

**JOHNNY CHUNG: FOREIGN CONNECTIONS,
FOREIGN CONTRIBUTIONS**

HEARING

BEFORE THE

**COMMITTEE ON
GOVERNMENT REFORM**

HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTH CONGRESS

FIRST SESSION

—————
MAY 11, 1999
—————

Serial No. 106-23

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U.S. GOVERNMENT PRINTING OFFICE

58-752 CC

WASHINGTON : 1999

COMMITTEE ON GOVERNMENT REFORM

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PHIL SCHILIRO, *Minority Staff Director*

CONTENTS

| | Page |
|---|------|
| Hearing held on May 11, 1999 | 1 |
| Statement of: | |
| Chung, Johnny C.C. | 223 |
| Letters, statements, etc., submitted for the record by: | |
| Burton, Hon. Dan, a Representative in Congress from the State of Indiana: | |
| Information concerning Mr. Chung's bank account | 327 |
| Letter dated June 27, 1996 | 202 |
| Letter dated May 7, 1999 | 195 |
| Prepared statement of | 204 |
| Responses to interrogatories and subpoenas | 308 |
| Staff report and compilation of exhibits | 3 |
| Chung, Johnny C.C., prepared statement of | 236 |
| Comstock, Barbara, chief counsel, Committee on Government Reform: | |
| Exhibit 1 | 272 |
| Exhibit 2 | 274 |
| Exhibit 3 | 276 |
| Exhibit 4 | 279 |
| Exhibit 5 | 281 |
| Exhibit 6 | 285 |
| Exhibit 7 | 287 |
| Exhibit 8 | 289 |
| Exhibit 9 | 294 |
| Exhibit 10 | 296 |
| Gilman, Hon. Benjamin, a Representative in Congress from the State of New York, prepared statement of | 218 |

JOHNNY CHUNG: FOREIGN CONNECTIONS, FOREIGN CONTRIBUTIONS

TUESDAY, MAY 11, 1999

HOUSE OF REPRESENTATIVES,
COMMITTEE ON GOVERNMENT REFORM,
Washington, DC.

The committee met, pursuant to notice, at 12:15 p.m., in room 2154, Rayburn House Office Building, Hon. Dan Burton (chairman of the committee) presiding.

Present: Representatives Burton, Gilman, McHugh, Horn, Mica, McIntosh, Souder, LaTourette, Sanford, Barr, Hutchinson, Terry, Biggert, Walden, Ryan, Chenoweth, Waxman, Lantos, Kanjorski, Mink, Maloney, Norton, Kucinich, Tierney, Turner, and Schakowsky.

Staff present: Kevin Binger, staff director; Barbara Comstock, chief counsel; David A. Kass, deputy counsel and parliamentarian; Mark Corallo, director of communications; John Williams, deputy communications director; Carla J. Martin, chief clerk; Lisa Smith-Arafune, deputy chief clerk; John (Timothy) Griffin and Kristi Remington, senior counsels; Kevin Long, professional staff member; Michelle White, counsel; Corinne Zaccagnini, chief information officer; Laurel Grover, staff assistant; Phil Schiliro, minority staff director; Phil Barnett, minority chief counsel; Kenneth Ballen, minority chief investigative counsel; Kristin Amerling, Sarah Despres, Christopher Lu, Michael Raphael, and David Sadkin, minority counsels; Ellen Rayner, minority chief clerk; Courtney Cook and Jean Gosa, minority staff assistants; and Barbara Wentworth, minority research assistant.

Mr. BURTON. Good afternoon. A quorum being present, the Committee on Government Reform will come to order. Before the distinguished ranking member and I deliver our opening statements, the committee must first dispose of some procedural issues. I ask unanimous consent that all Members' and witnesses' written opening statements be included in the record, and without objection, so ordered.

I ask unanimous consent that all articles, exhibits, and extraneous or tabular material referred to be included in the record, and without objection—

Mr. WAXMAN. I'm reserving the right to object. Is that referred to by Members during questioning? Otherwise there has been no reference.

Mr. BURTON. That is fine.

Mr. WAXMAN. Any materials that Members refer to in their questioning can be made part of the record?

Mr. BURTON. Without objection.

I ask unanimous consent that a staff report and compilation of exhibits regarding Mr. Chung's testimony and documents regarding Mark Middleton be included in the record, and without objection, so ordered.

[The information referred to follows:]



COMMITTEE ON GOVERNMENT REFORM

MAJORITY STAFF REPORT

May 11, 1999

EXHIBITS

THE WHITE HOUSE
WASHINGTON



THE WHITE HOUSE

April 26, 1993

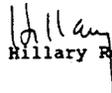
Mr. Johnny Chung
President & CEO
Telform Inc.
100 North Barranca Avenue
Seventh Floor
West Covina, California 91791

Dear Mr. Chung:

Thank you for your letter and my
apologies for not getting back to you
sooner.

It appears from the correspondence
you have had with federal and state
officials, and with the private sector,
that you are already on the right track.
Nevertheless, I wish you good luck with
your innovative system.

Sincerely yours,


Hillary Rodham Clinton

美国第一夫人
喜来到信件



 DNC 3233803



State of New Jersey
Governor Christine T. Whitman
新澤西州州長魏門



State of Virginia
Governor George F. Allen
維吉尼亞州州長艾倫



State of Florida
Governor Lawton Chiles
佛羅里達州州長契爾斯



State of Illinois
Governor Jim Edger
伊利諾斯州州長艾格

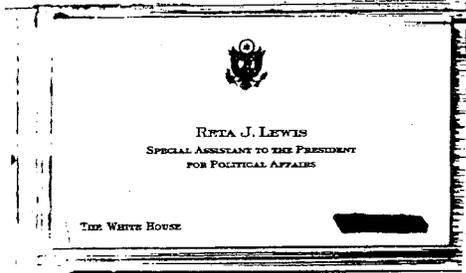


State of Washington
Governor Mike Lowry
華盛頓州州長勞里



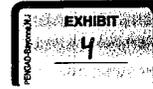
State of Georgia
Governor Zell Miller
喬治亞州州長米勒





PERMANENT RECORDS 1274

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| 340804 | CRUNG | JOHNNY | US5276 ANDERSON | ANDERSON | 115 | 11:45 | 00201 | 13:07 | |
| 340805 | CHUNG | JOHNNY | US5663 DICKEY | YOTUS | S. LANN | 8:39 | 00101 | 10:32 | |
| 340808 | CHUNG | JOHN | US6778 ATTA | LEWIS | 115 | 16:06 | 00201 | 19:49 | |
| 340811 | CHUNG | JOHNNY | US8540 ANDERSON | ANDERSON | 115 | 15:34 | 00201 | 0:00 | |
| 340812 | CHUNG | JOHNNY | US9123 ANDERSON | LEWIS | 115 | 17:46 | 00201 | 0:00 | |
| 340802 | HUANG | JOHN | US3397 LEWIS | LEWIS | 474 | 7:35 | 00101 | 8:46 | |



COMMITTEE ACCESS EC 108698

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| YEE | MELINDA | 1300 | 1300 | 940816 | D 180 | MATSUI | 002172 | 1451 | 002 |

EOP 051946

AUTOMATED INTELLIGENT SYSTEM, INC.
 2771 PLAZA DEL AMO, STE. 809
 TORRANCE, CA 90503

447

8-1-74 19-23/128

AY OF THE ORDER OF D. N. C. \$10,000.00 DOLLARS

Ten thousand and 00/100 only

Sumitomo Bank of California
 TORRANCE BRANCH
 21201 HAWTHORNE BLVD TORRANCE, CALIFORNIA 90502

FOR [Redacted] J. M. [Redacted]

CHECK TRACKING FORM
 (All information must be provided before deposit)

Name/Contact: Johnny Chung

Company/Employer: AI SI, Inc.

Occupation: _____

Main Address: 2771 Plaza Del Amo, Ste. 809
Torrance, CA 90503

Telephone(s): _____

Home: _____ Work: _____ Fax: _____

Social Security #: _____ Date of Birth: _____

Check Amount: \$ 10,000 Federal: _____ Non-Federal: _____

Program: NPC _____ TRU _____ LAB _____
 WLF _____ RLF _____ SAX _____

Event: Pres: B-day Dinner

Solicitor: Bennides

DNC Contact: Minyon Code: _____
Judice



THE WHITE HOUSE
WASHINGTON

August 1, 1994

PRESIDENTIAL BIRTHDAY CELEBRATION DINNER

Date: August 2, 1994
Location: Sumner Welles Estate
Oxon Hill Manor
Time: 7:30 p.m. - 8:40 p.m.
From: Joan Baggett and Reta Lewis, Political Affairs

I. PURPOSE

You and the First Lady will meet and greet and provide photo opportunities for the dinner guests of the Birthday Celebration.

II. BACKGROUND

The DNC's 1994 Presidential Birthday Celebration targets African American, Latino, Hispanic and Asian American Democratic supporters. Over 200 guests will attend the dinner, which is the first of the two-tiered event. The cost of the dinner is \$10,000 per couple.

The event is being held at the Sumner Welles Estate, which is an historic site built in 1928 by Sumner Welles, the Under Secretary of State for President Franklin Roosevelt.

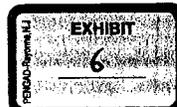
III. PARTICIPANTS

See attached lists of the Honorary Chairs and dinner guests.

You should note that a significant number of officials from the Administration and the Congress are expected to attend, including:

- Ron Brown
- Henry Cisneros
- Mike Espy
- Richard Riley
- Federico Pena

COPY
from ORM



EOP 058020

Page 2, Presidential Birthday Dinner

- Carol Browner
- Bill Bradley
- Carol Mosley Braun
- Kweisi Mfume
- Cardiss Collins
- Ron Dellums

IV. PRESS PLAN

Closed press.

V. SEQUENCE OF EVENTS

- You and the First Lady will arrive at Manor House and meet briefly with the Honorary Chairs of the event.
- You and the First Lady will move to the entrance foyer and participate in a receiving line for dinner guests.
- You and the First Lady will proceed to the dinner room, accompanied by Chairman David Wilhelm and Degee Wilhelm.
- Chairman Wilhelm will give remarks and introduce the First Lady.
- The First Lady will give remarks and introduce you.
- You will give remarks.
- Maya Angelou will lead the dinner guests in a toast in your honor.
- You and the First Lady will proceed to the outdoor reception, accompanied by David and Degee Wilhelm and Ernest and Phyllis Green.

VI. REMARKS

Provided by Speechwriting.

CO-CHAIRS, DNC PRESIDENTIAL BIRTHDAY CELEBRATION
SUMNER WELLS ESTATE
FORT WASHINGTON, MARYLAND
AUGUST 2, 1994

CHAIR

Ernest Green Managing Director, Lehman Brothers
DNC Managing Trustee

CO-CHAIRS

Maya Angelou Inaugural Poet/Professor

Don Barden President, Barden Communications

Don Cameron National Education Association
DNC Managing Trustee

Johnny Chung DNC Trustee

Melvin Clark President, Metroplex Corporation
DNC Managing Trustee

Eugene Jackson President, World African Network
DNC Trustee

Willie Gary Managing Partner, Gary Williams, Parenti, et al
DNC Trustee

Larry Gibson DNC/BLF Member

Jesse Hill Chairman, Atlanta Life Insurance Company

Robert Johnson President, Black Entertainment Television
DNC Trustee

Richard Mays Managing Partner, Mays & Crutcher
Deputy Treasurer
DNC Finance Vice-Chair

Page 2, Co-Chairs :

Linda Johnson Rice

President, Johnson Publishing Company
DNC/BLF Member

Lottie Shackelford

DNC Vice-Chair

Andrew Young

Former Carter UN Ambassador
DNC BLF Member

MEMORANDUM

TO: DAVID MERCER
ERICA PAYNE ✓

CC: TERRY MCAULIFFE
MINYON MOORE
LAURA HARTIGAN
STEPHEN GOODIN

FR: GRACE HO/VIDA BENAVIDES
DT: MONDAY, AUGUST 1, 1994
RE: DONOR REQUEST FOR 8/2

=====

Johnny Chung is a strong potential donor for the DNC who has started his relationship with us with a \$100,000 commitment to the President's Birthday Celebration Dinner tomorrow night. He has one request: he would like to arrange for his parents to personally wish POTUS a happy birthday. His parents who are in their 80's can only attend the reception. Is there any way that we can accommodate this request?



F 0046122

10A80105

SECRETARIAL TRAVEL STATUS FOR FY 1994

| | |
|----------------|---------------------|
| 11/26-12/3/93 | South Africa |
| 11/14-12/18/93 | Moscow |
| 12/7-9/93 | Mexico |
| 1/19-3/6/94 | Mid-East |
| 2/14-2/22/94 | Far East |
| 3/13-4/4/94 | Moscow |
| 4/14-16/94 | Warsaw |
| 5/18/94 | Paris |
| 6/2-8/94 | Dusseldorf, Germany |
| 6/17-7/14/94 | South America |
| 8/27-9/3/94 | Hong Kong/China |

REFERENCING:

Ronald Brown
Jonathan Sallet
Jonathan Greenbalt
Melinda Yea
Melissa Moss
David Rothkopf
John Ost



U.S. Department of Commerce



Presidential Business Development
Mission to China

Led by
The Honorable Ronald H. Brown
Secretary of Commerce

August 27 -- September 3, 1994

總統之貿易發展訪問團
8月27日至9月3日，1994年

U.S. Secretary of commerce
Mr. Ronald Brown (Left)
Minister of Foreign Trade
and Economic Cooperation
Minister Wu Yi (Center)

美國商業部長朗·布朗(左)
中國對外貿易部長吳儀(中)



✓OK — *Thru 11/11*
CS-1117 rec

To: Dalia Praynham
From: Lynn Cutler
Re: Request for Meeting with Secretary Brown
Dec. 14, 1995

01AK0135

As we discussed, I would like to set up a meeting with the Secretary, myself, and Mr. John Chung of Los Angeles. The Secretary knows Mr. Chung as he was on a trip to China with him last year.

Mr. Chung has been helpful to me in some projects, and I know that he has some exciting business development projects underway that will create jobs. His is an American company, specializing in communications technology.

Please advise as to some possible times early in the new year. Many thanks.

Lynn
Can you ask ^{Lynn} What Company?

Handwritten scribbles



108A1268



U.S. DEPARTMENT OF COMMERCE
International Trade Administration
Trade Development
Room 1128, 482-5261

August 10, 1994

To : Jim Hackney
Melissa Moss

From : Jude Kearney *JK*
Deputy Assistant Secretary
for Service Industries and Finance

Here is some background information on Charlie Trie. As you know, Charlie is very interested in hosting a brief reception or other appropriate event for the delegation in Beijing. I am forwarding this description of his company to the General Counsel's office for their vetting. I have also asked those involved in the scheduling process to consider finding a space of time in which Charlie could interact with the delegation.

Attachment

cc: Nancy Linn Patton
Ira Sockowitz



10BA1268

OPENING THE DOOR TO CHINA

It's been called the world's most dynamic market. With 1.17 billion people, China offers a monumental opportunity for American companies. However, to be successful in China it helps to have a guide with first hand knowledge.

Company President - Yah Lin "Charlie" Trie:

Four years import and export experience in China.
Experienced entrepreneur.
Member - Small Business Exporters of America.
DNC Managing Trustee Program Member.

As in the high corporate levels of America, access is essential. Mr. Trie has developed a personal relationship with a number of senior government officials in China. This type of association gives Daihatsu International a distinct advantage in arranging and facilitating joint ventures and other commercial projects.

Scope of Services:

Advice on viable investment opportunities.
Selection of appropriate location and partners.
Contact and negotiation with appropriate officials.
Preparation of legal documents.
Marketing and sales consulting.

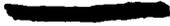
Daihatsu International Trading Company currently represents over thirty companies in the United States, Hong Kong, and the People's Republic of China.

The Company:

Based in Little Rock, Arkansas.
Offices in Hong Kong, Beijing, Hangzhou, Shenzhen and Changchun City.
Specializing in product import and export.
Aggressively seeks joint venture projects.

Mr. Trie believes it is very important to further relations with China, and is committed to promoting cooperation, understanding and good will. He has seen China's need for modern technology and new products. If you are considering expanding into China, let Daihatsu International open the door to opportunity.

**For more information contact Jody Webb, Public Relations Consultant
at [REDACTED].**


10BA1268

Daihatsu International is a international trade company located in Little Rock, Arkansas. We also have offices in Hong Kong, Beijing, Hangzhou, Shenzhen City and Changchun City. Yah Lin "Charlie" Trie, president of our company, has been conducting business in China for four years. He has residences in Little Rock and in Changchun and spends three weeks out of the month in China. Mr. Trie acts as an consultant in the buying and selling of various products and services, and he also aggressively recruits companies that would be interested in joint venture projects. He currently represents over thirty companies in the U.S., Hong Kong, and China including TCI, BioPro International, San Chung Hing Investment Co., Beijing Venture Trading Co, Da Hua Non-Ferrous Metals and Premier Manufacturing.

Mr. Trie has developed a personal relationship with a number of government officials throughout China. He has already been instrumental in establishing a Sister City relationship between Changchun City, China and Little Rock, Arkansas. As a result, other provincial capitals have requested his assistance in forming sister city agreements with various cities in the Southern United States. Also, during the first week of August, Mr. Trie will be hosting twenty-one senior economic officials from fourteen provinces from the People's Republic of China. This distinguished delegation is traveling to the United States to participate in training sessions on U.S. revenue and fiscal policy. These officials could have chosen anywhere in the United States, but because of the relationship they have with Mr. Trie, they agreed to come to Little Rock, Arkansas.

For more information call Jody Webb, Public Relations Consultant at 



Stanley Hirsh - Chairman, The Mercantile Center

Anita Hirsh - Wife of Stanley Hirsh

David Hoisch - Vice President, CC-OPS Inc.

Mel Levine - Partner, Gibson, Dunn & Crutcher; former Congressman

George Liu , The Haw-Di-I Foods Corp.

Mr. Larry Liu, Sunrider International

David Lizarraga - President, TELECU

Cynthia McClain-Hill - Vice President, First Boston Corporation

Mary Ann Mitchell - President and CEO, CC-OPS Inc.

