Two casino executives, a Davenport lawyer and a Fort Dodge businessman were charged Monday with making illegal campaign contributions to Gov. Chet Culver's re-election campaign.

The charges were filed in Polk County District Court by Lawrence Scalise, a special prosecutor appointed to investigate $25,000 in campaign contributions to Culver's campaign in

2009.

The contributions were made at a time when the Iowa Racing and Gaming Commission was considering a casino license application for Fort Dodge.

Charles Smithson, executive director of the Iowa Ethics and Campaign Disclosure Commission, said it is rare in Iowa for criminal charges to be filed regarding campaign contributions. This is the first time it has happened in his nine-year tenure, he said.

The Des Moines Register first reported in April that the Iowa Division of Criminal Investigation was looking into whether Dubuque-based Peninsula Gaming Partners had aligned with supporters of the proposed Fort Dodge casino to make improper contributions to Culver.

Webster County Gaming was the official applicant for the Fort Dodge casino license. Its management firm, Webster County Entertainment, was negotiating with Peninsula to have Peninsula operate the proposed casino.

In Iowa, it is illegal to make, or knowingly receive, a political contribution in another's name.

No charges were filed against Culver or anyone involved with his campaign. Culver campaign officials said last summer that the campaign had donated $25,000 to charity, one of the methods allowed by law to dispose of questionable campaign contributions.

Charged with making a campaign contribution in the name of another were M. Brent Stevens,

chief executive officer of Peninsula Gaming; Jonathan Swain, Peninsula's chief operating officer; Curtis Beason, a Davenport lawyer who has represented Peninsula; Steven Daniel, the Fort Dodge businessman who headed Webster County Entertainment; Peninsula Gaming; and Webster County Entertainment.

They also were charged with willful failure to disclose a campaign contribution.

Beason also was charged with one count of obstruction for allegedly providing investigators with altered documents that contained false statements. The charge also alleges Beason provided false statements to law enforcement officials.

The Division of Criminal Investigation began looking at campaign contributions from supporters of the Fort Dodge casino as part of its routine review of the backgrounds of applicants for casino licenses. Daniel and two other partners in Webster County Entertainment, James Kesterson and Merrill D. Leffler, contributed a total of $25,000 to Culver in late 2009.

Earlier that fall, Peninsula had paid the three men $25,000. Peninsula described the payment as a consulting fee for their work on the project.

Kesterson and Leffler were not charged Monday, but they are listed as prosecution witnesses.

In a statement, Scalise said that the charges were filed against those "whose conduct it is alleged is supported by the evidence."

The campaign finance charges are serious misdemeanors, carrying a maximum sentence of one year in jail and a $1,875 fine. The obstruction charge against Beason is an aggravated misdemeanor, carrying a maximum sentence of two years' imprisonment or one year in jail and a $6,250 fine.

The four men are to be arraigned at 8 a.m. on Nov. 1.

Peninsula Gaming says it's innocent of charges

Peninsula Gaming, a casino entertainment holding company with gaming operations in Iowa and Louisiana, issued a statement denying the charges. The company operates the Diamond Jo casinos in Dubuque and Worth County.

"Peninsula has, during its 11-year history, always adhered to the highest standards of regulatory compliance and ethical business practices and has an impeccable record of responsibility and excellence in the gaming industry," the statement said. "We look forward to a positive resolution of this matter."

Daniel, a longtime Fort Dodge businessman, could not be reached for comment. He insisted to Register reporters in April that the contributions were legal.

"I've never been told by Peninsula or anybody to make a contribution to Governor Culver," said Daniel, a tire shop owner who had been trying to land a Fort Dodge casino for 10 years.

Monty Fisher, Daniel's lawyer, said Monday that he had not seen the allegations, "but I am disappointed that my client has been charged.

"He is a very well-respected local businessman here," Fisher said. "We will just have to start sifting through the evidence to see what would have caused someone to think a criminal violation occurred here."

