to one year probation. He couldn't be reached for comment and his attorney didn't return calls.

Facing up to three years in prison for attempted bribery, Mr. Hardeman swiftly agreed to cooperate. Soon he was wearing a recording device disguised as a pager and was reporting daily to an FBI agent.

To begin with, however, he was a reluctant snoop. "He didn't take to it well initially because he was mad that he got caught," says Craig Howland, the FBI special agent who worked with Mr. Hardeman during his cooperation with the government. "There was always that inner struggle with him on snitching out his friends."

Among his first assignments was to betray Tyrone Smith. Mr. Smith was a director of the West Basin Municipal Water Authority, the City of Carson's water district. The pair had been friends for 15 years.

The two had met when they were young city councilmen moving in Los Angeles's close circle of African-American politicians. Later, not knowing he had been betrayed by Mr. Hardeman, Mr. Smith continued to introduce business clients to Mr. Hardeman, recalls Mr. Hardeman. "Our kids went to school together," Mr. Hardeman says. "It wasn't a good position to be in."

The FBI wanted to hear Mr. Smith talking about a bribe Mr. Hardeman had given him a year earlier. According to both men, Mr. Hardeman paid Mr. Smith \$25,000—half of a \$50,000 payment from Mr. Hardeman's client, investment bank M.R. Beal. In exchange, Mr. Smith agreed to vote to award a \$142 million debt-restructuring contract to M.R. Beal's partner on the deal, Rice Financial Products Co., another minority-owned finance firm in New York.

During a May 2002 conference in Palm Springs, Calif., Mr. Hardeman recorded about 10 conversations with his friend, during which he chatted

about family matters to relax Mr. Smith and “ease it out of him,” Mr. Hardeman recalls. Eventually Mr. Smith described on tape how he had given the money to his wife.

In August 2003, Mr. Smith pleaded guilty to extortion and money laundering; he was one of 12 defendants who were convicted in the City of Carson and West Basin cases. In March 2005, he was sentenced to two years in prison. His lawyer, Mark Albrecht of Ivie McNeill & Wyatt, declines to comment. Mr. Smith, who is in Lompoc Federal Prison Camp in Lompoc, Calif., couldn’t be reached for comment.

An M.R. Beal spokesman says, “M.R. Beal was not aware, did not authorize, and does not condone illicit payments to elected officials.” Rice Financial, which is contesting a related civil suit in Superior Court of the State of California, County of Ventura, declines to comment on Mr. Hardeman.

As a former policeman, Mr. Hardeman knew how cooperators could be reviled by their peers—and even by some cops. He scoured his memories to justify his actions. Revenge turned out to be a good motivator.

“I knew I was doing something to betray these people, but they weren’t very good to me either,” he says. Mr. Smith, for example, hadn’t voted in his favor when he was bidding for a consulting contract with the water district.

In June 2002, a month after he taped Mr. Smith, Mr. Hardeman came close to getting uncovered as a snitch. He was sitting in a new, red pickup truck with a low-level former Waste Management official. The driver of the pickup seemed nervous, Mr. Hardeman recalls. The former official cranked up the music to drown out conversation. Then, he grabbed a pen and scribbled out a note to his passenger: “Are you going to snitch?”

After writing the note, the driver ripped it up and

tossed it out the window as the pair drove through Inglewood. A few minutes later, Mr. Hardeman says, he returned to the scene with Mr. Howland, his FBI case agent, who had been tailing the pickup. The two men searched in vain for the scraps, which they wanted as evidence.

That summer came the most complex betrayal: Mr. Hardeman had to tape his girlfriend.

Monique McGilbra was a newly divorced mother of two when the pair met in April 2000 at a convention for African-American public administrators in Charlotte, N.C. Statuesque and an immaculate dresser, she held a senior job in the Houston mayor's office, running the city's energy and environmental business.

"I fell in love," says Mr. Hardeman. "She had power and influence in government. I was very attracted to her."

At the time, Ms. McGilbra was being wined and dined by consultants who wanted Houston contracts. Nate Gray, a lobbyist based in Cleveland, treated her to \$1,000 dinners, Super Bowl tickets in New Orleans, and a \$700 Louis Vuitton wallet, according to her later court testimony. Mr. Hardeman accompanied her to some of the events.

Ms. McGilbra later steered a city contract toward Honeywell Inc., a big industrial conglomerate that was a client of Messrs. Gray and Hardeman. (Honeywell gave up the work when the scandal broke.)

Investigators in Cleveland had been wiretapping Mr. Gray for months, during which time Mr. Gray was recorded complaining about Ms. McGilbra's expensive tastes. They wanted Mr. Hardeman to record his girlfriend admitting to taking the gifts, which were considered bribes by prosecutors because she was a public official. Prosecutors say Mr. Hardeman broke down in tears when they told him he would have to

wear a wire.