Lew Moret - Guest of David Lizarraga

George Pla - President, Cordoba Corporation

Karen Richards Sachs - Guest of Andy Astachan

Tom Sayles - Vice President, Corporate Affairs, The Southern California Gas Company

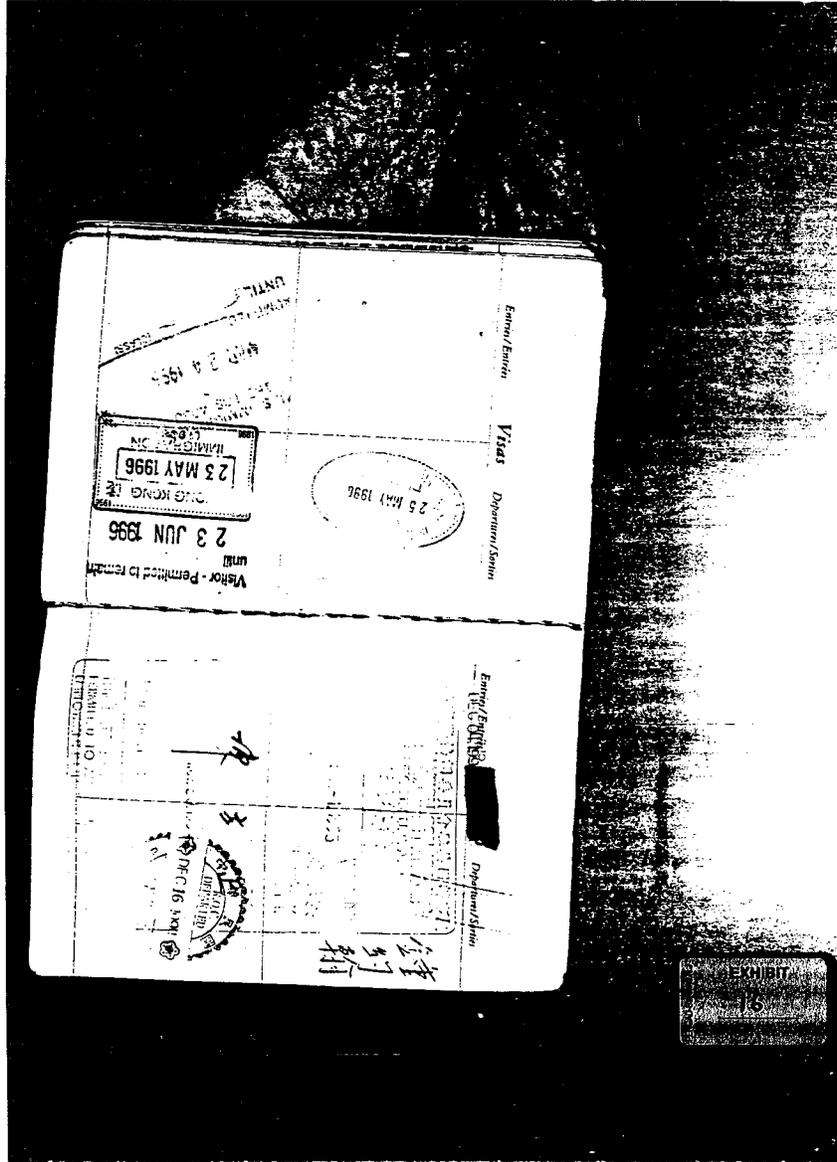
Guest of Tom Sayles

Dr. Oliver Wang

Tony Zamora - Partner, Zamora & Hoffmeier

Nancy Hoffmeier Zamora - Partner, Zamora & Hoffmeier; wife of Tony Zamora

Two more guests of Johnny Chung



| VISIT | VISITEE | TIME DATE | LDC ROOM | REGULATOR | U.S.D. |
|-------------------------|----------------------------|--|--|------------------------------|------------------------------|
| CHUNG CHUNG CHUNG | JOHNNY JOHNNY JOHNNY | 00720 1400 00720 1500 00720 1600 | 711219 U 113 711219 D 113 711219 A 113 | WUNN ANDERSON ANDERSON | WUNN ANDERSON ANDERSON |
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| CHUNG | JOHANN BROUN | 00720 1500 | 711219 U 113 | WUNN | WUNN |
| WUNN | JOHNNY BENTON | 008186 1930 008187 2000 | 941220 W RESIDENCE BURKE | 0000 | 0000 |

COMMITTEE ACCESS

REDACTED



EOP 005040

DECEMBER 19th
GORE DINNER

SOFT COMMITMENTS:

| | |
|-------------------|---|
| Michael Andrews | 5,000 - trying to get us his additional PAC \$ (working on -soft)FW |
| Steve Hastings | 5,000 now/5,000 later FW (soft) |
| Kate Carey | 15,000 (soft) |
| Ed Romero | 20,000 (soft) |
| Lizarraga | 10,000 * -- Ed Romero |
| Teresa Jones | 10,000 * |
| Marianne Mitchell | 10,000 * |

OUT

| | |
|----------------------|---|
| Stan and Sue Chesley | |
| Leo James Russell | 10,000 FW |
| Mark Nelson (Dupont) | 5,000 |
| Jack Mills | 10,000 federal EP |
| David Gasson | 10,000 RS/FW |
| Bruce Aitken | 10,000 RS |
| Agus Gund | 6,000 |
| Rollie Kimborough | 15,000 RS |
| Walker Nolan | 15,000 FW |
| Tom Blood | 15,000 RS - not sure when this is coming in |
| Gilbert Colon | 10,000 |
| Chris Womack | 10,000 DM |
| Westinghouse | 15,000 JD |
| Total: | 131,000 |

IN:

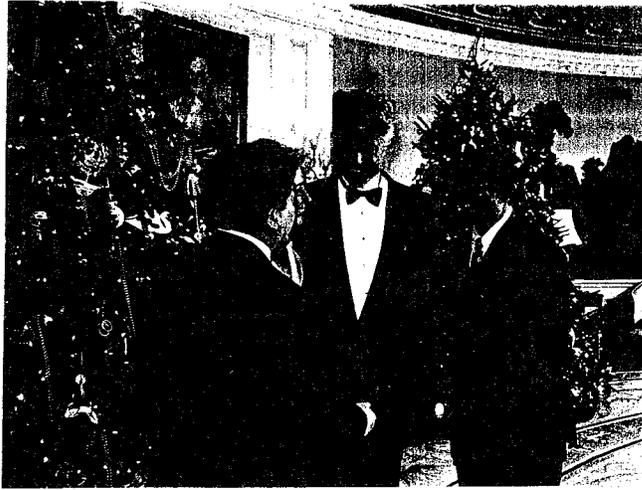
| | |
|------------------|--------------------------------|
| Wade Robert (UT) | 15,000 EP |
| Neil Offen | 15,000 RS |
| Tom McDonald | 10,000 RS |
| George Chang | 20,000 DM |
| Ramesh Kapur | 5,000 RS (doing 30K in Boston) |
| Bell Atlantic | 15,000 AS |
| Johnny Chung | 40,000 |
| Bob Healy | 10,000 |
| Jane Huang | 5,000 |
| Total: | 130,000 |



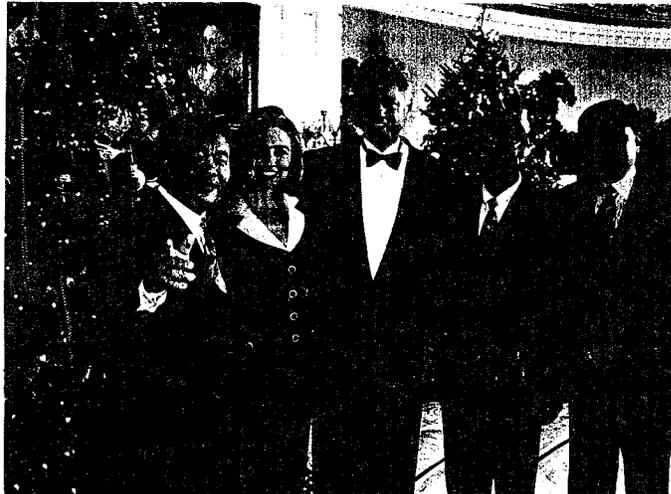
Confidential Information

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DNC 1786085



The Official White House Christmas Party
Introducing Chairman Chen of Tangshan Haomen Group
中國唐山豪門集團陳董事長於白宮聖誕晚宴



Summary Translation of an article in the
China Youth Journal of Feb. 8, 1995

(Translation prepared by Committee staff)
President of the Hao Men Group
reporter: Hsu Chang-Yin

The day I returned to Beijing from the trip to the US, all those on this trip wanted to know from me about Mr. Chen Shi-yeng, President of the Hao Men Group, and his visit with President Clinton, the First Lady, Vice President Gore and the DNC Chairperson Ms. Bu La Te Li. Chen was accompanied by his assistant He ye-gun. I had reported earlier about the Clinton's meeting with them exclusively on December 20 last year but got very little response.

Actually Clinton's meeting with Chen is only a move in the chess game between the US and China's economic struggle. This meeting was said to be the first direct one between an American President and a private Chinese businessman. The significance of it was not lost to the Chinese living in Taiwan, Hong Kong and the USA as indicated by the newspapers reporting in these places.

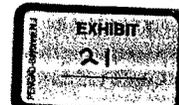
I was in Washington in mid-December last year and I was surprised and stimulated by the announcement of the planned meeting. Chen's party arrived from LA near mid-night on Dec. 17 and was met by an official from the White House. Reservations were made at a fancy hotel near the White House. I went to call on Mr. Chen at the hotel late that night as the meeting was set for the 18th at 9 am. The credit for arranging this meeting must be given to Mr. Johnny Chung, an overseas Chinese with American citizenship.

Mr. Chung is about 40 some years old, born in Taiwan and received higher education in the US. His father is a medical doctor practicing in Canada. After graduating from the college, Johnny Chung, because of his love for computers, did not go into medicine but opened a chain of 18 computer stores in the LA area. Due to his business accumulating, he made a profit of over 2 million dollars. He did not want to sit on this "glory" and decided to spend his time and money on investing a machine which would be able to fax thousands of copies of documents simultaneously. After working on the machine for over 12 years selling all his computer stores except one an exhausting almost all of the 2 million dollars, he was finally successful. Today, his machine is the only one in the world capable of doing this job. The US Federal Government and 48 out of the 50 state governments all use his machine.

Mr. Chung has one daughter and one son. He loves his wife very much, who gave him full support during their struggling years even though at one point she threatened to throw out the machine he was working on.

Presently, he is the President of the Automated Intelligence System Corp. When Mr. Chung was struggling to sell his machine he did receive support and help from the Clinton's. Now he is a close personal friend of the Clinton's.

There is also an interesting and not well known story of how Chen Shi-Zeng got to know Johnny Chung, when the Chinese company first set up a branch in LA. It's representative, Ms Yao got to know a Chinese-American lawyer named Liu. Yao told Liu about how the Haomen Group started from a small country company and grew into a multi-billion Yuan corporation. One day Liu extended an invitation for the Haomen Group to participate in the coming evening



meeting for Clinton in LA. Miss Yao first refused Liu urged her to notify Chen and immediately reversed the decision and took up in the gathering even though they did not have to make any donation. At his meeting Chen also met Johnny Chung. They became friends quickly.

For the Dec. 18 meeting at the White House Johnny Chung flew directly from Taiwan to Washington in order to accompany Chen to the White House. However on that day because of a gun-fire incident at the White House, all visits to the White House were suspended. I met Mr. Chung that evening. Chung is not very tall but is solidly built. He said he is now an American citizen and is loyal to America. He added that in his veins flows Chinese blood therefore, he has deep affection for China and is willing to do things for China.

The next day through Johnny Chung's arrangement Chen went to Capitol Hill and called on DNC Chairman Ms Bu La Te Li. At noon, President's Special Assistant Ms. Lenor Lewis (?) invited the whole group for lunch at the White House. Chung suggested that I switched my identity by pretending to be Chen's assistant rather than a newspaper reporter and joined the party for lunch. Earlier Mr Chen had planned to smuggle a 6-pack of Chinese Haomen beer, a product of his company into the White House which is against the rules. Chen also had a 6-pack of empty Haomen beer. He figured he could at least get the empty one in. Unexpectedly, we were met at the White House gate therefore we had no problem getting both cases in. After we got into the President's dining room we saw that there were about 10 tables. We placed the beers on one empty table. I was told by Ms. Lewis photo-taking was not allowed in the dining room.

In the dining room, all service personnel are young persons wearing military uniform. Johnny Chung told us they are military academy students. Before graduation they come here as interns for half a year. They give each guest a menu and take their orders. The prices are cheaper than outside. During the meal Ms Lewis asked me suddenly how many times I have been in this country. I replied honestly that this was my second trip. This means that Ms. Lewis and I both knew that they have found out through my social security number that I was actually a reporter of the Xinhua News Agency. She didn't want to say it openly in order to avoid the embarrassment. After lunch, we gave Ms. Lewis one of the bottles of the Haomen Beer and got her permission to tour the White House. A strange situation here is that it is very strict to get in and out of the White House, but once you are inside no one interferes. Mr. Chen, as a sharp businessman, pushed Haomen Beer everywhere.

In the afternoon, He Ye-Jun joined us and went to many Dept. Of Commerce offices for meeting and the US officials indicated that they are willing to help him push for the sale of Haomen Beer in this country. In the evening there was a DNC dinner leading businessmen and many bottles of Haomen Beer were given away during the dinner.

Finally, Johnny Chung told us President Clinton would receive us on the 20th but no reporters are allowed, so I could not pretend anymore. In the morning of that day another incident of gun-fire happened at the White House. The meeting originally set at 9 am was delayed. Mr. Chung came to the hotel at 11 am and said the meeting will be at 1pm. But when 1 o'clock arrived there was still no definitive word. It later turned out that President Clinton's advisers were split in their opinions whether to receive Chen. Some say Clinton should not receive a member of the Communist Party. Others disagreed. Finally, Clinton decided that if the US wants to do business with China, he must receive CP members since most Chinese business officials are CP members. I do not know how the US side determined Chen is a CP member. But I remember from many casual conversations with Mr. Chen before that he is a 3rd generation CP member. Chen concluded that whether he will meet Clinton or not, he will not hide the fact

that he is a CP member. Normally, to attend a White House Christmas Party one must wear tuxedo and bring no camera. In this instance, Johnny Chung was able to go back to the White House and got an exception made on both counts.

When Mr. Chen returned to the hotel late that night, he excitedly related that the Clinton's were able to receive them privately before the party and had pictures taken with them. During the party, they also had a lot of pictures taken with other senior American military and civilian officials attending. Chen also appreciated the fact that during the party the Clinton's came over to his table to thank him for the Chinese painting he gave them as a gift.

[The photo showing from left to right: Johnny Chung, the Clinton's, Chen Shi-Zeng and He Ye-Jun.]

98TH STORY of Level 1 printed in FULL format.

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The New York Times

December 18, 1994, Sunday, Late Edition - Final

SECTION: Section 1; Page 30; Column 1; National Desk

LENGTH: 1062 words

HEADLINE: Several Gunshots Are Fired at the White House as the President and His Family Sleep

BYLINE: By KAREN DE WITT, Special to The New York Times

DATELINE: WASHINGTON, Dec. 17

BODY:

At least one bullet struck the White House early this morning, the second shooting incident there in two months. The authorities were left this afternoon without suspects, eyewitnesses or even a sure sense of whether the Executive Mansion had been the intended target for the four to six shots they believe were fired.

Mr. Clinton, his wife, Hillary, and their daughter, Chelsea, were asleep in the White House at the time and were unharmed and never in danger, the Secret Service said. Mr. Clinton was told of the incident shortly after the shooting occurred at 2:05 A.M.

The shots were fired from south of the White House, across the open area known as the Ellipse that runs between the mansion and the Mall.

Almost everything else that investigators could say this afternoon about what happened involved four bullets found within the White House compound. One was on the South Portico's first-floor balcony, a floor below the Clintons' living quarters, and another was on the driveway below. Joan Logue-Kinder, Assistant Secretary of the Treasury for public affairs, said tonight that two other bullets were found but declined to say where, citing security reasons.

The Washington Post said one was on the balcony, two were found on the roadway and the fourth had penetrated a window of the State Dining Room on the first floor, at the west end of the main portion of the mansion.

"The rounds were from a 9-millimeter gun," said Curtis Eldridge, a Secret Service agent. "There were no injuries, no evidence of damage, no sign that the rounds impacted the building. We don't know where they aimed or whether the White House was the target."

The location of the bullets, relatively near one another, could indicate the White House was the target, a Secret Service official said.

But a law enforcement official said today that the fact that both bullets were found relatively intact meant they had not struck with sufficient force.



shatter or flatten. The condition of the bullets, indicating that they "just ran out of speed," as the official put it, was consistent with a random shooting rather than one with a specific target.

That view suggests that the bullets traveled a considerable distance, possibly from Constitution Avenue or the Mall beyond. The law enforcement official said a gunman firing from such distance could barely have seen anyone at the White House or aimed with any precision.

Several officials, including the White House chief of staff, Leon E. Panetta, speculated that the incident might have been a drive-by shooting.

"It's likely that it happened from a car," said Ronald K. Noble, the Assistant Treasury Secretary who is responsible for the Secret Service. "That's a reasonable analysis. It's possible that the weapon could be shot from Constitution Avenue or even from up on the Mall and end up on the White House lawn, but to hit a person intentionally, that's quite a distance to hit a person."

The 9-millimeter gun is the choice for street criminals because it is small, light and easy to conceal and typically holds several rounds.

The bullets found outside the White House are likely to undergo more tests, and they will be entered into the "Cease Fire" computer data base maintained by the Bureau of Alcohol, Tobacco and Firearms. The system records information about bullets found at crime scenes and compares markings on them.

This was the third major security threat to the White House in three months. In September, a man was killed when he flew a plane into the White House compound in the middle of the night, crashing into a tree not far from the South Portico. On Oct. 29, a man opened fire at the building from Pennsylvania Avenue, to the north. A Colorado man, Francisco Duran, was arrested.

In today's incident, witnesses reported hearing four to six shots fired from the Ellipse. At this time of year, the area attracts many tourists who come to view the National Christmas Tree.

This morning, the White House and the site were cordoned off with yellow police tape as Secret Service agents and Park Police searched for more bullets and other evidence.

Mr. Panetta said on CNN's "Newsmaker Saturday" that it was difficult to determine exactly what had happened and "whether somebody was driving by and just decided to fire weapons at the White House."

Mr. Panetta said today's incident would be added to the Treasury Department's review of Presidential security. The review was begun after the other recent incidents.

The incident today altered Mr. Clinton's customary exit route from the White House. When he left this morning to deliver his weekly radio address at a community college in the Virginia suburbs, his motorcade left from the front drive on the north side of the mansion instead of the usual route, from the rear of the house on the south side. The driveway there was still closed off as investigators searched the grounds.

The New York Times, December 18, 1994

The President declined to answer reporters' questions about whether he heard the gunshots and whether he felt safe.
Mr. Panetta ruled out turning the White House into a fortress.

"This is a free society. It's a democratic society. And we've got to be careful that we try to find that balance between protecting the President but also giving people access to the White House," he said during the CNN program.

Meanwhile, the Secret Service, the Federal Bureau of Investigation and city police were interviewing people who had heard the shooting, including homeless people.

The crime-scene tape that stretched around the compound only made the White House more intriguing to some tourists this morning.

Juan Manuel Valderrama and Sergio Correa, two employees of the International Business Machines Corporation from Medellin, Colombia, had just toured the White House the previous week and had stopped by for a second look.

"I think there are just a lot of crazy people out there," Mr. Valderrama said about the latest shooting.

"Yes," Mr. Correa added, "but there are also a lot of people who are uncomfortable with some of his policies."

Beverly Snow of nearby Arlington, Va., had brought her two children, Winston and Sharyl, to see the National Christmas Tree and had no thought of politics. "It just shows how pervasive violence is in this society," she said. "It makes you afraid in your own home if this can happen to the President's home."

GRAPHIC: Diagram: "CHRONOLOGY: Attacks on the White House"

Oct. 29 -- Shots fired from sidewalk along Pennsylvania Ave. strike mansion in at least four places.

Sept. 12 -- Plane crashes just below Clinton bedroom.

Yesterday -- Shots fired in the early morning hours from the direction of the Ellipse.

LANGUAGE: ENGLISH

LOAD-DATE: December 18, 1994

| VISIT | VISITEE | TIME DATE | LOC ROOM | REGULATION | DATE | BY |
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COMMITTEE ACCESS



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THE SECRETARY OF THE NAVY
WASHINGTON, D.C. 20350-1000



December 21, 1994

Mr. Johnny Chung
Chairman & CEO
Automated Intelligent Systems Inc.
2771 Plaza Del Amo
Suite 809
Torrance, CA 90503

Dear Johnny:

I enjoyed meeting you at the White House Holiday Gala on December 20. The Gala was a wonderful event. I hope you also enjoyed yourself.

Thank you very much for taking pictures of me and my family. It was very gracious of you to offer to send me copies of the photographs and I look forward to seeing them. With best wishes.

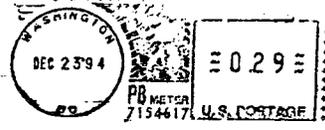
Sincerely,

A handwritten signature in cursive script, appearing to read "John A. Dalton".
John A. Dalton

JCH13436



DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
WASHINGTON, DC 20380-1000
OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE \$300



MR JOHNNY CHUNG
CHAIRMAN & CEO
AUTOMATED INTELLIGENT SYSTEMS INC
2771 PLAZA DEL AMO
SUITE 809
TORRANCE CA 90503

in un



JCH13435



THE SECRETARY OF THE NAVY
WASHINGTON, D.C. 20350-1000

March 3, 1995

Mr. Johnny Chung
Chairman and CEO
Automated Intelligent Systems Inc.
2771 Plaza Del Amo, Suite 809
Torrance, California 90503

Dear Johnny,

I received the photographs that you had enlarged for me, and I can't tell you how much I appreciate your thoughtfulness.

I look forward to seeing you when you are next in D.C.

With best wishes.

Sincerely

A handwritten signature in black ink, appearing to read "John H. Dalton".