Beason, who could not be reached for comment, argued in an April 8 memo that a $25,000 payment from Peninsula officials to Daniel's management company, Webster County Entertainment, was to pay for some of the group's expenses as part of a deal to have Peninsula manage the proposed Fort Dodge facility.

Potential effect unclear on existing licenses

One question raised by the filing of the charges on Monday is whether Peninsula Gaming could lose its state licenses to operate its two casinos.

The Diamond Jo Dubuque casino had gross gambling revenue of $68.4 million from 1.1 million admissions for the year ending June 30. The Diamond Jo Worth County casino had gross gambling revenue of $80.3 million from 1.2 million admissions.

State law requires that "a license shall not be granted if there is substantial evidence that the applicant is not of good repute and moral character or if the applicant has pled guilty to, or has been convicted of, a felony."

The charges filed Monday are not felony counts. Members of the Iowa Racing and Gaming Commission said it was premature to speculate whether they might take action against Peninsula Gaming if the company and its executives are convicted of the allegations.

"At this stage, we have some initial charges filed, and we are dealing with misdemeanors," said Greg Seyfer, a Cedar Rapids attorney and a commission member. "We need to see how this whole process plays out."

Seyfer and Commissioner Paul Hayes of Urbandale both said they viewed the allegations as isolated instances of problems in Iowa's casino industry.

"We have been pretty tough," Hayes said. "I think we have what we believe is a clean industry, and we want to keep it that way."

Wes Ehrecke, president of the Iowa Gaming Association, a trade group for Iowa's casinos, said he was surprised to hear of the charges. Peninsula Gaming is a member of the association, "and this is an opportunity for those involved to bring forth the facts and prove their innocence,"

he said.

Fort Dodge Mayor Matt Bemrich, who has been a strong advocate of a casino license for his community, said he was shocked to hear charges had been filed.

Bemrich said he hopes the allegations don't hurt his city's chances of seeking a casino license in the future.

"Fort Dodge has shown it would be a great place to put a casino," Bemrich said. "We would welcome the opportunity to work with any group in the future if the commission were to allow it."

The Rev. Carlos Jayne, a United Methodist minister who has fought the expansion of gambling in Iowa, said the charges prove his long-held argument that the gambling industry eventually leads to corruption.

"These guys get arrogant," Jayne said. "They assume that they can do anything. ... It wouldn't have made any difference if it were a Republican governor or a Democratic governor because there was a license to be gotten."

Culver: We knew we acted appropriately

In March, Culver urged the Racing and Gaming Commission to approve all four pending applications for casino licenses. Ultimately, the commission approved only one license, for Lyon County.

The Culver campaign issued this statement Monday: "We are pleased but not surprised that the

findings confirm what we have been saying all along. No one in my office or my campaign did anything wrong; we complied with all campaign finance laws.

"While we are glad to have this matter resolved, this finding changes nothing. Because we knew we had acted appropriately, we have not been worried about this process, but rather, we have been focused on the November election."

Culver trailed Republican former Gov. Terry Branstad by 19 percentage points in The Des Moines Register's Iowa Poll, taken Sept. 19-22.

Monday's charges, three weeks and a day before Culver faces re-election, are good news for his campaign, said Drake University political science professor Arthur Sanders.

The news comes not a minute too soon for Culver, said Sanders.

"The Culver people would be happy to have it brought up, and brought up now," Sanders said. "They can argue that they were acting honorably, as was found, and that anyone trying to bring this up is simply smearing them. Culver is in a very defensible position."

Court documents list Culver and James Larew, Culver's chief of staff, as prosecution witnesses.

Branstad, who has regularly mentioned the investigation, continued Monday to suggest impropriety.

"Iowans can draw their own conclusions about the circumstances surrounding this pay-for-play scandal and whether or not this passes the smell test," Branstad campaign spokesman Tim Albrecht said.

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