In August 2002, Mr. Hardeman met Ms. McGilbra in Houston. During their evening out, they talked briefly about the gifts. Later, alone in their hotel, Mr. Hardeman brought up the topic again. He says Ms. McGilbra playfully patted him down, as if checking for a wire, before talking about her pay-to-play relationship with Mr. Gray.

“Before sex, there was some good information,” Mr. Hardeman recalls.

Mr. Hardeman says he drew the line at keeping the recording device running once things got too steamy. The trick, he says, was to find an excuse to slip into the bathroom to stop the tape, a task that required sticking a paper clip into a button at the bottom of the fake pager. “I was always thinking, how do I get back to the bathroom to turn it off?” he says.

Ms. McGilbra, through her attorney Robert Rotatori, says she didn’t detect anything suspicious about Mr. Hardeman’s behavior when he was wearing the wire. She says she couldn’t believe Mr. Hardeman was capable of “using her that way,” Mr. Rotatori says, adding: “The government went to bed with Garland Hardeman. He’s a scoundrel, a liar, a thief and a cheat.”

Based in part on the taped conversations, Ms. McGilbra pleaded guilty last year to conspiracy to commit various types of fraud in Houston and Cleveland, and was sentenced to three years in prison. At her sentencing, Ms. McGilbra told the judge she was led to break the law because of her relationship with Mr. Hardeman. She says she accepted the gifts to help her boyfriend get to know Mr. Gray. “I loved him very much,” she testified. Mr. Gray, one of nine people convicted in this case, was sentenced to 15 years in jail.

At the trial, Mr. Hardeman again suggested revenge as a reason for his cooperation with

authorities. Ms. McGilbra had demanded he hand over a \$3,000 monthly retainer he had won from one of her consultant friends, Mr. Hardeman testified. “It felt really like I was being used,” he said in an interview. Mr. Hardeman said in court that they eventually agreed she would receive a 20% cut.

In April 2003, Mr. Hardeman was watching a Lakers basketball game on TV at Cabo’s barbecue restaurant in Houston—“I liked the shrimp at Cabo’s,” he says—when he was suddenly knocked to the floor, unable to see. He had been hit directly above his right eye with a .22 caliber bullet. The shot was fired from a distance and caused no permanent damage after lodging in the space between his eyelid and his eyeball. Mr. Hardeman still has the bullet.

The shooting, rare in a white-collar crime case, threw prosecutors and the FBI into a tizzy. After an FBI investigation, no arrests were ever made and officials ultimately categorized it as a random event.

Mr. Hardeman doesn’t buy that explanation. He thinks someone put a hit on him, perhaps Ms. McGilbra.

Ms. McGilbra’s lawyer, Mr. Rotatori, denies it. “There are probably a million and one reasons someone would want to shoot him,” he adds.

Despite the many anxieties of leading a double life, the subject to which Mr. Hardeman most often returns is the injustice of the FBI’s expense-reimbursement system. A meticulous man—he keeps business cards and receipts from every restaurant he visits—the money issues gall him. “I was working full time, but I wasn’t getting paid,” he says.

He maintains a long list of affronts, including the time he was ordered to spend \$85 at Radio Shack for a tape recorder, a special cord for recording phone conversations, and tapes. “I bought the best tapes, not cheap tapes,” he says.

The FBI office in Los Angeles, which was

responsible for reimbursing Mr. Hardeman, says the process may have seemed slow to him because he was often on the road and had to delay filing expenses.

Mr. Hardeman expected the real payoff to come when he was sentenced. He wanted probation, like Mr. Ontal, the councilman who lured him into giving a bribe in the first place. His prosecutors not only took the unusual step of recommending probation—he was facing three years—but also spoke out on his behalf at sentencing. Both Ms. Butler, the trial attorney from Washington, D.C., and Mr. McConville, the Assistant U.S. Attorney, said Mr. Hardeman deserved a break because of his extensive cooperation.

That didn't work out. This summer in Central District Court in Los Angeles, Judge Percy Anderson sentenced Mr. Hardeman to a year and a day in a federal penitentiary, plus three years of supervised release. The judge said he wanted to “send a very clear message” about public corruption.

“It's just totally unfair,” Mr. Hardeman says. “I gave four years of my life to working for the government, and now I have to give another four.”

The night before he had to report to the prison, Mr. Hardeman spent time with his dentist-friend in Detroit. Dr. Jones gave him a free, emergency root canal.

On Aug. 30, Mr. Hardeman was driven by an old friend to the Taft Correctional Institution federal prison camp, which is located in an isolated patch of California desert, to begin his sentence. Among Taft's other inmates are a former mayor and his onetime attorney, both of whom Mr. Hardeman helped put there.