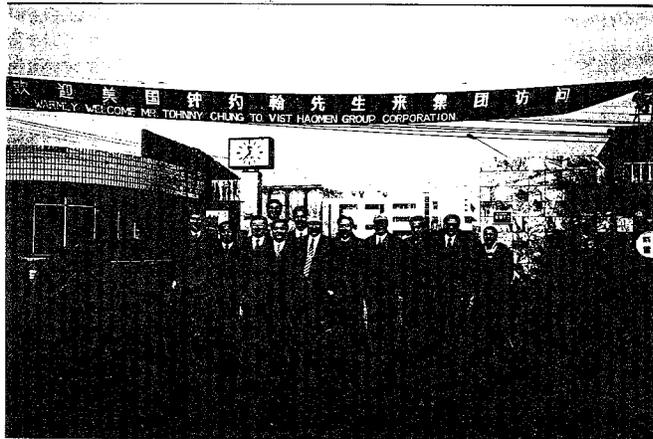
John H. Dalton

JCH13434





Mr. Wong, Secretary of
Xinjiang Province, China
新疆維吾爾自治區黨委書記王樂泉先生



China Tang Shan Hao Men Group Company
中國唐山豪門集團盛大歡迎鍾先生來訪



AISI

AUTOMATED INTELLIGENT SYSTEMS, INC.

2771 Plaza Del Amo • Suite #809 • Torrance, CA 90503 • Tel: [REDACTED] • Fax: [REDACTED]

February 22, 1995

Mr. Richard Sullivan
Democratic National Committee
Deputy Finance Director
430 S. Capitol Street S.E.
Washington, DC 20003

Dear Richard,

Listed below are the people that will be visiting the White House and DNC:

1. Mr. Hongye Zheng
2. Mr. Huaren Shen
3. Mr. Xichun Huang
4. Mr. Renzhong Wang
5. Mr. Jianlong Yu
6. Mr. Johnny Chung
7. Mr. Art Liang
8. Mr. James J. Sun

I will contact you if there are any changes. I appreciate all your assistance and look forward to seeing you in D.C..

Sincerely,

Johnny Chung
Chairman/CEO
AISI

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JCH15025



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AUTOMATED INTELLIGENT SYSTEMS, INC.

2771 Plaza Del Amo • Suite #609 • Torrance, CA 90503 • Tel: [REDACTED] • Fax: [REDACTED]

February 27, 1995
(Via Fax)

Mr. Richard Sullivan
DNC
[REDACTED]

Dear Richard,

How are you? I am going to need your help again. I am bringing with me the delegation from China. This is a group of very important and powerful business leaders from China. They will be in D.C. from 3/7 to 3/11 and will be staying at J.W. Marriott, [REDACTED] 1331 Pennsylvania N.W. Washington D.C. Enclose please find the name list and their personal information.

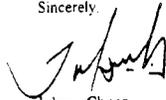
As I have mentioned on the phone, their main purpose would be as follows:

- 1) Meet President Clinton
- 2) Meet Vice President Al Gore
- 3) Have lunch at the Mess (White House)
- 4) Tour the White House
- 5) Meet Secretary Ron Brown

Meet Don Fowler

Please help me make arrangements accordingly. Thank you in advance for all your help. I will see you soon.

Sincerely,



Johnny Chung
Chairman/CEO

JC:jw
Encl



[Barcode] DNC 3536333

Name List of Delegation

- 1.) **Hongye Zheng**
Chairman, China Council for the Promotion of International Trade (CCPIT)
Chairman, China Chamber of International Commerce (CCOIC)
- 2.) **Huaren Sheng**
President, China Petro-Chemical Corporation
- 3.) **Jichun Huang**
Vice President, China International Trust and Investment Corporation
- 4.) **Renzhong Wang**
Vice Chairman & President, Shanghai AJ Shareholding Corporation
- 5.) **James J. Sun**
Young Entrepreneur of Xinjiang, self made multi-millionaire, Urumqi Taihe Industry Co.

Entourage

- 1.) **Jianlong Yu**
Chief, American & Oceanic Affairs Division, Liaison Department, CCPIT & CCOIC
- 2.) **Suxin Tang**
Secretary to Mr. Huaren Sheng
- 3.) **Jie Tang**
Interpreter, SINOPEC

AISI Representatives

- 1.) **Johnny Chung** - Chairman/CEO
- 2.) **Art Liang** - Managing Director/Executive V.P.



Resume

Zheng Hongye

Mr. Zheng Hongye was born in Harbin, Heilongjiang Province in September 1929. He was engaged in trade and economic affairs in the Northeast Region of China from 1947 to 1954; transferred to the China Council for the Promotion of International Trade (CCPIT) in 1955 and worked as Deputy Division Chief successively in the Department of Foreign Exhibition in China, Liaison Department and Department of Chinese Exhibitions Abroad; served as Commercial Councilor of the Chinese Embassy in Australia and then in Greece from 1973 to 1979; became Deputy Director and then Director of the Liaison Department of CCPIT in 1979; appointed Vice Chairman of CCPIT in 1981; served as Minister-Counsellor (Commercial) of the Chinese Embassy in Japan 1984; resumed his post as Vice Chairman of CCPIT after he returned from Japan in 1986; concurrently became Vice Chairman of the China Chamber of International Commerce (CCOIC) in 1988. He assumed the post as Acting Chairman of CCPIT and CCOIC since October 1989.

Mr. Zheng Hongye is a member of the Seventh and Eighth Chinese People's Political Consultative Conference, Chairman of the China International Economic and Trade Arbitration Commission, Chairman of the China Maritime Arbitration Commission, Chairman of the Economic and Trade Coordination Committee for the Two Sides of the Straits, Chairman of the Association of China Foreign Service Trade and a concurrent professor of Xiamen University. Mr. Zheng Hongye is also Chairman of the China Committee of the International Chamber of Commerce.

Sheng Huaren

Mr. Sheng Huaren, born in September 1935, is President of China Petro-Chemical Corporation, Chairman of China International United Petroleum and Chemicals Co. Ltd; and concurrently Vice Chairman of China-Korea Economic Council.

Mr. Sheng was born in Yancheng city, Jiangsu Province. He studied in Subei Cooperative Institute for Cadres in Yangzhou city, Jiangsu Province in 1951. He used to be a statistician and plan-drafter in Subei General Cooperative Commune and the Finance and Economy Committee of Subei Administrative Office; apprentice, technician and deputy site director of Nanjing Construction Company; Deputy Director of the Long-term Planning Department in the Ministry of Combustible Chemical Industry and the Ministry of Petro-chemical Industry; Vice President of China Petro-chemical Corporation.



Huang Jichun

Mr. Huang Jichun, Director and Vice President of China International Trust and Investment Corporation(CITIC), was born in 1933. He graduated from the University of Northeast Technology, China in 1955 and attended the Executive Program in Business Administration(EPBA) of Columbia University, U.S.A. in 1989. Mr. Huang is acting also as a professor and senior engineer as well as the Executive Director of China Nonferrous Metals Society, a member of American Society of Metals and a member of Chinese Society of Investment.

In CITIC, Mr. Huang is in charge of investment and trade both at home and abroad as well as enterprise management.

Mr. Huang's professional capability is specifically excellent in the metal and material fields. He used to be responsible for the scientific and technical R & D, production management and foreign trade of nation-wide non-ferrous metals sector during 1983 to 1987 as Vice President of China National Non-ferrous Metals Industry Corporation. Mr. Huang was also heavily engaged in elaborating the long-term strategic plan for the scientific and technical development of the Chinese metallurgical industry while working in the Ministry of Metallurgical Industry from 1956 to 1982. He is very experienced in production, management and foreign trade and can manage English as a working language very well.

Wang Renzhong

| | |
|----------------|---|
| 7/1992-Present | Shanghai AJ Corporation, Shanghai Vice Chairman, President(C.E.O.) |
| 11/1990-7/1992 | Shanghai Patriotic Construction Corp. Vice Chairman, President |
| 2/1986-11/1990 | Shanghai Investment & Trust Corp. Board Director, Executive Vice President in charge of international trading, investment and other technology related business |
| 1/1985-2/1986 | Shanghai Investment & Trust Corp. Senior Vice President responsible for all international trading |
| 2/1976-12/1984 | Bureau of Aerospace Industry, Shanghai Director of Quality Assurance, Chief Production Engineer and Standing Member of Science and Technology Commission |
| 3/1963-2/1976 | Plant No.155 of the China Aviation Industry Ministry, Harbin |


 DNC 3536336

8/1952-3/1963 Plant No. 120 of the China Aviation
Industry, Harbin
Superintendent, Production Engineer

Technical Title: Researcher

Education: Graduate of the Yenching University, Beijing

Personal: Born in China on May 1932, Married

 DNC 3536337

Resume

James J. Sun

Mr. Sun was born on November 28, 1962 in Henan Province, China. He is the President of Xinjiang Taihe Enterprise Group Co. Ltd. and also a self made millionaire. He formed the Taihe Enterprise in 1990. Currently the Taihe Group consist of Taihe Real Estate Co, who's projects includes the four star Taihe Hotel in Urumqi, Taihe Kangle Developing Co. and Taihe Battery Co

 DNC 3536338

AISI Representatives

- 1.) **Johnny Chung** - Chairman/CEO
- 2.) **Art Liang** - Managing Director/Executive V.P
- 3.) **Irene Wu** - Delegation Administrator
- 4.) **George Liu** - Special Assistant to Chairman (East Coast)
- 5.) **David Chen** - Special Assistant to Chairman (Beijing)
- 6.) **Nancy Zhao** - Secretary to Chairman/CEO



AISI

AUTOMATED INTELLIGENT SYSTEMS, INC.

February 28, 1995
(Via Fax)

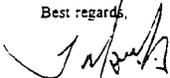
Ms. Ann McCoy
Visitor's Office
The White House

Dear Ann,

How are you? I would like to request for your assistance again. I am bringing with me the delegation from China. This is a group of very important and powerful business leaders from China. They will be in DC from 3/7 to 3/11, and as usual, please arrange for a tour of the White House. I have asked Mr. Richard Sullivan, Mr. Eric led of DNC and Mr. Mark Middleton to assist me in arranging a meeting with President Clinton, Vice President Al Gore and a lunch at the Mess in the White House. It would be ideal if you could arrange a tour either before or after the lunch at the Mess.

Thank you very much for all your help. See you soon.

Best regards,



Johnny Chung
Chairman/CEO

JC:jw

BUILDING THE U.S. FAX HIGHWAY TODAY

JCH15011



March 1, 1995

TO: Kathleen
FR: Richard Sullivan/Ari Swiller
RE: Scheduling Request for Chairman Fowler for March 8th

Meeting requested by Johnny Chung, CEO Automated Intelligent Systems, Inc. Torrance, CA, DNC Managing Trustee

PREFERRED TIME Wednesday Afternoon, March 9th

BACKGROUND

Johnny contributed \$94,000 to the DNC and raised an additional \$40,000. \$60,000 of this was for a DNC fundraising luncheon with the First Lady in Los Angeles on December 3rd, our first fundraiser after the November elections.

Johnny is a second generation Taiwanese American who started out as a computer salesman and formed his own faxcast company, AISI, three years ago. Johnny was named Los Angeles small businessman of the year by the LA NBC affiliate in 1994. His company, AISI does the faxing for many Democratic gubernatorial and senatorial candidates.

PURPOSE OF MEETING

Johnny also does a great deal of business/trade with China. He would like to bring in some of his fellow associates from China who are visiting DC next week for a courtesy meeting with the Chairman. They are all prominent businessmen and include the Chairman of the China Chamber of International Commerce and the Vice President of the China International Trust and Investment Corporation. His group will be meeting with Secretary Brown earlier in the day. Enclosed is the list and bios for the attendees.



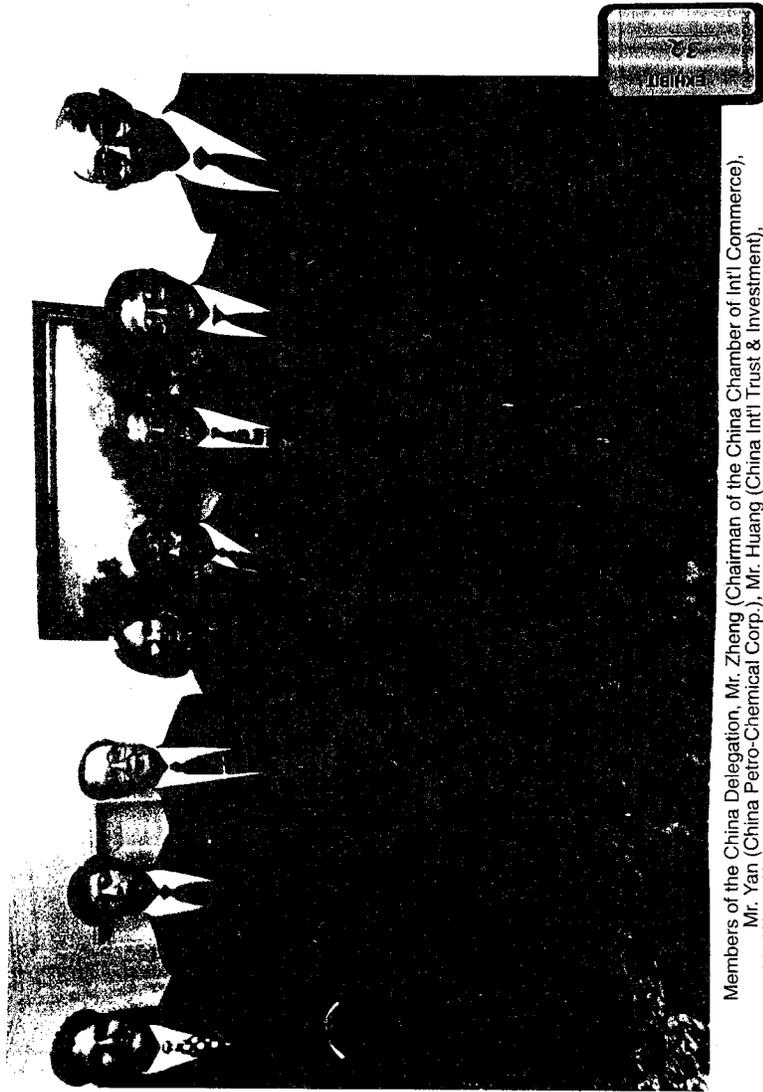
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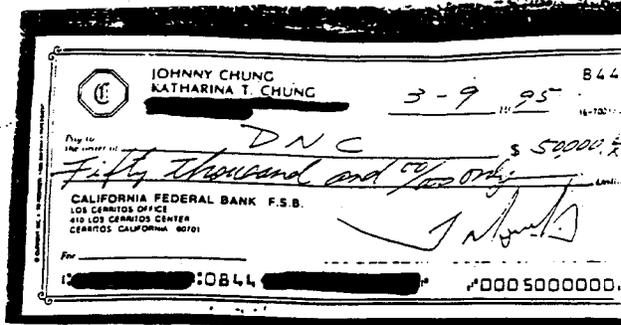
The China Delegation having lunch at the White House Mess

中國企業家代表團應邀于白宮總統餐廳午餐





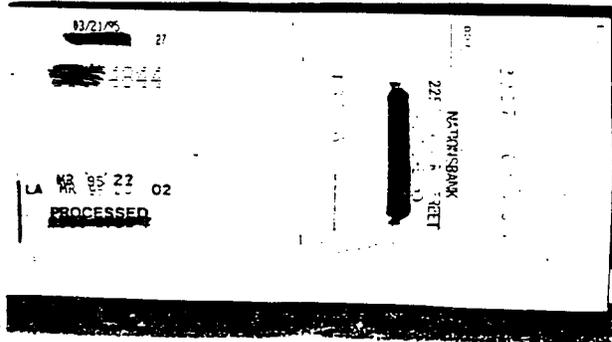
Members of the China Delegation, Mr. Zheng (Chairman of the China Chamber of Int'l Commerce),
Mr. Yan (China Petro-Chemical Corp.), Mr. Huang (China Int'l Trust & Investment),
Mr. Wang (Shanghai AJ Corp.), Mr. Yu (Chief, American & Oceanian Division, Liaison Dept.,
China Chamber of Int'l Commerce) and Mr. Sun (the young entrepreneur from Xinjiang)
with First Lady Hillary at the First Lady's Office



JCH796

JC 796

Given to Maggie Williams at First Lady's Office same day as Chinese delegation meeting with Hillary Rodham Clinton and lunch at White House Mess.



JCH797

JC 797



AISI

AUTOMATED INTELLIGENT SYSTEMS, INC.

April 5, 1995

Margaret Williams
Assistant to the President and
Chief of Staff to the First Lady
The White House
Washington, D.C. 20506

Dear Ms. Williams,

I have an important issue here that needs your assistance. As you always know, I am 100% supportive of the First Lady's Office and I am always delighted to work with DNC at every occasion. The China Business Delegation led by Chairman Zheng Hongye met with President Clinton and took some pictures after the radio address on March 11, 1995. It's been over three weeks, I have not seen any of the pictures. I have learned from Mr. Richard Sullivan of DNC that the National Security Council is holding on to those pictures.

In my opinion, if we allow them to take the pictures with our President then we should be courteous enough to let them have the pictures. I am going to China next week and I do need to bring those pictures with me. I have run out of excuses to tell them why the pictures are taking forever. I really appreciate your help in solving this minor issue.

I look forward to seeing you this weekend at Mr. Steven Spielberg's party. Thank you again for everything

Sincerely,


Johnny Chung
Chairman/CEO
AISI

Thank you!

JC:mw

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JCH15013



AISI

AUTOMATED INTELLIGENT SYSTEMS, INC.

2771 Plaza Del Amo • Suite #809 • Torrance, CA 90503 • Tel: [REDACTED] • Fax: [REDACTED]

April 5, 1995
(Via Fax [REDACTED])

Mr. Don Fowler
Chair
Democratic National Committee
430 S. Capitol St. S.E.
Washington, D.C. 20003

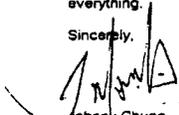
Dear Don,

I have an important issue here that needs your assistance. As you always know, I am 100% supportive of the DNC and I am always delighted to work with you on every occasion. The China Business Delegation led by Chairman Zheng Hongye met with President Clinton and took some pictures after the radio address on March 11, 1995. It's been over three weeks, I have not seen any of the pictures. I have learned from Mr. Richard Sullivan of DNC that the National Security Council is holding on to those pictures.

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I look forward to seeing you this weekend at Mr. Steven Spielberg's party. Thank you again for everything.

Sincerely,


Johnny Chung
Chairman/CEO
AISI

Thank you again!

JC:rw

CC: Ms. Carol Khare



BUILDING THE U.S. FAX HIGHWAY TODAY



DNC 3102463

DEMOCRATIC * NATIONAL * COMMITTEE

Donald L. Fowler
National Chair

Christopher J. Dodd
General Chair

March 14, 1995

The Honorable Zheng Hongye
Chairman, China Chamber of
International Commerce
1 Fuxingmenwai Street
Beijing 100027, China

Dear Mr. Zheng:

It was a real pleasure to have you and your group come by my office at the Democratic National Committee. I was honored to have such a distinguished delegation visiting, and delighted to have an opportunity to meet with you.

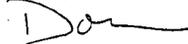
Our two countries and parties can accomplish great things together, and I look forward to continuing the dialogue we began last week. Johnny Chung is an excellent facilitator; you are lucky to have him as a friend, and the Democratic Party is lucky to have him as one of our most ardent DNC members.

I would be pleased to accept your invitation to visit your country and flattered that you have invited me. I have only been in office for a few weeks, but as soon as President Clinton feels comfortable enough with our organization here, I can make my time available. In the meantime, I hope we can stay in touch.

Thank you again for your courtesy in stopping by.

With all best wishes.

Sincerely,



Donald L. Fowler



DEMOCRATIC NATIONAL COMMITTEE

Donald L. Fowler
National Chair

Christopher J. Dodd
General Chair

March 16, 1995

Mr. Johnny Chung
President and CEO
Automated Intelligent Systems, Inc.
2771 Plaza Del Amo
Suite 809
Torrance, CA 90503

Dear Johnny:

It was good to have the opportunity to meet with you and your colleagues last week. I appreciated the insight into US - China relations and I look forward to further discussion on the subject.

You have been a great friend of the Democratic Party and we appreciate your generous support over the past year.

I look forward to seeing you in the future as we work together to re-elect President Clinton.

Sincerely,

Don
Don Fowler
National Chair

You're a good friend and we appreciate your support. Your friends were wonderful. Thanks too for the gift -- it's lovely D

Democratic Party Headquarters • 450 South Capitol Street, S.E. • Washington, D.C. 20003 • FAX: [REDACTED]
Paid for by the Democratic National Committee. Contributions to the Democratic National Committee are not tax deductible.



DNC 3092023

JOHNNY CHUNG
KATHARINA T. CHUNG
[REDACTED] April 8 1995 897
16-7001/3220

Pay to the order of DNC \$125,000.00
One hundred twenty five thousand Dollars

CALIFORNIA FEDERAL BANK F.S.B.
LOS CERRITOS OFFICE
410 LOS CERRITOS CENTER
CERRITOS, CALIFORNIA 94701

For [REDACTED]

J. Chung

JCH16538



April 25, 1995

Mr. and Mrs. Johnny Chung
Chairman and CEO
Automated Intelligent Systems, Inc.
2771 Plaza Del Amo
Suite 809
Torrance, CA 90503

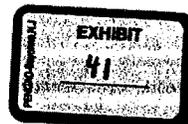
Dear Kathy and Johnny,

Thank you for your generous contribution to the Democratic National Committee and for participating in the Presidential Dinner in Los Angeles on April 8th. Your support was critical to the success of the event, and allows us to continue our efforts on behalf of the Administration.

I enjoyed meeting with you and am excited about your involvement with the DNC. If I can ever be of help, please do not hesitate to reach me. I look forward to working with you. With best regards,

Sincerely,

Truman Arnold
National Finance Chairman



F 0040583

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|----------------------|---------------|---------------|-------------|
| Citation | Search Result | Rank 33 of 44 | Database |
| 3/2/97 LATIMES A1 | | | ALLNEWSPLUS |
| 3/2/97 L.A. Times A1 | | | |
| 1997 WL 2187415 | | | |

(Publication page references are not available for this document.)

Los Angeles Times
Copyright 1997 / The Times Mirror Company

Sunday, March 2, 1997

National Desk

How Big Clinton Contributor Turned Into Freelance Envoy

WILLIAM C. REMPEL
TIMES STAFF WRITER

In Washington, a city where money can, indeed, buy friends, Johnny Chien Chuen Chung was a very popular man in the summer of 1995. The Taiwan-born California businessman had already contributed more than \$250,000 to the coffers of the Democratic National Committee, where his many friends commonly referred to him simply as "Johnny." Now he wanted a favor.

Troubled by the recent arrest in **China** of political dissident Harry Wu, a Chinese American, Chung sought a chance to talk to the president. And thanks to DNC intervention, Chung says, he was a last-minute addition to the guest list of an early July presidential reception otherwise restricted to heads of the 50 state Democratic-party organizations.

There, waiting for his turn to be photographed with President Clinton, Chung says he "prayed for the words to say." Finally, hearing his name called, the 42-year-old entrepreneur stepped forward to greet the president, face the camera and blurt out his support for Wu along with his intention to use his own contacts in **China** to press for Wu's release. Clinton, the White House later acknowledged, "was supportive." Chung recalls it more vividly.

"Tell them they have no right to arrest U.S. citizens," he said Clinton told him with unexpected passion, jabbing the air with his finger. "We have enough problems between our two countries. We don't need any more." And as Chung stepped away, he said, Clinton called him back, pointing a finger at Chung's heart and repeating: "Johnny--tell them."

Thus was launched what may be one of the stranger odysseys in the annals of recent American diplomacy. An amateur ambassador, convinced he was on a mission for the president, hit the road to Beijing. A few days later, armed with letters from the DNC and pictures of Clinton shaking his hand, Chung was knocking on the doors of **China's** Foreign Ministry.

While no evidence ties Wu's subsequent release to Chung's freelance

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3/2/97 LATIMES A1
(Publication page references are not available for this document.)

diplomacy--and Chung himself makes no such claims--the story of how a controversial political donor could end up engaged in so sensitive a foreign policy arena raises a host of troubling questions.

But Chung, in his first interview since the donation controversy erupted last year, defended conduct that he considered an act of loyalty and duty. Suspicions that his motives were financial or self-serving clearly pain him.

"I do this because I am, like Mr. Wu, Chinese American," he said.

Adds Chung's attorney, Brian A. Sun of Santa Monica: "Keep in mind that what my client did was go to **China** and pressure his business associates to help him help a man [Harry Wu] who the Chinese government considers a traitor. If you think that's how you improve your business prospects in **China**, you're crazy."

Today, Chung is the target of congressional investigators trying to learn how the founder of a struggling fax distribution business in Torrance--who by his own admission was broke as recently as 1992--could emerge virtually overnight as one of the Democratic Party's biggest single contributors. Amid questions about the origins of Chung's political largess, the DNC now says it will return all of the \$366,000 that Chung had contributed between 1994 and 1996.

Attorney Sun defends those donations as legal and proper. "We were not the conduit for any foreign contributions," he said. Meanwhile, Chung is shaken by the raging controversy that has consumed whatever political goodwill his financial generosity sought to engender. An administration spokesman recently declared that Chung, who has been a guest at the Clinton White House at least 49 times, was no longer welcome. Recipients of his donations now dismiss him as "the Fax Man."

His deepest wounds, however, appear to come from the virtually universal scorn and ridicule that greeted initial disclosures that he had traveled to **China** on Wu's behalf. Wu himself dismissed Chung as a self-promoter who had no part in his release.

"When I read Mr. Wu say I try to use him to help my business . . ." Chung stopped in mid-sentence to shake his head. "That night, for first time in my life, in front of my family, I cry. I cry."

But a detailed account of Chung's so-called Wu mission--based on interviews with the businessman and others familiar with his trip, as well as new documents reviewed by The Times--shows that while international figures, congressional leaders and professional diplomats were lobbying **China** to free Harry Wu, so was the Fax Man.

Chung, VIPs View Radio Address

3/2/97 LATIMES A1

(Publication page references are not available for this document.)

The seeds of Johnny Chung's summer Wu mission were sown in the Oval Office on March 11, 1995. Chung squired a delegation of Chinese business VIPs to witness President Clinton taping his weekly radio address. Access had been arranged the night before by the Democratic National Committee.

"I believe the purpose of government is to expand opportunity, not bureaucracy, to empower people through education to make the most of their lives, and to enhance our security on the streets and around the world," Clinton told the country and his live Chinese audience that morning.

"I believe in a government that is limited but effective, lean but not mean, not a savior but not on the sidelines, a partner in the fight for the future."

When he was finished, Clinton greeted his guests. The Chinese delegation presented the president with a jade carving. Five days later, Chung presented the DNC with a check for \$50,000.

Among the Chinese delegation was Yan Sanzhong of Beijing, vice president of Giant China Petro-Chemical Corp. He posed for a picture with Clinton. So did James J. Sun, a young entrepreneur from remote Urumqi. Both would play supporting roles in Chung's future Wu adventures.

Chung concedes he had never heard of Harry Wu before the dissident's arrest in June 1995. In fact, Chung recalled that he knew nothing about Wu or his arrest until the day he received a telephone call from Urumqi, the capital of a frontier province in northwestern China where Wu was accused of illegally crossing the border.

The call was from veteran American diplomat **Charles Parish**, an official in America's Beijing embassy who had been dispatched to Urumqi on a mission that would prove fruitless in finding Wu. Chung said he called because he knew the Californian had contacts in that area.

Parish, who described himself in a telephone interview as "a good friend of Johnny's," said all he could remember was that he was reaching out to hear some familiar voices. "I called home to my parents too," he said.

According to Chung, he relayed a message to James Sun, the young entrepreneur he took to the White House, who, in turn, arranged for fruit and flowers to be delivered to Parish's hotel. Later, the Urumqi businessman complained to Chung that his request had gotten the young man into hot water with local authorities and that he found himself under police surveillance.

Back in the U.S., meanwhile, Wu's friends and family began to mount a campaign to generate public outrage over the dissident's detention. Wu's wife, Ching Lee Chen, walked the halls of Congress where she pleaded for public support and pinned yellow ribbons on congressional leaders.

3/2/97 LATIMES A1

(Publication page references are not available for this document.)

Chung said he watched Ching Lee Chen on CNN and felt her pain. That was the moment, he insists, when he determined to do his part to help free her husband. It was the image of Wu's wife that drove Chung to the White House.

One of the first people to hear Chung's scheme to save Wu was then-chairman of the California State Democratic Party, Bill Press. Today, Press dismisses the idea as "a silly effort" that he never considered seriously.

"I was to be his partner in this daring rescue, and I humored him," Press recalled in a telephone interview. "He promoted himself as the only man who could save Harry Wu--which was b-----t."

Press attended the same White House reception where Chung says Clinton encouraged him during his photo-moment to go to **China** on Wu's behalf. And after the reception, Press joined Chung at a hotel bar near the Chinese Embassy in Washington, where Chung says he first announced to a Chinese government official his wish to meet in Beijing with someone of authority on the Wu matter.

"It was a bizarre sort of meeting," Press recalled. "All the Chinese Embassy guy wanted to do was berate the U.S. for letting the president of Taiwan visit some weeks earlier. I don't remember if Wu's name came up that night or not."

One thing is clear. Immediately following the presidential reception, Chung did take steps to launch his own private **China** campaign. He asked for a letter of introduction from Clinton. That was politely denied, but the DNC provided a letter signed by chairman Donald L. Fowler, commending Chung for efforts "to build a bridge between the people of **China** and the United States."

In a separate and previously undisclosed letter obtained by The Times, Fowler also seemed to more directly endorse Chung's efforts when he wrote: "Please let me know about your efforts to gain the release of Harry Wu."

Friends of Wu, who still regard Chung's efforts as self-serving, find all this amazing. Jeff Feidler, an AFL-CIO executive who acted as a spokesman for the Wu family, contends that the DNC was "handing out half-assed credentials" that could have complicated already delicate negotiations to free Wu.

That last letter from Fowler was dated July 24, 1995. On July 29 Chung's passport was stamped at Beijing airport. America's unlikely ambassador had arrived.

Departure for **China** Called 'Troubling'

Apparently, it was Chung's departure for **China** that awoke a number of people to the realization that he was serious about helping Wu. A National Security Council official called it "very troubling" that Chung would involve himself in "this diplomatically difficult and high-stakes issue."

3/2/97 LATIMES A1

(Publication page references are not available for this document.)

In a memo to the national security advisor, NSC aide Robert L. Suettinger noted that while Chung might not normally be able to make much of an impact on U.S.-China relations, "he could conceivably do damage" in the Wu case--"depending on what he says and how much credibility he carries with Beijing."

As it turned out, Chung's credibility in China was probably at its apex in the summer of 1995, thanks in great measure to how many times President Clinton had posed for photographs with Chinese business and political figures under Chung's wing.

"In China, anyone who can put you in the company of the president is a man of enormous power and importance," said Chung's attorney, Sun. "Johnny wasn't just another Chinese American businessman. You've got to understand--whatever Americans think of him, he had enormous cachet in China."

Chung called on the vice president of China Petro-Chemical Corp., whom he had introduced to Clinton the previous March. The vice president got him in to see the corporation's president. Here, as at every other encounter, Chung was questioned about why he was interested in a traitor. Chung pressed the business figures to honor their debt to him.

Chung's goal: an audience with the president of China.

On Aug. 16, Chung was summoned to another meeting with the president of China Petro-Chemical Corp. The executive had exchanged letters with his contacts in the government. Chung was to be ready for a lunch appointment the following Friday.

On Friday, Aug. 18, a car provided by the petrochemical firm picked up Chung at his hotel. Chinese officials dispute much of Chung's account from this point on. According to Chung, during the 30-minute drive to the Diaoyutai government guest house complex, an aide to the corporation executives disclosed for the first time that Chung would be meeting one of the highest-ranking officials of the Chinese Foreign Ministry--Vice Minister Liu Hua-Qiu. He wasn't the president of China, but Liu was one of Beijing's most important officials dealing with U.S.-China relations.

Chung said his car arrived at Building 12 at precisely 11:30 a.m. The corporate aide made the introductions and disappeared. Chung exchanged business cards with the vice minister and with a foreign ministry deputy who accompanied the official. Chung's attorney provided photocopies of those business cards to The Times.

Around the time of Chung's purported meeting with high-level Chinese officials, there was a steady flow of messages arriving at the foreign ministry from Washington urging Wu's release. Sen. Dianne Feinstein (D-Calif.) met with Beijing officials. Former Secretaries of State Henry A. Kissinger and Alexander

3/2/97 LATIMES A1
 (Publication page references are not available for this document.)

M. Haig Jr. passed private messages during a trip to **China**.

Chung waited for an appropriate silence to lean over his lunch and ask:

"Am I safe here?"

Of course, the officials assured him.

"There are so many Chinese Americans like me doing business here. If **China** arrests others, I feel I am not safe in your country," Chung said he told them.

"You have no right to arrest American citizens. Our countries have enough problems," he said he told, without attributing the words to Clinton. "I never say I speak for President Clinton. I speak for myself. For Chinese Americans."

Chung said he also used a Chinese analogy, comparing **China** and the U.S. to two wheels in a great machine that turn together unless a rock gets wedged between them. "Mr. Wu is such a rock," he said.

There were questions from the Chinese officials about whether First Lady Hillary Rodham Clinton would attend an international women's conference in Beijing that was only two weeks away. Press accounts indicated she would not come if Wu was still detained. Chung said he repeated those accounts.

Finally, according to Chung's recollection, lunch was finished and it seemed time to adjourn. But when Chung started to rise, he said, the vice minister reached out to stop him.

"We will do something pretty soon," Liu said. Chung took it to mean that Wu would be released.

Chung left the meeting eager to report the news to the White House. He could reach no one, he said, because the people he knew on the president's staff were in Montana for a Clinton birthday retreat. He called one of his friends at the DNC and asked her to relay a message to the White House.

Carol Khare, former assistant to DNC Chairman Fowler, confirmed in a telephone interview that Chung called her with such a report. She could not recall the name of the Chinese official he said he met, but she remembered Chung saying "he'd managed to get Harry Wu out of jail. He was very pleased with himself."

She did not take the report seriously, however, and she said she did not pass along the news because "well, Johnny was a bragging kind of guy. Before he left I used to joke that he was off to see the king of **China**."

Six days after Chung says he met with the vice minister, Harry Wu was deported. A lot of credit was passed around. None of it went to Johnny Chung.

3/2/97 LATIMES A1

(Publication page references are not available for this document.)

Khare said she remains unsure whether Chung made a difference, but she said: "I believe Johnny honestly believed he had made an important contribution. I certainly wasn't someone he needed to impress."

The Chinese government, meanwhile, denies much of Chung's story. Last week a spokesman for the foreign ministry acknowledged receiving Chung's requests to meet state leaders during his 1995 visit, but the spokesman denied they arranged any such sessions.

"To the best of our knowledge," the spokesman added, the vice minister did not have lunch with Chung.

Chung stayed in **China** for another week after Wu's release, anticipating the arrival of Mrs. Clinton for the international women's conference. He said he hoped to bring to an embassy reception the Chinese executives who went out on a limb to help him in his mission.

"I think at least the first lady can say thanks to these people," Chung said.

But Chinese government pressure, says Chung, prevented the executives from attending.

Chung himself attended the reception and says he caught up with Mrs. Clinton as she was heading to her limousine. They shook hands and Chung says he told her: "I did what I could do."

Maybe she didn't understand, shrugs Chung. He said she simply smiled, posed for the customary picture, then drove away.

Chung feels similarly abandoned today. All of his political friends have smiled, posed for pictures and driven off without him.

TABULAR OR GRAPHIC MATERIAL SET FORTH IN THIS DOCUMENT IS NOT DISPLAYABLE

PHOTO: Johnny C.C. Chung, left, at July 1995 White House meeting with President Clinton. Above, political dissident Harry Wu, whom Chung sought to free from Chinese captivity.

---- INDEX REFERENCES ----

KEY WORDS: CLINTON, BILL; POLITICAL CONTRIBUTIONS; DEMOCRATIC NATIONAL COMMITTEE; UNITED STATES -- FOREIGN RELATIONS -- **CHINA**; ETHICS

NEWS SUBJECT: Politics (PLT)

REGION: United States; North America; **China** (US NME CH)

AISI

AUTOMATED INTELLIGENT SYSTEMS, INC.

2771 Plaza Del Amo • Suite #809 • Torrance, CA 90503 • Tel: [REDACTED] • Fax: [REDACTED]

Sept. 19, 1995
(Via Fax)

Karen Sternfeld
Clinton/Gore 96
11500 W. Olympic Blvd. #370
Los Angeles, CA 90064

Dear Karen,

Enclosed is the name list of my guest who will be attending the Southern California Presidential Gala on Sept. 21, 1995.

Table 1:

- 1. Mr. Johnny Chung [REDACTED]
- 2. Mr. Shizeng Chen [REDACTED]
- 3. Mr. Yejun He [REDACTED]
- 4. Ms. Li Huang [REDACTED]
- 5. Mr. Yuanlin Lang [REDACTED]
- 6. Mr. Bin Liu [REDACTED]
- 7. Mr. Shijin Yu [REDACTED]
- 8. Ms. Hui Jie Li [REDACTED]
- 9. Mr. Bao Jian Cui [REDACTED]
- 10. Mr. Yan Bin Yao [REDACTED]

Table 2:

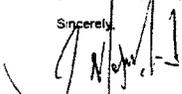
- 1. Ms. Kathy Chung [REDACTED]
- 2. Ms. Janet Chung [REDACTED]
- 3. Mr. Chi Fan Jong [REDACTED]
- 4. Ms. Keico Jong [REDACTED]
- 5. Mr. Michael Lin [REDACTED]
- 6. Mr. Xin Wu [REDACTED]
- 7. Ms. Jian Qiao Wei [REDACTED]
- 8. Mr. Charles Parish [REDACTED]
- 9. Ms. Fan Zhang [REDACTED]
- 10. Ms. Diana Douglas [REDACTED]

Table 3:

- 1. Mr. Art Liang [REDACTED]
- 2. Mr. Luke Yu [REDACTED]
- 3. Mr. Candy Jeng [REDACTED]
- 4. Ms. Irene Wu [REDACTED]

Sorry for the delay. I hope you have arranged a few good tables for me. These are all very important guests and my family. Thank you very much for your patience and your help.

Sincerely,



Johnny Chung
Chairman/CEO

BUILDING THE U.S. FAX HIGHWAY TODAY

JCH15023



CALLS FOR CHAIRMAN FOWLER

Walter Shorenstein - [REDACTED]

Should have \$100,000 from Dr. Zafforini in hand from San. Fran. event.

Johnny Chung - [REDACTED]

Pledged to write 70K for Re-elect event in LA last week. Did not show up to event with check even though he had promised Ari and Richard that he would. Tell him that you are extremely disappointed that he has sen in 70K.

Truman Arnold - [REDACTED]

Ask Truman to help us get 50's and 100's for Re-elect event in Houston on Oct. 16th. Oscar Wyatt, Wayne Reaud etc.

B. Rappoport - [REDACTED]

Ask B. to help us get 50's and 100's around Re-elect event in Houston and Dallas on Oct. 16th. Ask B. if he would write 50 more.

message with file 9/19

Mel Weiss - [REDACTED]
New York, NY

Tell him that you would like him to be a DNC Vice Finance Chairman. Tell him about the media fund and ask him to raise or write 250K by Dec. He can put his people into small events with POTUS.

with call back



Confidential Information

JOHNNY C. CHUNG
ARTESIA CA 90701

315
Feb 2, '96

Back Business Committee \$25,000.00
Twenty five thousand

General Bank
CENTRAL OFFICE
1542 S. PIONEER BLVD. - ARTESIA, CA 90701

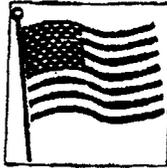
[Signature]

[Redacted]



BTB 00614

AMERICAN EMBASSY BEIJING
FACSIMILE TRANSMISSION



DATE: March 8, 1996

PAGES: 1 (INCL. COVER)

Mr. Lynn Cutler, The Kamber Group
Washington, DC

[REDACTED]

James R. Sasser, Ambassador

[REDACTED] EXT. [REDACTED]

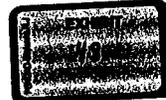
RE:

Lynn,

Mr. John Chung did come to the embassy secretary. He did not provide the name of the hotel where he is staying at the major hotels in Beijing but he is in touch with him, please have this be arranged.

Thank you for your assistance

JCH13433







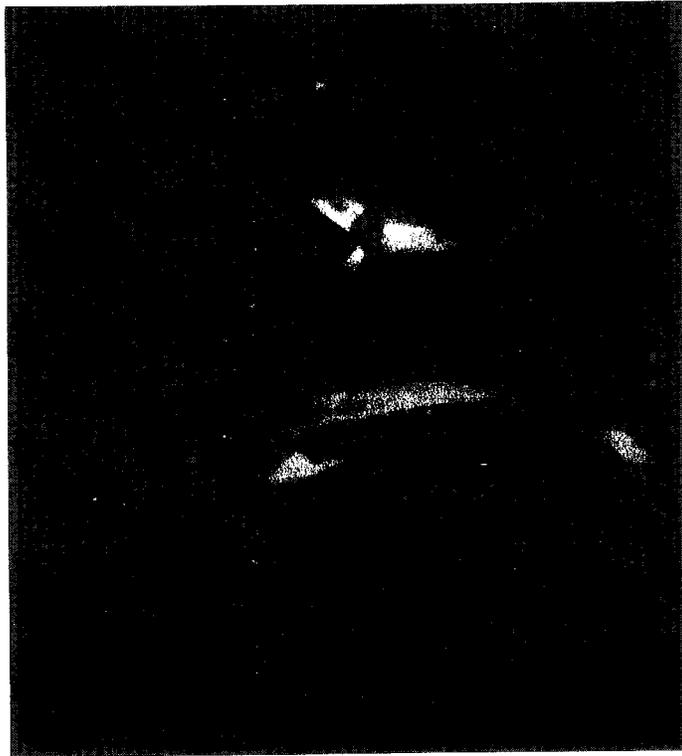
China Construction Bank
HONG KONG BRANCH

Guo Zhong Jian John
Deputy General Manager

44-45F, Lippo Tower,
Lippo Centre, 89 Queensway,
Admiralty, Hong Kong.

Tel: [REDACTED]
Fax: [REDACTED]
Telex: [REDACTED]





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1648

HEAD TABLE
MAY 13, 1996

1. Mr. Mark Jimenez
Chairman & CEO Future Tech Corp
(Computer/Hi-Tech)
2. Mr. Charlie Trie
Chairman & CEO Daihatsu Trading Corp
(International Trade)
3. Dr. Sumet Jiaravanon
Vice Chairman & President Charoen Pokhand (Worldwide) Group
(International/Multinational Conglomerate)
4. Ms. Sherry Wen
5. Mr. Ho Cheong Chio
President Ang-Du International Corp., LTD
(International Trade & Industry)
6. Ms. Elsie Y. Z. Chan
Managing Director Ang-Du International Corp., LTD
(International Trade & Industry)
7. Mr. Peter Gontha
Chairman Indo-American Entertainment, Inc.
(Entertainment)
8. Mr. Roy Tirtadji
Managing Director Lippo Group
(Multinational/International Conglomerate)
9. Ms. Nina Wang
Chairwoman & CEO Hong Kong, China, LTD
(Real Estate Conglomerate)
10. Dr. Teruyoshi Fukunaga
Chairman Earth Aid Company, LTD
(Publishing)
11. Mr. Jitu Somaya
Managing Director Capitol Market Group



DNC 1604073

MEMORANDUM

To Richard Sullivan, Attn: Scott Freda

From Karen Sternfeld

Re: Johnny Chung request

Date: 7-10-96

Johnny Chung has requested some kind of certificate or plaque from President Clinton recognizing his friend Dr. Chio Ho Cheong's achievements. He wants something that will acknowledge that he is an upstanding person. He is planning to bring these people (Johnny will be contributing for them) to Eli Broad's home for the dinner on the 22nd and would like the president to give it to him at that point. Can any part of this request be managed? Attached is information about Dr. Cheong.



DNC 3823347

██████████ SUMMER 6/10 COMMIT LIST AS OF 01/03/96

| LAST | FIRST | PLDG | REC'D | DUE |
|---------------|-------------------------------------|------------|------------|------------|
| Abner | Olivia and Swart | GUEST | GUEST | GUEST |
| Adelson | Merv and Thea | \$10000.00 | \$0.00 | \$10000.00 |
| Bava | Lucie and Gordon | GUEST | GUEST | GUEST |
| Beltz | Gary and Shally | \$10000.00 | \$0.00 | \$10000.00 |
| Blackmore | Charles | \$5000.00 | \$0.00 | \$5000.00 |
| Blau | Louis | \$5000.00 | \$0.00 | \$5000.00 |
| Boles | Dr. Joe | \$5000.00 | \$0.00 | \$5000.00 |
| Broad | Eli and Edythe | \$20000.00 | \$20000.00 | \$0.00 |
| Broidy | Robin and Elliott | \$10000.00 | \$0.00 | \$10000.00 |
| Bronfman, Jr. | Clarissa and Edgar | \$10000.00 | \$10000.00 | \$0.00 |
| Brown | Kathleen | \$5000.00 | \$5000.00 | \$0.00 |
| Brown | Kelly and Allan | \$10000.00 | \$10000.00 | \$0.00 |
| Bryson | Louise and John | \$10000.00 | \$0.00 | \$10000.00 |
| Burkle | Darius Anderson and Jan | GUEST | GUEST | GUEST |
| Carson | Alexis and Johnny | \$10000.00 | \$10000.00 | \$0.00 |
| Chung | Johnny | \$5000.00 | \$0.00 | \$5000.00 |
| Cole | Natalie | \$10000.00 | \$0.00 | \$10000.00 |
| Cooks | Bisac and John | \$10000.00 | \$0.00 | \$10000.00 |
| Corday | Ken and Sherry | \$10000.00 | \$0.00 | \$10000.00 |
| Corwin | Toni and Bruce | \$10000.00 | \$10000.00 | \$0.00 |
| Daly | Carole Beyer Sager and Robert | \$20000.00 | \$0.00 | \$20000.00 |
| Davis | Barbara and Marvin | \$20000.00 | \$20000.00 | \$0.00 |
| Dodd | Senator Christopher | GUEST | GUEST | GUEST |
| Emerson | John | GUEST | GUEST | GUEST |

PAGE 1



Confidential Information



DNC 3088330

WASHINGTON DINNER 4/10 COMMIT LIST AS OF 06/03/96

| LAST | FIRST | Pldg | Rec'd | Due |
|------------|---------------------------------|------------|------------|------------|
| Fargo | Brian | \$5000.00 | \$0.00 | \$5000.00 |
| Fisher | Maryanna and David | \$10000.00 | \$10000.00 | \$0.00 |
| Forsythe | John | \$100.00 | \$100.00 | \$0.00 |
| Fowler | Chairman Don | GUEST | GUEST | GUEST |
| Fowler | Linda and Mike | GUEST | GUEST | GUEST |
| Gallagher | Susanne and Tom | GUEST | GUEST | GUEST |
| Gohd | Fran and Matthew | PAID | PAID | PAID |
| Goldenberg | Paul | \$5000.00 | \$0.00 | \$5000.00 |
| Goldsmith | Elaine and Bram | \$10000.00 | \$10000.00 | \$0.00 |
| Gordy | Christie Burton and Berry | \$30000.00 | \$30000.00 | \$0.00 |
| Green | Jude and Leonard | \$20000.00 | \$20000.00 | \$0.00 |
| Greenspun | Robin and Daniel | \$10000.00 | \$0.00 | \$10000.00 |
| Hadi | Jana and Robert | \$2000.00 | \$2000.00 | \$0.00 |
| Male | Eugene | \$10000.00 | \$10000.00 | \$0.00 |
| Haney | Mary Alice | | | |
| Harman | Sidney Harman and The Hon. Jane | \$10000.00 | \$10000.00 | \$0.00 |
| Housefield | Cynthia and Scott | \$10000.00 | \$10000.00 | \$0.00 |
| Muang | Jane and John | \$10000.00 | \$0.00 | \$10000.00 |
| Hyman | Linda and Anne | \$10000.00 | \$10000.00 | \$0.00 |
| Irani | Ghada and Dr. Ray | \$10000.00 | \$0.00 | \$10000.00 |
| Jacobsen | Kan | \$5000.00 | \$0.00 | \$5000.00 |
| Kahan | Robert | \$10000.00 | \$0.00 | \$10000.00 |
| Kanter | Jay and Kit | \$10000.00 | \$10000.00 | \$0.00 |
| Katsenberg | Marilyn and Jeffrey | \$0.00 | \$0.00 | \$0.00 |

PAGE 2

Confidential Information


 DNC 3088331

WASHINGTON DINNER 6/10 COMMIT LIST AS OF 06/03/96

| LAST | FIRST | Plg | Rec'd | Due |
|--------------|--------------------------------|------------|------------|------------|
| King | Bob Madden and Michael | \$10000.00 | \$10000.00 | \$0.00 |
| Kippen | Dorthea and Irv | \$10000.00 | \$0.00 | \$10000.00 |
| Klein, M.D. | Arnold | \$5000.00 | \$0.00 | \$5000.00 |
| Kort | Fred and Barbara | \$10000.00 | \$5000.00 | \$5000.00 |
| Krevey | Brad | \$5000.00 | \$0.00 | \$5000.00 |
| Ladd Jr. | Cindra and Alan | \$10000.00 | \$10000.00 | \$0.00 |
| Lander-Simon | Neil Simon and Diane | \$10000.00 | \$10000.00 | \$0.00 |
| Lenabury | Peter Shaw and Angela | GUEST | GUEST | GUEST |
| Lawrence | Allen | \$3000.00 | \$5000.00 | \$0.00 |
| Lee | Nike Abrams, D. Choi and Frank | \$15000.00 | \$0.00 | \$15000.00 |
| Lene | Mavis and Jay | GUEST | GUEST | GUEST |
| Little | Wallace | \$3000.00 | \$0.00 | \$5000.00 |
| Manatt | Kathy and Charles | \$20000.00 | \$0.00 | \$20000.00 |
| Mansella | Jenny McCarthy and Ray | \$10000.00 | \$10000.00 | \$0.00 |
| Markovsky | Michael | \$3000.00 | \$0.00 | \$3000.00 |
| MCA, Inc. | | \$13000.00 | \$13000.00 | \$0.00 |
| McClein-Mill | Cynthia | \$5000.00 | \$0.00 | \$5000.00 |
| Meyer | Kelly Chapman and Ron | \$5000.00 | \$5000.00 | \$0.00 |
| Mondale | Eleanor | \$5000.00 | \$5000.00 | \$0.00 |
| Morton | Tariton and Peter | \$0.00 | \$0.00 | \$00.00 |
| Murdoch | Anna and Rupert | \$20000.00 | \$20000.00 | \$0.00 |
| Nichols | Mark and Virginia | \$10000.00 | \$0.00 | \$10000.00 |
| Nicita | Paula Wagner and Richard | \$10000.00 | \$0.00 | \$10000.00 |

PAGE 3

Confidential Information



DNC 3088332

WASSERMAN DINNER 6/10 COMMIT LIST AS OF 06/03/96

| LAST | FIRST | Pldg | Rec'd | Due |
|-------------|--------------------------------------|------------|------------|------------|
| Olsen | Ronald | \$5000.00 | \$5000.00 | \$0.00 |
| Oppenheimer | Gerald | \$5000.00 | \$5000.00 | \$0.00 |
| Owens | Edna Anderson Owens and Curtis | GUEST | GUEST | GUEST |
| Panic | David Calef and Milan | \$18000.00 | \$0.00 | \$18000.00 |
| Park | Richard and Ki Poa | \$10000.00 | \$0.00 | \$10000.00 |
| Patterson | Joan and Charles | \$10000.00 | \$0.00 | \$10000.00 |
| Paul | Van Fletcher and Charles | \$20000.00 | \$0.00 | \$20000.00 |
| Payden | Joan & Bill | \$10000.00 | \$10000.00 | \$0.00 |
| Potter | Earl Potter and Deborah Dorlar | \$10000.00 | \$0.00 | \$10000.00 |
| Raeke | Sydelle | \$100.00 | \$100.00 | \$0.00 |
| Reiner | Michelle Singer Reiner and Rob | \$20000.00 | \$20000.00 | \$0.00 |
| Riedy | Allison and James | \$18000.00 | \$0.00 | \$18000.00 |
| Rich | Andrea | \$5000.00 | \$5000.00 | \$0.00 |
| Robbins | Becky and Anthony | \$10000.00 | \$0.00 | \$10000.00 |
| Rosen | Richki and Fred | \$10000.00 | \$0.00 | \$10000.00 |
| Rusnack | Marsha and Bill | \$10000.00 | \$10000.00 | \$0.00 |
| Sandrich | Linda and Jay | \$10000.00 | \$10000.00 | \$0.00 |
| Sassoon | Monnie and Vidal | \$10000.00 | \$0.00 | \$10000.00 |
| Shainberg | Lorraine and Sid | GUEST | GUEST | GUEST |
| Simon | Diane Meyer Simon and Herb | \$10000.00 | \$10000.00 | \$0.00 |
| Spelling | Aaron and Candy | \$10000.00 | \$10000.00 | \$0.00 |
| Spielberg | Kate and Steven | \$0.00 | \$0.00 | \$0.00 |

PAGE 4

Confidential Information


 DNC 3988333

WASSERMAN DINNER 6/10 COMMIT LIST AS OF 06/03/86

| LAST | FIRST | Pldg | Rec'd | Due |
|------------|--------------------------------|-------------|-------------|-------------|
| Stone | Sharon | GUEST | GUEST | GUEST |
| Stralsand | Barbra | \$10000.00 | \$10000.00 | \$0.00 |
| Stringer | Howard | \$5000.00 | \$0.00 | \$5000.00 |
| Szu | Henry | \$10000.00 | \$0.00 | \$10000.00 |
| Tisch | Jamie Alexander and Steven | \$0.00 | \$0.00 | \$00.00 |
| Tomich | Rosemary | \$10000.00 | \$0.00 | \$10000.00 |
| Valenti | Mary Margaret and Jack | GUEST | GUEST | GUEST |
| Van Buren | Jeanne Phillips and Abigail | \$10000.00 | \$10000.00 | \$0.00 |
| Vind | Richard | \$5000.00 | \$5000.00 | \$0.00 |
| Vitto | Gloria | \$5000.00 | \$0.00 | \$5000.00 |
| Wasserman | Eddie and Lew | \$100000.00 | \$0.00 | \$100000.00 |
| Wartheimer | Ellie and Tom | \$10000.00 | \$10000.00 | \$0.00 |
| Winfield | John | \$10000.00 | \$0.00 | \$10000.00 |
| Wintrob | Wendy and Jay | GUEST | GUEST | GUEST |
| Yorlin | Cynthia and Bud | \$10000.00 | \$10000.00 | \$0.00 |
| Yorlin | Peg | \$5000.00 | \$5000.00 | \$0.00 |
| Sappa | Gail | | | |
| Total: | | \$947200.00 | \$437200.00 | \$510000.00 |

June 19, 1996

S. B. Fu
c/o Johnny Chung
[REDACTED]
Torrance, CA 90503

Dear S.B.,

Thank you for your help in making the event at Edie and Lew Wasserman's home such a success. President Clinton truly appreciated you coming out and showing your support for the Administration and the Democratic National Committee.

Your assistance will contribute greatly to our efforts to reelect the President and Vice President, take back control of Congress, and elect Democrats in California and nationwide.

Again, thank you for your participation. If you have any questions, please call me at [REDACTED]. I look forward to working with you during the coming months.

Sincerely,

Kimberly D. Ray
Southern California Finance Director



1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100 DNC 1915211

June 19, 1996

Chun-Fat Leung
c/o Johnny Chung
[REDACTED]
Torrance, CA 90503

Dear Chun-Fat,

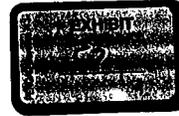
Thank you for your help in making the event at Edie and Lew Wasserman's home such a success. President Clinton truly appreciated you coming out and showing your support for the Administration and the Democratic National Committee.

Your assistance will contribute greatly to our efforts to reelect the President and Vice President, take back control of Congress, and elect Democrats in California and nationwide.

Again, thank you for your participation. If you have any questions, please call me at: [REDACTED]
[REDACTED] look forward to working with you during the coming months.

Sincerely,

Kimberly D. Ray
Southern California Finance Director



1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100
DNC 1915241



AUTOMATED INTELLIGENT SYSTEMS, INC.

2771 Plaza Del Amo • Suite #608 • Torrance, CA 90503 • Tel: [redacted] • Fax: [redacted]

July 3, 1996

Ms. Li Nui Jie
Director & Manageress
HONGTWIN LIMITED
Rm. 2704, Sino Plaza,
255-257 Gloucester Road
Causeway Bay, Hong Kong

Dear Ms. Li,

You are cordially invited to visit our office in the U.S. to discuss further the possibility of bringing AISI's telecommunication system to Hong Kong. It is crucial for you to see our operation in person to understand fully the details and levels of involvement.

At same time I really enjoy to have you here last time when you made your last visited in U.S. I think it's a wonderful opportunity and I look forward to your presence. Please inform me your schedule so I can make arrangement for you.

Sincerely,

Johnny Chung
Chairman/CEO

BUILDING THE U.S. FAX HIGHWAY TODAY

013154



503

AISI

AUTOMATED INTELLIGENT SYSTEMS, INC.

2771 Plaza Del Arco • Suite #508 • Torrance, CA 90503 • Tel: [REDACTED] • Fax: [REDACTED]

August 18, 1996

Ms. Chao-Ying Liu
China Aerospace International Holding Ltd. Co.
Fax: [REDACTED]

Dear Ms. Liu:

I would like to invite you to visit the U.S. again regarding a couple of issues that we discussed before. First, I've made arrangement with the Federal Stock Exchange Commission and a professional investment broker to discuss the promotion of your company in the U.S. stock exchange since your last meeting with Mr. Sendrovic, Vice President of the Federal Reserve Bank of New York. I had several follow up conversations with him. He had also mentioned that he wishes to meet with you again.

Second, I have contacted Boeing and McDonal'd Douglas regarding your interest of purchasing aircraft miscellaneous parts. They have agreed to meet with you and as soon as you inform me of your schedule, I will be able to make the appointment. Looking forward to seeing you again.

Sincerely,

Johann Chung
Chairman/CEO

0131146





DEMOCRATIC NATIONAL COMMITTEE

Donald L. Fowler, National Chair

August 15, 1996

Ms. Liu Chao-Ying
Vice President
China Aerospace International
Holding Ltd., Co.
12/F, Conic Investment Building
13 Hok Yuen Street, Hunghom
Kowloon, Hong Kong

Dear Ms. Liu:

It was a pleasure meeting you at the Broad dinner for President Clinton on July 22. I would like to invite you to attend the Democratic National Convention to be held in Chicago on August 24 through 29. It is our most exciting political event. While I can not offer guest credentials to the convention, I understand that you will attend as Johnny Chung's guest. The nomination of our party's candidates for President and Vice President will be a great celebration of political unity and commitment for the 1996 presidential elections.

We look forward to having you in Chicago for this exciting and historic week.

Sincerely,

Donald L. Fowler

DLF\abo

Democratic Party Headquarters • 450 South Capitol Street, S.E. • Washington, D.C. 20003 • FAX: • <http://www.democrats.org>

Fund for by the Democratic National Committee. Contributions to the Democratic National Committee are not tax deductible

F 0048894





DEMOCRATIC NATIONAL COMMITTEE

Donald L. Fowler, National Chair

August 19, 1996

Mr. Jing-Wei Li
Chairman
Homco Group Inc.
Via Facsimile

Dear Mr. Li:

It is my pleasure to invite you to attend the Democratic National Convention to be held in Chicago on August 24 through 29. It is our most exciting political event. While I can not offer guest credentials to the convention, I understand that you will attend as Johnny Chung's guest. The nomination of our party's candidates for President and Vice President will be a great celebration of political unity and commitment for the 1996 presidential elections.

We look forward to having you in Chicago for this exciting and historic week.

Sincerely,

Donald L. Fowler

DLP:abe

Democratic Party Headquarters • 430 South Capitol Street, S.E. • Washington, D.C. 20003 • FAX: [redacted] • <http://www.democrats.org>

Printed by the Democratic National Committee. Contributions to the Democratic National Committee are not tax deductible.

013143



AISI

AUTOMATED INTELLIGENT SYSTEMS, INC.

2771 Plaza Del Amo • Suite #809 • Torrance, CA 90503 • Tel: [REDACTED] • Fax: [REDACTED]

S.L. X?

DNC
Attn: Karen Sternfeld
Fax: [REDACTED]

July 16, 1996

Dear Karen,

Broad's Dinner:

| | | |
|----------------------------------|-------------------------------------|-----------------|
| Mr. Johnny Chung/Chairman&CEO | Automated Intelligent Systems, Inc. | Tel: [REDACTED] |
| Mr. Yat-Hung Yiu/President | China Medical Development Co. | PP# |
| Ms. Chao-Ying Liu/Vice President | China Aerospace Int'l Holding Ltd. | PP# |

Beverly Hilton: (Private Reception No. 1 to 4)

| | |
|---------------------------------------|--|
| 1. Mr. Johnny Chung/Chairman&CEO | Automated Intelligent Systems, Inc. |
| 2. Mr. Cheng-Yun Liu/Chairman&CEO | Zhu Hai S.E.Z. Shen Chi Industry Co Ltd. |
| 3. Mr. Shi Jin Yu/President | Honestwin Limited |
| 4. Mr. Bin Liu/Vice President | Tip's Int'l Investment Holding Ltd. |
| 5. Ms. Kathy Chung/Spouse of Johnny | |
| 6. Ms. Janet-Chang/Daughter of Johnny | China Medical Dev. Co. |
| 7. Mr. Li-Chung Young/Shareholder | Automated Intelligent Systems, Inc. |
| 8. Ms. Yueh-Lee Young/Spouse | |
| 9. Mr. Ji-Hwei Young/Shareholder | Automated Intelligent Systems, Inc. |
| 10. Ms. Chun-Hsiang Young/Spouse | |

| | | |
|---|--------------------|-----------------|
| 1. Ms. Irene Wu/General Manager | AISI | |
| 2. Mr. Steve Huang/Special Assistant | AISI | |
| 3. Ms. Yuan Tien/Special Assistant(China) | AISI | |
| 4. Mr. Michael Lin/Chief Engineer | AISI | |
| 5. Ms. Nancy Lee/Administrator | AISI | |
| 6. Ms. Yvonne Meng/Marketing Assoc. | AISI | |
| 7. Ms. Jessie Lin/Engineer | AISI | |
| 8. Mr. Jack Abajian/Consultant | Arthur Anderson | Tel: [REDACTED] |
| 9. Mr. Jack Shieh/Coordinator | TBC Worldwide | Tel: [REDACTED] |
| 10. Ms. Judy Lin/General Manager | Aldiron Hero Group | Tel: [REDACTED] |

I will give you the passport numbers for Mr. Yiu and Ms. Liu (Broad's Dinner) on Thursday the 18th. Thank you for your help.

Sincerely,
Irene Wu
Irene Wu
General Manager



BUILDING THE U.S. FAX HIGHWAY TODAY

JCH15017

ELI BROAD • 1 SUNAMERICA CENTER, CENTURY CITY • LOS ANGELES, CA 90067-8022

July 25, 1996

Mr. Johnny Chung
Automated Intelligent Systems
2771 Plaza Del Amo
Suite 809
Torrance, California 90503

Dear Johnny,

Edye and I sincerely appreciate your generous contribution to the dinner at our home honoring President Clinton. We hope you enjoyed the evening.

Thanks to the support of friends like you, we were able to raise in excess of \$1.5 million for the DNC.

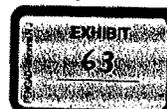
Have a great summer. We look forward to seeing you again soon.

Sincerely,



EB/srm

JCH13431



AISI

AUTOMATED INTELLIGENT SYSTEMS, INC.

2771 Plaza Del Amo • Suite #809 • Torrance, CA 90503 • Tel: [REDACTED] • Fax: [REDACTED]

5/10

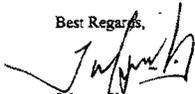
May 9, 1996

Mr. Israel Sendrovic
Executive Vice President
Federal Reserve Bank of New York
Fax: [REDACTED]

Dear Mr. Sendrovic,

It was a pleasure meeting you and talking to you on our flight back to the U.S. I will be in Washington, D.C. May 16 to the 19th. I hope to see you there if not I will have to make a special trip to New York to see you and your "thousand tons of gold".

Best Regards,


Johnny Chung
Chairman/CEO



BUILDING THE U.S. FAX HIGHWAY TODAY

JCH13440

AISI

AUTOMATED INTELLIGENT SYSTEMS, INC.

2771 Plaza Del Amo • Suite #809 • Torrance, CA 90503 • Tel: [REDACTED] • Fax: [REDACTED]

August 15, 1996

Mr. Ari Swiller
DNC
Fax: [REDACTED]

Dear Ari,

I would like to confirm the names of people attending the August 18 birthday celebration.

| | |
|------------------------------------|--|
| 4:30p.m. Pre-Celebration Reception | 1. Mr. Johnny Chung 2. Mr. Israel Sendrovic 3. Mr. Yat-Hung Yiu 4. Ms. Zhong-Hui Li |
| 6:00p.m. Radio City Music Hall | Same as above (4 people) |
| 9:00p.m. Birthday Dinner | Mr. Johnny Chung Mr. Yat-Hung Yiu Ms. Zhong-Hui Li |

Johnny will have a personal check for you when he sees you on the 18th. He will be staying at the World Trade Center Marriott Hotel from 8/17 to 8/20.

Johnny has a favor to ask of you in relation to Ms. Phipps' arrangement last time. I am including a sample letter here for you and I will call you to discuss the details with you. Thank you very much.

Sincerely,


Irene Wu
General Manger



BUILDING THE U.S. FAX HIGHWAY TODAY

JCH15030

FEDERAL RESERVE BANK OF NEW YORK
NEW YORK, N.Y. 10045-0001
AREA CODE [REDACTED]

ISRAEL SENDROVIC
EXECUTIVE VICE PRESIDENT

August 19, 1996

Mr. Johnny Chung
Chairman/CEO
Automated Intelligent
Systems, Inc.
2771 Plaza Del Amo
Suite 809
Torrance, CA 90503

Dear Johnny,

Leah and I want to thank you for introducing us to the President last night. It was truly a memorable experience. I have travelled to many places and have met some very important people but last night's events celebrating the President's 50th birthday was truly unique. I was struck by the warmth that flowed between him and the audience. It was a warmth of mutual appreciation and admiration combined with genuine sincerity and respect.

Our generation of baby boomers has all too often been labelled as the "me" generation interested only in our own well being. The President's concern for all Americans, so eloquently presented, shows that the glib label is unwarranted. Although he applied it only to himself, I suspect he spoke for very many of us when he said that we have it much better than we deserve and it is critical for us to show our gratitude.

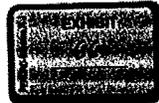
You and I, as immigrants to America the Beautiful, can readily appreciate the profound thoughts and ideas represented by those few words. At the same time, we see the Hand of G-d in all that we do and what brought us to where we are.

Leah and I are sorry that your wife was not able to be with you at this most festive occasion. We look forward to meeting her and you again in the not too distant future. Our best wishes to you and your family for health, happiness, and all that is good.

Sincerely,

Israel

JCH13426





AUTOMATED INTELLIGENT SYSTEMS, INC.

2771 Plaza Del Amo • Suite #806 • Torrance, CA 90503 • Tel: [REDACTED] • Fax: [REDACTED]

August 12, 1996

Ms TSUI King
Secretary to Chairman
5301 Central Plaza
18 Harbour Road
Wanchai, Hong Kong
Ph: [REDACTED]
Fax: [REDACTED]

Dear Ms Tsui,

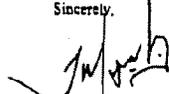
It is a pleasure meeting you in Hong Kong. Pursue to our conversation, I would like to invite you to visit the U.S. on August 16 with Mr. YIU Yat-hung, the Chairman of your company. As you know, through my arrangement, Mr. YIU met with the Secretary of Agriculture and Vice President of the Federal Reserve Bank of New York, Mr. Israel Sandrovic when he last visited the U.S. There are several issues that need to be followed up with from last month. I sincerely urge you to accompany him in August as I have already set up a second meeting for your company.

The arrangement that I have made for you and Mr. YIU are as follows:

1. August 18 - President Clinton's 50th Birthday Celebration
2. August 19 - Meeting with Mr. Israel Sandrovic (Federal Reserve Bank)
3. August 20 - Department of Commerce and Department of Agriculture.

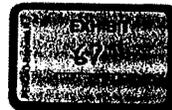
I will be returning to the U.S. on August 16 and I wish you can join me. Look forward to hearing from you soon.

Sincerely,



Johnny Chung
Chairman/CEO

013139



AISI

AUTOMATED INTELLIGENT SYSTEMS, INC.

Commercial Division, 2771 Plaza Del Arco • Suite 400 • Torrance, CA 90503 • Tel: [REDACTED] • Fax: [REDACTED]

October 5, 1996

Ms Tsui King
Secretary to Chairman
5301 Central Plaza
18 Harbour Road
Wanchai, Hong Kong
Ph: [REDACTED]
Fax: [REDACTED]

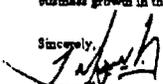
Dear Ms Tsui,

It is a pleasure meeting you in Hong Kong. Pursue to our conversation, I would like to invite you to visit the U.S. on October 17 with Mr. Yiu Yat Hung, the Chairman of Your company. As you know, through my arrangement, Mr. Yiu met with the Secretary of Transportation Mr. Federico Pena and the Vice President of the Federal Reserve Bank of New York, Mr. Israel Sendrovi when he last visited the U.S. There are several issues that need to be followed up with from last month. I sincerely urge you to accompany him in October 17 as I have already set up a third meeting for your company.

The arrangement that I have made for you and Mr. Yiu are as follows:

- 1. October 20- To join the party at New York with President Clinton.
- 2. October 22 - Meeting with Mr. Israel Sendrovi (Federal Reserve Bank) at New York.
- 3. October 25- Department of Transportation and Federal Commission Exchange at D.C.

I will be returning to the U.S. on October 17 and I wish you can join me to travel from Hong Kong so we can discuss in detail of how I can help in promoting your company business growth in the U.S. Look forward to hearing from you soon.

Sincerely,

Johnny Chung
Chairman/CEO

BUILDING THE U.S. FAX HIGHWAY TODAY

013140



FEDERAL RESERVE BANK OF NEW YORK
NEW YORK, N.Y. 10045-0001
AREA CODE [REDACTED]

ISRAEL SENDROVIC
EXECUTIVE VICE PRESIDENT

-May 10, 1996

VIA FACSIMILE
[REDACTED]

Mr. Johnny Chung
Chairman/CEO
Automated Intelligent
Systems, Inc.
2771 Plaza Del Arco
Suite 809
Torrance, CA 90503

Dear Mr. Chung:

Thank you for your note. I am scheduled to be at the Bank for International Settlements next week through Wednesday and then I have meetings in the Bank Thursday and Friday, so it looks like I will be unable to meet you in Washington this time.

I do think, however, that you will have to come to New York at some point to see the gold. I look forward to seeing you in the near future and continue our discussions on what makes this country so special.

Sincerely,

Israel Sendrovic



TOTAL P. 01

JCH13439

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JCH12

EXHIBIT

AUGUST 9, 1996

OF THE STATE OF CALIFORNIA

INCORPORATED UNDER THE LAWS

MARSWELL INVESTMENT INC.

AUTHORIZED: 1,000,000 SHARES COMMON STOCK

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ISSUED UNDER THE LIMITED OFFERING EXEMPTION PROVIDED BY SEC. 261010 OF THE CALIFORNIA CORPORATIONS CODE.

This certifies that _____ is the registered holder of _____ shares of the above named Corporation, transferable only on the books of the Corporation by the holder hereof in person or by _____ attorney upon surrender of this Certificate properly endorsed.

In Witness Whereof, the said Corporation has caused this Certificate to be signed by its duly authorized officers and its Corporate Seal to be hereunto affixed this _____ day of _____, 1996.

SECRETARY

PRESIDENT

20,000 SHARES

20,000

2

JCH127:
JC 127:
106

INCORPORATED UNDER THE LAWS OF THE STATE OF CALIFORNIA

AUGUST 9, 1956

30,000 SHARES

30,000

MARSWELL INVESTMENT INC.

AUTHORIZED: 1,000,000 SHARES COMMON STOCK

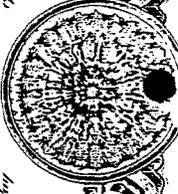
THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ISSUED UNDER THE LIMITED OFFERING EXEMPTION PROVIDED BY SEC. 35107(i) OF THE CALIFORNIA CORPORATIONS CODE.

This Certifies that _____ is the registered holder of _____ Shares of the above named Corporation, transferable only on the books of the Corporation by the holder hereof in person or by Attorney upon receipt of this Certificate properly endorsed.

In Witness Whereof, the said Corporation has caused this Certificate to be signed by its duly authorized officers and its Corporate Seal to be hereunto affixed this _____ day of _____, 1956.

[Signature] SECRETARY

[Signature] PRESIDENT





INVOICE DETAIL

1151 PLAZA DEL AÑO STE 809
TORRANCE, CA 90503-9308

ACCOUNT NO: [REDACTED] PAGE: 3 OF 4
INVOICE NUMBER: 96-892-8872

| SHIPMENT NUMBER | SENDER NAME AND ADDRESS | RECIPIENT | SERVICES | EXCESS WEIGHT | CHARGES | USD AMOUNT |
|--------------------------------|--|---|-------------|---------------|----------|------------|
| 48046842506 NR-RTZ 31591 | MR JOHNNY CRUNG 1151 PLAZA DEL AÑO STE 809 TORRANCE CA US 905039308 SENT: 30 JUL 96 | MR CHIAOING YIPER HLDING B 1151 PLAZA DEL AÑO STE 809 TORRANCE CA US 905039308 RECEIVED: 02 AUG 96, 11:27 SIGNED: HS LAU 17. 02 AUG 96, 10:54 DESCRIPTION ON LAST PAGE | INT FDX PAR | 1.0P | 37.50USD | 37.50 |
| | | | | | NET DUE: | 37.50 |
| INVOICE TOTAL | | | | | | 37.50 |

The World On Time

FORM 49-107 0/92

JCH08885



96/08/14
ITT96/861129
[REDACTED]

6

CHUNG JOHNNY
C/O AUTOMATED INTELLIGENT
SYSTEMS INC
2771 PLAZA DEL AHO
SUITE 809
TORRANCE CA 90503 310 3288

REMITTING BANK : [REDACTED]
THEIR REF. : [REDACTED]
REMITTING AMOUNT : HKD*****2,318,850.00
EXCHANGE RATE : ----
EQUIVALENT AMOUNT : ----
ORDERING CUSTOMER : LIU CHAO YING

CERTIFIED TRUE COPY
for OVERSEAS TRUST BANK LTD.
GLOUCESTER RD. BRANCH

[Signature]
Authorized Signature [Signature]

19 NOV 1997

THIS IS A REQUESTED COPY



VIA FACSIMILE

June 27, 1996

Y. Y. Wong
The WyWy Group
Leng Kee Road
Singapore 0315

Dear Y. Y.,

Thank you for your recent facsimiles; it is always nice to hear from you.

I met with Ambassador Chorba today in The White House and we had a good discussion about you. Tim is a big fan of yours as you likely know. In fact, he said he recently sent you some possible business. I hope it work out.

Thank you for the update on Ms. Liu. I know that she must be concerned with nepotism but I'm not sure how that affects us. Does she think that Hong Leong is working with BEM?

Please keep me updated; I miss hearing from you more often.

Very truly,

Mark E. Middleton



CC-H-000159

ationsBank

P.O. BOX 27025, VA2-125-04-01
RICHMOND, VA 23261-7025

COMMERCE CORP
1455 PENNSYLVANIA AVE NW STE 560
WASHINGTON DC 20004-1808

Statement Of Account
PAGE 2

Last Statement Date: 08/30/96
Current Statement Date: 09/30/96

Year-to-Date Deposits: \$1,000,000.00
Year-to-Date Withdrawals: \$500,000.00
Net Deposits: \$500,000.00

Account Number: 123456789
Statement Period: 09/01/96 - 09/30/96

Statement Date: 10/01/96
Statement Period: 09/01/96 - 09/30/96

PENNSYLVANIA
BUSINESS ECONOMY CHECKING ACCOUNT

TAX ID: 60

| Account Last Statement | Account Number | By (Name Added) | Current Balance | All-Time Deposits | All-Time Withdrawals | Current To A Balance Of |
|------------------------|----------------|-----------------|-----------------|-------------------|----------------------|-------------------------|
| 10/01/96 | 123456789 | | 133,454.22 | 1,000,000.00 | 500,000.00 | 133,454.22 |

SOMETHING BIG IS COMING. GET READY FOR A NEW WAY OF BANKING -- MORE CHOICES, NEW OPPORTUNITIES AND CHANGES TO YOUR ACCOUNTS. AND NEXT MONTH, LOOK FOR A NEW, IMPROVED STATEMENT.

DAILY LEDGER BALANCE SUMMARY:

| DATE | BALANCE | DATE | BALANCE |
|-------|------------|-------|------------|
| 09/03 | 49,060.92 | 09/04 | 48,949.01 |
| 09/10 | 58,301.48 | 09/11 | 58,124.24 |
| 09/13 | 139,496.04 | 09/14 | 139,272.81 |
| 09/23 | 50,405.80 | 09/24 | 50,159.40 |
| 09/27 | 549,644.85 | 09/30 | 549,391.09 |

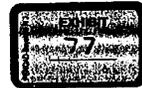
AVERAGE DAILY LEDGER BALANCE FROM 09/01 TO 09/30: 133,454.22
AVERAGE DAILY COLLECTED BALANCE FROM 09/01 TO 09/30: 120,863.34

ACCOUNT INFORMATION FOR NEWSPAPERS (WWW) IS AVAILABLE BY CALLING: 1-800-554-3788

The total(s) represents the correct amount of money you have in the bank.

-----IDA-----PER-----
26 NationsBank Posting Detail Screen 2 v
27
28
29 ICN: SE960927013650000
30 Date Created: 09/27/96 Time Created: 9:27:09:01 Value Date: 09/27
31
32 Bene Acct: [REDACTED] OD Name: COMMERCE CORP
33 Acct With: [REDACTED] Name:
34 Ord Cust Acct: Name: ASIA PULP AND PAPER CORP C
35 Ord Bank Acct: Name: BANK INTERNASIONAL INDONE
36 Inter Acct: Name:
37 Send Corr Acct: Name:
38 Recv Corr Acct: Name:
39
40
41 Details Of Payment: Bank To Bank:
42 \$15.00 FEES DED CMB REF 6881400271J
43 S
44
45
46
47
48
49 Enter=Select F10=Next Inquiry
50

1 10 20 30 40 50 60 70



```

-----IDA-----PER-----
01 NationsBank Posting Detail Screen 1
02
03 ICN: SE960927013650000
04 CREDIT INFORMATION:
05 Description: CREDIT Pri MCA: M Post Type: CR Office:
06 Acct: ██████████ Type: OD Sec MCA:
07 Amount: $499,985.000 Result Bal: $1,049,629.850
08 Pay Time: 12:30:12 Acct Flag: OVERRIDE
09 Name: COMMERCE CORP
10 Line1: 1455 PENNSYLVANIA AVE NW STE 560
11 Line2:
12 City: WASHINGTON State: DC Zip: 200041008
13
14 DEBIT INFORMATION:
15 Description: DEBIT Pri MCA: Post Type: DB Office:
16 Acct: ██████████ Type: GL Sec MCA:
17 Amount: $499,985.000 Result Bal: $.000
18 Pay Time: 00:00:00 Acct Flag:
19 Name: CHASE MANHATTAN BANK, THE
20 Line1: CHASE MANHATTAN BANK, THE
21 Line2: NEW YORK, NY
22 City: NY State: Zip:
23
24 Enter=Select 0001 Read: 00000001 F10=Next Inquiry
25
-----
|-----|-----|-----|-----|-----|-----|-----|-----|
1 10 20 30 40 50 60 70

```

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-----IDA-----FAN-----
51 NationsBank Posting Detail Screen 3
52
53
54 ICN: SE960927013650000
55 Date Created: 09/27/96 Time Created: 9:27:09:01 Value Date: 09/27/96
56
57
58 MOR: FW MOP: BK ReurID:
59
60
61 FED Type: 1000 FED Ref No: 00271JS68814
62 FED IMAD: 9RB1QGC03CF000722 FED CMAD: 9RE1QP0F5CF000041
63 Pri Senders ABA: 021000021
64
65
66 Swift Tran Cd: Service Ref No: 9RB1QGC03CF000722
67 Trn Ref No: 00271JS68814 Trn Rel Ref No: SWF OF 96/09/27
68 In Seq Num:
69
70
71
72
73
74 Enter=Select F10=Next Inquiry
75
-----
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
1 | 10 | 20 | 30 | 40 | 50 | 60 | 70 |
```

1789854



State of California

SECRETARY OF STATE

CORPORATION DIVISION

I, *BILL JONES*, Secretary of State of the State of California, hereby certify:

That the annexed transcript has been compared with the corporate record on file in this office, of which it purports to be a copy, and that same is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this

AUG 29 1996



Bill Jones

Secretary of State

200/STATE FORM CE-107 (REV. 9/95)



Name of corporation: Homlyn Group
Date of incorporation: 8/29/96
Address: [REDACTED]
Telephone no.: [REDACTED]
Fax no.: [REDACTED]
President: Jing Wei Li
Vice President: Johnny Chung
Secretary: Jing Wei Li
Treasurer: Jing Wei Li
Directors: Jing Wei Li and Johnny Chung
Agent for service of process: Johnny Chung
Federal tax I.D. no.:
State tax I.D. no.:
No. of shares to be issued: 100,000
Consideration for shares: \$100,000.00
Names of shareholders
& number of shares owned:

| | |
|-----------------|--------------|
| Homko Group | 6,000 shares |
| Johnny Chung, | 1,000 shares |
| Yen Su | 1,000 shares |
| Huan-Lian Tung, | 1,000 shares |
| Yu-Bao Chiang, | 1,000 shares |

JCH13181



| | | | |
|---|---|--|-----------------------|
|  <p style="text-align: center;">State of California Bill Jones Secretary of State</p> <p style="text-align: right; font-size: small;">P.O. Box 944730 Sacramento, CA 95834-0730 Phone: (916) 457-3527</p> | | <p>96-346777</p> <p>ENDORSED FILED In the office of the Secretary of State of the State of California</p> <p>JUL 25 1996</p> <p><i>Bill Jones</i> BILL JONES, Secretary of State</p> | |
| <p>STATEMENT BY DOMESTIC STOCK CORPORATION <small>(THIS STATEMENT MUST BE FILED WITH CALIFORNIA SECRETARY OF STATE (SEC. 1507, CORPORATIONS CODE))</small></p> <p>A \$30 FILING FEE MUST ACCOMPANY THIS STATEMENT.</p> | | | |
| <p>WHEN COMPLETING FORM, PLEASE USE BLACK TYPEWRITER RIBBON OR BLACK INK</p> <p>IMPORTANT—Please Read Instructions On Back Of Form</p> | | | |
| <p>DO NOT ALTER PREPRINTED NAME. IF ITEM NO. 1 IS BLANK, PLEASE ENTER CORPORATE NAME.</p> | | | |
| <p>1. C.M. INFORMATION INC. Corp. No. [REDACTED]</p> | | | |
| <p>* IF THERE HAS BEEN NO CHANGE IN ANY OF THE INFORMATION ON FILE—PROCEED TO LINE 10. DO NOT WRITE IN THIS SPACE</p> | | | |
| <p>THE CALIFORNIA CORPORATION NAMED HEREIN, MAKES THE FOLLOWING STATEMENT</p> | | | |
| 2. OFFICE ADDRESS OF PRINCIPAL EXECUTIVE OFFICE | NO. [REDACTED] | 2A. CITY AND STATE Torrance, CA | 2B. ZIP CODE 90503 |
| 3. STREET ADDRESS OF REGISTERED OFFICE IN CALIFORNIA | NO. [REDACTED] | 3A. CITY Torrance, CA | 3B. ZIP CODE 90503 |
| 4. [REDACTED] | [REDACTED] | 4A. CITY AND STATE Torrance, CA | 4B. ZIP CODE 90503 |
| <p>THE NAMES OF THE FOLLOWING OFFICERS ARE: <small>(If have less than three officers (Sec. 312, Corporations Code), An officer may hold more than one office.)</small></p> | | | |
| 5. CHIEF EXECUTIVE OFFICER | 5A. NAME SHI JIN YU | 5B. CITY AND STATE Torrance, CA | 5C. ZIP CODE 90503 |
| 6. SECRETARY | 6A. NAME SHI JIN YU | 6B. CITY AND STATE Torrance, CA | 6C. ZIP CODE 90503 |
| 7. CHIEF FINANCIAL OFFICER | 7A. NAME SHI JIN YU | 7B. CITY AND STATE Torrance, CA | 7C. ZIP CODE 90503 |
| <p>INCUMBENT DIRECTORS, INCLUDING DIRECTORS WHO ARE ALSO OFFICERS <small>Officers may also be directors. Must have one or more directors (Chap. 3, Sec. 301b, Corporations Code). Statements not listing directors will be rejected.</small></p> | | | |
| 8. NAME | 8A. NAME SHI JIN YU | 8B. CITY AND STATE Torrance, CA | 8C. ZIP CODE 90503 |
| 9. NAME | 9A. NAME JOHNNY CHUNG | 9B. CITY AND STATE Torrance, CA | 9C. ZIP CODE 90503 |
| 10. NAME | 10A. STREET ADDRESS (DO NOT USE P.O. BOX) | 10B. CITY AND STATE | 10C. ZIP CODE |
| <p>11. THE NUMBER OF VACANCIES ON THE BOARD OF DIRECTORS, IF ANY: <u>One</u></p> | | | |
| <p>DESIGNATED AGENT FOR SERVICE OF PROCESS <small>(Only one agent may be named and must reside in California.)</small></p> | | | |
| <p>12. NAME JOHNNY CHUNG</p> | | | |
| <p>13. CALIFORNIA STREET ADDRESS (IF AGENT IS AN INDIVIDUAL, DO NOT USE P.O. BOX) DO NOT INCLUDE ADDRESS IF AGENT IS A CORPORATION. Torrance, CA 90503</p> | | | |
| <p>14. BUSINESS TYPE OF BUSINESS OF THE CORPORATION NAMED IN ITEM 1. international trade</p> | | | |
| <p>15. I DECLARE THAT I HAVE EXAMINED THIS STATEMENT AND TO THE BEST OF MY KNOWLEDGE AND BELIEF, IT IS TRUE, CORRECT AND COMPLETE.</p> | | | |
| <p>SHI JIN YU TYPE OR PRINT NAME OF SIGNING OFFICER OR AGENT</p> | | <p>President 7/22/96 TITLE DATE</p> | |
| <p>16. I DECLARE THERE HAS BEEN NO CHANGE IN THE INFORMATION CONTAINED IN THE LAST STATEMENT OF THE CORPORATION WHICH IS ON FILE IN THE SECRETARY OF STATE'S OFFICE. DOES NOT APPLY ON INITIAL FILING.</p> | | | |
| <p>(CHECK HERE) TYPE OR PRINT NAME OF SIGNING OFFICER OR AGENT SIGNATURE TITLE DATE</p> | | | |

JCH13169



March 10, 1997

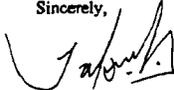
Mr. Jing Wei Li
President
Homlyn Group

Santa Fe Springs, CA 90670

Dear Mr. Li,

Please accept this letter as my resignation of Vice President and Director with Homlyn Group. I am also returning the 10% shares of stock of Homlyn Group.

Sincerely,



Johnny Chung

CC: Wen Winnie Yang Law Office

JCH15039



March 10, 1997

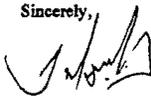
Mr. Shi Jin Yu
President
C.M. Information Inc.

~~████████████████████~~
Santa Fe Springs, CA 90670

Dear Mr. Yu,

Please accept this letter as my resignation of Vice President and Director with C.M. Information Inc. I am also returning the 30% shares of stock of C.M. Information.

Sincerely,



Johnny Chung

CC: Wen Winnie Yang Law Office

JCH15042



AISI

AUTOMATED INTELLIGENT SYSTEMS, INC.

2771 Plaza Del Amo • Suite #609 • Torrance, CA 90503 • Tel: [REDACTED] • Fax: [REDACTED]

June 11, 1996

Secretary Richard Riley
C/O Ms. Sandy Rinck
Fax: [REDACTED]

Dear Sandy,

Per our conversation, I am sending you the biography of Mr. Leung and a list of names who will be meeting with Secretary Riley.

Mr. Johnny Chung/Chairman&CEO, Automated Intelligent Systems, Inc.

Mr. Chua-Fat Leung/Chairman, Zhen Fa Group

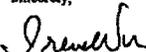
Mrs. Sua-Yuk Chan/wife of Mr. Leung

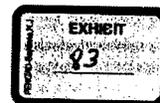
Mr. Shu-Bai Fu/General Manager, Zhuhai Xing Yon Ltd.

Mr. Chun Chau/Assistant to Mr. Leung

Please call me if there is any question. Thank you very much for your help.

Sincerely,


Irene Wu



BUILDING THE U.S. FAX HIGHWAY TODAY

JCH12202

AISI

FAXED

AUTOMATED INTELLIGENT SYSTEMS, INC.

2771 Plaza Del Amo • Suite #809 • Torrance, CA 90503 • Tel: [REDACTED] Fax: [REDACTED]

June 12, 1996

Ms. Sandy Rinck
U.S. Department of Education
400 Maryland Ave. S.W.
Washington, D.C. 20202
Fax: [REDACTED]

Dear Sandy,

I want to inform you of a misunderstanding between Ms. Rita Lewis of the DSCC and I. Since I became the #1 contributor in with DNC in 1995, I get a lot of calls from everyone for donations. But as much as I tried my best, I can not satisfy everyone. I am a die-hard democrat and I support President Clinton all the way. I was again the #1 contributor for his private dinner in Los Angeles on 6/10. I brought my guests Mr. & Mrs. Leung to the dinner with me. I am sure you can tell from Mr. Leung's biography that he is a very generous businessman who cares about education and schooling. I believe he deserves the honor of meeting with our Secretary of Education Mr. Riley.

Other than the DNC, I am also trying my best to support the DSCC whenever I can but sometimes it's quite difficult. I hope you understand and will not let other issues come between our relationship. I am totally committed to the Democratic Party and to our President. Thank you for all your assistance.

Sincerely,

J.C.
Johnny Chung
Chairman/CEO



BUILDING THE U.S. FAX HIGHWAY TODAY

JCH12203



UNITED STATES DEPARTMENT OF EDUCATION

THE SECRETARY

May 26, 1995

Mr. Johnny Chung
Chairman/CEO
Automated Intelligent Systems Inc.
2771 Plaza Del Amo
Suite 809
Torrance, California 90503

Dear Johnny:

Thank you so much for your visit. The ornate knife from Xin Jang Province will be cherished by me and my family; we will keep it in an important place in our home.

Enclosed is a copy of the letter I wrote to Minister Zhu. I will let you know if my schedule gives me the opportunity to consider a trip to China.

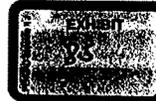
I do appreciate your friendship and please give your wife and family my very best wishes.

Yours sincerely,

A handwritten signature in cursive script that reads "Dick".

Richard W. Riley

Enclosure



600 INDEPENDENCE AVE., S.W., WASHINGTON, D.C. 20202-0100

Our mission is to ensure equal access to education and to promote educational excellence throughout the Nation.

JCH12189



UNITED STATES DEPARTMENT OF EDUCATION

THE SECRETARY

May 26, 1995

Honorable Zhu Kaixuan
 Minister
 State Education Commission of
 the People's Republic of China
 37 Damucang Hutong
 Beijing 100816
 P.R. China

Dear Minister Zhu:

My good friend, Johnny Chung, delivered to me your letter of April 19, 1995. I would welcome the opportunity to meet with you in the future and I do believe it would be beneficial for us to exchange ideas regarding education in our respective countries.

You were most thoughtful to invite me to visit China. If my schedule permits me to consider making such a visit, I will immediately contact the Chinese Embassy in Washington as you suggest. It would be an honor and a pleasure for me to share with you the Clinton Administration's vision for education in America.

If it is possible for you to return to this country, please let me know. I would be honored to have you visit with me here at the U.S. Department of Education.

Thank you for your letter and your courtesy.

Yours sincerely,

Richard W. Riley



600 INDEPENDENCE AVE., S.W. WASHINGTON, D.C. 20202-0100

Our mission is to ensure equal access to education and to promote educational excellence throughout the Nation.

JCH12190



UNITED STATES DEPARTMENT OF EDUCATION
THE SECRETARY

October 17, 1995

Mr. Johnny Chung
Chairman/CEO
Automated Intelligent Systems, Inc.
[Redacted]
Torrance, California 90503

Dear Johnny:

Thank you so much for your recent letter. I appreciate your invitation to meet with your friend, Mr. Huaren Shent, President of China Petrochemical Corporation (SINOPEC), and his delegation while all of you are in Washington later this week and early next.

I would enjoy discussing education issues of mutual interest with you and your guests, Johnny, but I am scheduled to leave Washington very early tomorrow morning and will not be back in the office until next Tuesday. However, my Under Secretary of Education, Mike Smith, will be happy to meet with you and your group at 10:00 A.M. on Monday, October 23. Mike is located in Room 5164 and he can be reached by phone at [Redacted]

I hope another opportunity will present itself in the near future for us to get together. Meanwhile, best wishes.

Yours sincerely,

Richard W. Riley



800 INDEPENDENCE AVE., S.W. WASHINGTON, D.C. 20202-0100

Our mission is to ensure equal access to education and to promote educational excellence throughout the Nation.

JCH13055

★Tickets Now Available★
for the
Presidential Unity Fund '96 Celebration
a unified effort to benefit the
Democratic Congressional Campaign Committee
Democratic Senatorial Campaign Committee
Democratic National Committee
with
President William Jefferson Clinton
and
Masters of Ceremony
Rhea Perlman and Danny DeVito
Musical Entertainment
Conrad Janis and the Beverly Hills Unlisted Jazz Band
Featuring
★All Star Entertainers★
Thursday, October 17, 1996
6:45PM Festival
Courthouse Square
Universal Studios
Universal City, California
(Cocktails and Hors D'oeuvres)
To purchase tickets and for more information please call
██████████
★

JCH12206



Date: 10/13/96 Time: 13:13:15

Senator Barbara Boxer
Congressman Howard Berman
Congresswoman Nancy Pelosi

Senator Dianne Feinstein
Congresswoman Anna Eshoo
Congressman Henry Waxman

Roland Arnall
Fred Diamant
Arthur Gilbert
Bram Goldsmith
Stanley Hirsh
Arnold & Anita Lorber
Gil Mileikowsky, M.D.
Elaine Robinson
Vidal Sassoon
Nathan Shapell
Sarita & Jose Spiwak, M.D.
Mary Margaret and Jack Valenti

Stanley Black
Steven & Darlene Fogel
Gloria Gold
Leslie Gonda
Hon. Mel Levine
Ted Mann
Joyce Rey
Maxwell Salter
Hon. Lynn Schenk
Rita Sinder
Andrew & Hidiko Stevens
Richard Ziman

and

Lieutenant Governor Gray Davis
Congressman Tom Lantos

cordially invite you to join with
special guest

President Bill Clinton

in honoring

Dick Swett

Candidate for the United States Senate from New Hampshire

DATE: Thursday, October 17, 1996
TIME: 5:30 - 7:30 p.m.
PLACE: Sheraton Universal
333 Universal Terrace Parkway
Universal City, California

R.S.V.P. Miriam Alpern or Lauren Mains at [REDACTED]

For security reasons, Social Security Number is required

Authorized and paid for by Swett for Senate Committee, Katrina Lantos Swett, Treasurer

800-Skygram
APR 1277822

**PRESIDENTIAL UNITY FUND GARDEN LUNCHEON
OCTOBER 17TH-GREEN ACRES ESTATE
1740 GREEN ACRES, BEVERLY HILLS**

Thank you very much for your generous support and participation in the Los Angeles Presidential Unity Fund Celebration.

We are looking forward to seeing you at Ron Burkle's home, Green Acres Estate, this Thursday, October 17th. Please note, due to a schedule change the luncheon is now scheduled for 1:00p.m. and we ask you to arrive no later than 12:45 p.m. to avoid delays. You may be required to present a photo ID to the Secret Service so please remember to have one on hand upon your arrival. The dress attire is business and the luncheon will take place in the garden. Below you will find directions and parking information to the Burkle home. If you have any questions please call [REDACTED].

DIRECTIONS FROM THE WESTSIDE

Freeways: From the Santa Monica Freeway (10), take the San Diego Freeway (405) North and exit at Sunset Boulevard. Go East on Sunset for about 4 miles and make a left onto Benedict Canyon (1 block east of Camden Drive, right before the Beverly Hills Hotel). Go north on Benedict Canyon for 1 mile and make a left onto Green Acres Drive (1 block past Tropical Avenue) The address is 1740 Green Acres Drive.

Surface Streets: Take Sunset Boulevard to Benedict Canyon (1 block east of Camden Drive, right before the Beverly Hills Hotel). Go north on Benedict canyon for 1 mile and make a left onto Green Acres Drive (1 block past Tropical Avenue. The address is 1740 Green Acres Drive.

DIRECTIONS FROM THE SAN FERNANDO VALLEY

Take the Ventura Freeway (101) and exit at Coldwater Canyon. Take Coldwater Canyon south to Sunset Boulevard. Make a right onto Sunset and another right onto Benedict Canyon (after the Beverly Hills Hotel) for 1 mile, and make a left onto Green Acres Drive. The address is 1740 Green Acres Drive.

Mr. Johnny Chung
Chairman and CEO
AISI
2771 Plaza Delamo
Suite 809
Torrance, CA 90503

Save the Date

You are cordially invited to the

Presidential Unity Fund '96 Celebration

a unified effort to benefit the

Democratic Congressional Campaign Committee
Democratic Senatorial Campaign Committee
Democratic National Committee

with

President William Jefferson Clinton

Thursday, October 17, 1996

12:00 noon Garden Luncheon

Home of Ron Burkle
Green Acres
Beverly Hills, California

-OR-

6:45 PM Festival

"Back to the Future" backlot
Universal Studios
Universal City, California
(Cocktails and Hors D'oeuvres)

To purchase tickets and for more information please call [REDACTED]

JCH12266

**DOCUMENTS RELATING TO
MARK MIDDLETON**

VIA FACSIMILE

June 27, 1996

Y. Y. Wong
The WyWy Group
Leng Kee Road
Singapore 0315

Dear Y. Y.,

Thank you for your recent facsimiles; it is always nice to hear from you.

I met with Ambassador Chorba today in The White House and we had a good discussion about you. Tim is a big fan of yours as you likely know. In fact, he said he recently sent you some possible business. I hope it work out.

Thank you for the update on Ms. Liu. I know that she must be concerned with nepotism but I'm not sure how that affects us. Does she think that Hong Leong is working with BEM?

Please keep me updated; I miss hearing from you more often.

Very truly,

Mark E. Middleton

CC-H-000159

1. Please explain the circumstances under which you met Mark Middleton.
 - * Who introduced you to Mark Middleton?
 - * Where were you introduced to Mark Middleton?
2. Please describe the nature of your relationship with Mark Middleton.
3. Did Mark Middleton ever represent to you that he could introduce you to the President of the United States?
 - * If so, please describe his representation.
4. Did Mark Middleton ever represent to you that he could assist you in meeting with federal government officials?
 - * If so, please describe his representation.
5. Did you ever visit the White House or meet President Clinton of the United States through the efforts of Mark Middleton?
 - * If so, please describe the circumstances and date(s) of your visit(s) to the White House and/or meeting with President Clinton.
6. Did Mark Middleton ever introduce you to representatives of the Democratic National Committee? For example, Don Fowler, Richard Sullivan, or Marvin Rosen?
 - * If so, please describe the circumstances of your meeting(s) with such representative(s).
 - * Did any such representative ask you to contribute funds to the Democratic National Committee?
7. Did Mark Middleton ever ask you to contribute funds to any of the following:
 - (a) Democratic National Committee;
 - (b) Clinton/Gore '96; or,
 - (c) any state party organization or committee.
8. Did any other United States national or permanent resident ever ask you to contribute funds to any of the entities listed in 7(a)-(c), or any other political campaign, during the 1996 federal elections?
 - * If so, please describe the circumstances.
9. Did you form any business entity or entities with Mark Middleton?
 - * If so, please name such entities and describe the business purpose behind such entities, including, if applicable:
 - (a) Wygil Holdings (Pte) Ltd.; or,
 - (b) BEM (China) Ventures Inc.
 - * To your knowledge, did any business entity in which both you and Mark Middleton were involved contribute funds to any of the entities listed in 7(a)-(c)?

10. What, if any, business relationship existed between yourself, Mr. Middleton, and Mr. Rick Fukuyama or Mr. Kenzo Takenoshita of Japan's Nissho Iwai Corporation?
11. Do you have any business cards from Mark Middleton? If so, would you be willing to provide copies of such cards to the Committee on Government Reform and Oversight?
12. Are you aware of any solicitations for contributions to any 1996 federal political campaign entity made by Mark Middleton to someone other than a United States national or permanent resident?
 - * If so, please describe your knowledge of such solicitation.

1. It was a Friday morning. One day before the historic day when all roads leading to the White House was closed to vehicular traffic. I was having breakfast at the Willard Hotel in Washington DC with our then Ambassador to the US, Mr S R Nathan. Unknown to us Mr Middleton was also having breakfast with another group of people. As Mr Middleton was leaving he caught Ambassador Nathan's attention. They greeted each other and he was introduced to me.
2. The relationship with Mr Middleton was to explore business opportunities in East Asia.
3. Please see 5.
4. Mr Middleton hinted that he was well known in Washington, but I had no specific desire in wanting to meet with any federal government officials or businessmen. Mr Middleton knew that official channels were available to me through the Singapore Embassy. He was careful in cultivating our relationship as he knew I could verify his claims. Besides, I am a businessman, not an influence dealer and even though I have a warm relationship with Ambassador Nathan I had never seek his introduction to any one in the US. In fact I cannot recall Mr Middleton introducing me to any government official or businessman in the US or anywhere.
5. Yes. The same afternoon after our chance breakfast meeting, Mr Middleton left several messages at the Singapore Embassy inviting me to attend a Radio Address at the White House for the following morning. At the end of the Radio Address I was introduced to the President along with many other people who were there for the Radio Address. After the Radio address Mr Middleton invited me to lunch at a close by hotel and he told me that he had completed his term at the White House and was interested in doing business in Asia.
6. No.
7. No.
8. No.
9. Yes. An opportunity scanning company named BEM (China) Ventures Inc was formed to explore and identify business opportunities. There were 4 partners. Mr Mark Middleton, Mr Rick Fukuyama, Mr Patrick Chan and myself. The scanning company was formed on January 2 1996. The paid-up capital was \$4.00. Each partner was allocated 1 share of \$1.00 each. We paid our own expenses. The strategy was when an opportunity was identified we would form an operating company with suitable paid up capital for the partners to invest and pursue the business. However before we could begin our business, Mr Middleton hit the headlines. We decided not to proceed until Mr. Middleton cleared his position. As no progress was apparent we decided to liquidate the company on October 26, 1996. Mr. Middleton was never a partner of Wygil, but he might have carried a Wygil visiting card during the interim when BEM was being registered. No contributions whatsoever were ever made.
10. Mr Rick Fukuyama was a partner at BEM and Mr Kenzo Takenohita was Mr Fukuyama's immediate boss at Nissho Iwai.
11. As Mr Middleton was introduced to me at a chance meeting by our Ambassador I did not exchange business card with him. However I vaguely remembered seeing a card identifying him as the President of CommerceCorp in Washington. Because Mr Middleton was very respectful to Ambassador Nathan he was always thoughtful and courteous with me.
12. No.

**SUMMARY OF SINAR MAS/WIDJAJA FAMILY WIRES
TO MIDDLETON THROUGH DEVELOPMENT BANK OF SINGAPORE (NY)**

| <u>Date</u> | <u>Amount</u> | <u>Source</u> | <u>Comments</u> |
|---------------|------------------|---------------|--|
| 1/24/96 | \$100,000 | *APP/DBS | none |
| 3/5/96 | \$49,988 | APP/DBS | Pyt for Feb. N Mar. 96 |
| 4/24/96 | \$23,116.67 | APP/DBS | Consultancy fee (Apr. 96) less **BII credit card bills (USD 1871.33) |
| 5/15/96 | \$23,655.58 | APP/DBS | Consultancy fee May 96 less BII credit card bills USD 1332.32 |
| 6/6/96 | \$24,988 | APP/DBS | none |
| 7/3/96 | \$24,988 | APP/DBS | none |
| 8/6/96 | \$24,851.16 | APP/DBS | Consultancy fee (Aug. 96) less BII credit card bill |
| 9/9/96 | \$41,447.85 | APP/DBS | none |
| 9/27/96 | \$499,985 | APP/BII | none |
| 11/4/96 | \$24,988 | APP/DBS | none |
| 12/11/96 | \$24,988 | APP/DBS | none |
| TOTAL: | \$862,994 | | |

*Asia Pulp & Paper/Development Bank of Singapore

**Bank International Indonesia, the flagship of Sinar Mas' financial services group


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01 NaticnsBank Posting Detail Screen 1 v
02
03 ICN: SE960124032716000
04 CREDIT INFORMATION:
05 Description: CREDIT Pri MOA: M Post Type: CR Office:
06 Acct: ██████████ Type: OD Sec MOA:
07 Amount: $100,000.000 Result Bal: $368,975.020
08 Pay Time: 16:56:19 Acct Flag: OVERRIDE
09 Name: COMMERCE CORP
10 Line1: 1455 PENNSYLVANIA AVE NW STE 560
11 Line2:
12 City: WASHINGTON State: DC Zip: 200041008
13
14 DEBIT INFORMATION:
15 Description: DEBIT Pri MOA: Post Type: DB Office:
16 Acct: ██████████ Type: GL Sec MOA:
17 Amount: $100,000.000 Result Bal: $.000
18 Pay Time: 00:00:00 Acct Flag:
19 Name: DEVELOPMENT BANK OF SINGAPORENEW YO
20 Line1:
21 Line2:
22 City: State: Zip:
23
24 Enter=Select 0001 Read: 00000001 F10=Next Inquiry
25
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|-----|-----|-----|-----|-----|-----|-----|-----|
1 10 20 30 40 50 60 70

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-----ida-----per-----
51 NationsBank Posting Detail Screen 3 v
52
53
54 ICN: SE960124032716000
55 Date Created: 01/24/96 Time Created: 1:24:16:50 Value Date: 01/24/96
56
57
58 MOR: FW MOP: BK ReurID:
59
60
61 FED Type: 1000 FED Ref No: 6024700351890100
62 FED IMAD: 10B1Q8704CF007256 FED OMAD: 10B1QF0P5CF000231
63 Pri Senders ABA: 021000021
64
65
66 Swift Tran Cd: Service Ref No: 10B1Q8704CF007256
67 Trn Ref No: 6024700351890100 Trn Rel Ref No: 0016OT0360396
68 In Seq Num:
69
70
71
72
73
74 Enter=Select F10=Next Inquiry
75
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|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 1 | 10 | 20 | 30 | 40 | 50 | 60 | 70 |
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-----ida-----per-----
01 NationsBank Posting Detail Screen 1 v
02
03 ICN: SE960305021228000
04 CREDIT INFORMATION:
05 Description: CREDIT Pri MOA: M Post Type: CR Office:
06 Acct: ██████████ Type: OD Sec MOA:
07 Amount: $49,988.000 Result Bal: $155,584.360
08 Pay Time: 14:29:12 Acct Flag: OVERRIDE
09 Name: COMMERCE CORP
10 Line1: 1455 PENNSYLVANIA AVE NW STE 560
11 Line2:
12 City: WASHINGTON State: DC Zip: 200041008
13
14 DEBIT INFORMATION:
15 Description: DEBIT Pri MOA: Post Type: DB Office:
16 Acct: ██████████ Type: GL Sec MOA:
17 Amount: $49,988.000 Result Bal: $.000
18 Pay Time: 00:00:00 Acct Flag:
19 Name: DBS BANK LTD. NEW YORK AGENCY
20 Line1: DBS BANK LTD. NEW YORK AGENCY
21 Line2: NEW YORK
22 City: NY State: Zip:
23
24 Enter=Select 0001 Read: 00000001 F10=Next Inquiry
25
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|-----|-----|-----|-----|-----|-----|-----|-----|
1 10 20 30 40 50 60 70

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-----ida-----per-----
01 NationsBank Posting Detail Screen 1 v
02
03 ICN: SE960424028361000
04 CREDIT INFORMATION:
05 Description: CREDIT Pri MOA: M Post Type: CR Office:
06 Acct: ██████████ Type: OD Sec MOA:
07 Amount: $23,116.670 Result Bal: $115,002.300
08 Pay Time: 17:21:00 Acct Flag: OVERRIDE
09 Name: COMMERCE CORP
10 Line1: 1455 PENNSYLVANIA AVE NW STE 560
11 Line2:
12 City: WASHINGTON State: DC Zip: 200041008
13
14 DEBIT INFORMATION:
15 Description: DEBIT Pri MOA: Post Type: DB Office:
16 Acct: 1010503010505 Type: GL Sec MOA:
17 Amount: $23,116.670 Result Bal: $.000
18 Pay Time: 00:00:00 Acct Flag:
19 Name: DBS BANK LTD. NEW YORK AGENCY
20 Line1: DBS BANK LTD. NEW YORK AGENCY
21 Line2: NEW YORK
22 City: NY State: Zip:
23
24 Enter=Select 0001 Read: 00000001 F10=Next Inquiry
25
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|-----|-----|-----|-----|-----|-----|-----|-----|
| 1 | 10 | 20 | 30 | 40 | 50 | 60 | 70 |
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-----IDA-----PER-----
51 NationsBank          Posting Detail Screen 3          v
52
53
54 ICN: SE960515028598000
55 Date Created: 05/15/96   Time Created:  5:15:17:17   Value Date: 05/15/96
56
57
58 MOR: FW              MOP: BK              RecurID:
59
60
61 FED Type:           1000              FED Ref No:      9605151014
62 FED IMAD:           5FB1Q2871DF000077  FED OMAD:       5FE1QPOF5CF000287
63 Pri Senders ABA:   026005814
64
65
66 Swift Tran Cd:      Service Ref No: 5FB1Q2871DF000077
67 Trn Ref No:         9605151014   Trn Rel Ref No: 0016OT2340896
68 In Seq Num:
69
70
71
72
73
74 Enter=Select              F10=Next Inquiry
75
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|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 10 | 20 | 30 | 40 | 50 | 60 | 70 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

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-----IDA-----PER-----
51 NationsBank Posting Detail Screen 3 v
52
53
54 ICN: SE960606025588000
55 Date Created: 06/06/96 Time Created: 6:06:17:34 Value Date: 06/06/96
56
57
58 MOR: FW MOP: BK ReccurID:
59
60
61 FED Type: 1000 FED Ref No: 9606061038
62 FED IMAD: 66B1Q2871DF000089 FED CMAD: 66E1QP0F5CF000258
63 Pri Senders ABA: 026005814
64
65
66 Swift Tran Cd: Service Ref No: 66B1Q2871DF000089
67 Trn Ref No: 9606061038 Trn Rel Ref No: 0016OT2720396
68 In Seq Num:
69
70
71
72
73
74 Enter=Select F10=Next Inquiry
75
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|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 1 | 10 | 20 | 30 | 40 | 50 | 60 | 70 |
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-----ICN-----PER-----
01 NationsBank Posting Detail Screen 1 v
02
03 ICN: SE96070303075EJ00
04 CREDIT INFORMATION:
05 Description: CREDIT Pri MOA: M Post Type: CR Office:
06 Acct: ██████████ Type: OD Sec MOA:
07 Amount: $24,988.000 Result Bal: $113,656.£90
08 Pay Time: 18:15:42 Acct Flag: OVERRIDE
09 Name: COMMERCE CORP
10 Line1: 1455 PENNSYLVANIA AVE NW STE 560
11 Line2:
12 City: WASHINGTON State: DC Zip: 200041008
13
14 DEBIT INFORMATION:
15 Description: DEBIT Pri MOA: Post Type: DB Office:
16 Acct: 1010503010505 Type: GL Sec MOA:
17 Amount: $24,988.000 Result Bal: $.000
18 Pay Time: 00:00:00 Acct Flag:
19 Name: DBS BANK LTD. NEW YORK AGENCY
20 Line1: DBS BANK LTD. NEW YORK AGENCY
21 Line2: NEW YORK
22 City: NY State: Zip:
23
24 Enter=Select 0001 Read: 00000001 F10=Next Inquiry
25
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|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 10 | 20 | 30 | 40 | 50 | 60 | 70 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

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-----IDA-----PER-----
51 NationsBank Posting Detail Screen 3 v
52
53
54 ICN: SE960703030756000
55 Date Created: 07/03/96 Time Created: 7:03:17:31 Value Date: 07/03/96
56
57
58 MOR: FW MOP: BK ReccurID:
59
60
61 FED Type: 1000 FED Ref No: 9607030009
62 FED IMAD: 73B1Q2871DF000009 FED OMAD: 73E1QP0F5CF000311
63 Pri Senders ABA: 026005814
64
65
66 Swift Tran Cd: Service Ref No: 73B1Q2871DF000009
67 Trn Ref No: 9607030009 Trn Rel Ref No: 00160T3264896
68 In Seq Num:
69
70
71
72
73
74 Enter=Select F10=Next Inquiry
75
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| 1 | 10 | 20 | 30 | 40 | 50 | 60 | 70 |
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-----IDA-----PER-----
26 NationsBank Posting Detail Screen 2 v
27
28
29 ICN: SE960806026533000
30 Date Created: 08/06/96 Time Created: 8:06:16:55 Value Date: 08/06
31
32 Bene Acct: ██████████ OD Name: COMMERCE CORP
33 Acct With: Name:
34 Ord Cust Acct: Name: ASIA PULP PAPER CO LTD
35 Ord Bank Acct: Name: DBS BANK SINGAPORE
36 Inter Acct: Name:
37 Send Corr Acct: Name:
38 Recv Corr Acct: Name:
39
40
41 Details Of Payment: Bank To Bank:
42 CONSULTANCY FEE (AUG 96) LESS BII CR LESS USD12.00 OUR CHRG.
43 EDIT CARD BILL
44
45
46
47
48
49 Enter=Select F10=Next Inquiry
50
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|-----|-----|-----|-----|-----|-----|-----|-----|
1 10 20 30 40 50 60 70

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-----IDA-----PER-----
01 NationsBank Posting Detail Screen 1 v
02
03 ICN: SE960806026533000
04 CREDIT INFORMATION:
05 Description: CREDIT Pri MOA: M Post Type: CR Office:
06 Acct: ██████████ Type: OD Sec MOA:
07 Amount: $24,851.160 Result Bal: $147,701.250
08 Pay Time: 17:10:10 Acct Flag: OVERRIDE
09 Name: COMMERCE CORP
10 Line1: 1455 PENNSYLVANIA AVE NW STE 560
11 Line2:
12 City: WASHINGTON State: DC Zip: 200041008
13
14 DEBIT INFORMATION:
15 Description: DEBIT Pri MOA: Post Type: DB Office:
16 Acct: ██████████ Type: GL Sec MOA:
17 Amount: $24,851.160 Result Bal: $ .000
18 Pay Time: 00:00:00 Acct Flag:
19 Name: DBS BANK LTD. NEW YORK AGENCY
20 Line1: DBS BANK LTD. NEW YORK AGENCY
21 Line2: NEW YORK
22 City: NY State: Zip:
23
24 Enter=Select 0001 Read: 00000001 F10=Next Inquiry
25
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|---|---|---|---|---|---|---|---|---|---|
| 1 | 10 | 20 | 30 | 40 | 50 | 60 | 70 |
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-----IDA-----PER-----
51 NationsBank Posting Detail Screen 3 v
52
53
54 ICN: SE960806026533000
55 Date Created: 08/06/96 Time Created: 8:06:16:55 Value Date: 08/06/96
56
57
58 MOR: FW MOP: BK RecurID:
59
60
61 FED Type: 1000 FED Ref No: 9608060025
62 FED IMAD: 86B1Q2871DF000025 FED OMAD: 86E1QPOF5CF000269
63 Pri Senders ABA: 026005814
64
65
66 Swift Tran Cd: Service Ref No: 86B1Q2871DF000025
67 Trn Ref No: 9608060025 Trn Rel Ref No: 0016OT3880996
68 In Seq Num:
69
70
71
72
73
74 Enter=Select F10=Next Inquiry
75
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|-----|-----|-----|-----|-----|-----|-----|-----|
| 1 | 10 | 20 | 30 | 40 | 50 | 60 | 70 |
|-----|-----|-----|-----|-----|-----|-----|-----|

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-----IDA-----PER-----
26 NationsBank Posting Detail Screen 2 v
27
28
29 ICN: SE960909028273000
30 Date Created: 09/09/96 Time Created: 9:09:17:20 Value Date: 09/09
31
32 Bene Acct: ██████████ OD Name: COMMERCE CORP
33 Acct With: Name:
34 Ord Cust Acct: Name: ASIA PULP PAPER CO LTD
35 Ord Bank Acct: Name: DBS BANK SINGAPORE
36 Inter Acct: Name:
37 Send Corr Acct: Name:
38 Recv Corr Acct: Name:
39
40
41 Details Of Payment: Bank To Bank:
42 LESS USD12.00 OUR CHRG.
43
44
45
46
47
48
49 Enter=Select F10=Next Inquiry
50
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|-----|-----|-----|-----|-----|-----|-----|-----|
| 1 | 10 | 20 | 30 | 40 | 50 | 60 | 70 |
|-----|-----|-----|-----|-----|-----|-----|-----|
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-----IDA-----PER-----
01 NationsBank Posting Detail Screen 1 v
02
03 ICN: SE960909028273000
04 CREDIT INFORMATION:
05 Description: CREDIT Pri MOA: M Post Type: CR Office:
06 Acct: ██████████ Type: OD Sec MOA:
07 Amount: $41,447.850 Result Bal: $131,844.710
08 Pay Time: 17:25:36 Acct Flag: OVERRIDE
09 Name: COMMERCE CORP
10 Line1: 1455 PENNSYLVANIA AVE NW STE 560
11 Line2:
12 City: WASHINGTON State: DC Zip: 200041008
13
14 DEBIT INFORMATION:
15 Description: DEBIT Pri MOA: Post Type: DB Office:
16 Acct: ██████████ Type: GL Sec MOA:
17 Amount: $41,447.850 Result Bal: $ .000
18 Pay Time: 00:00:00 Acct Flag:
19 Name: DBS BANK LTD. NEW YORK AGENCY
20 Line1: DBS BANK LTD. NEW YORK AGENCY
21 Line2: NEW YORK
22 City: NY State: Zip:
23
24 Enter=Select 0001 Read: 00000001 F10=Next Inquiry
25
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| 1 | 10 | 20 | 30 | 40 | 50 | 60 | 70 |

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-----IDA-----PER-----
01 NationsBank Posting Detail Screen 1
02
03 ICN: SE960927013650000
04 CREDIT INFORMATION:
05 Description: CREDIT Pri MOA: M Post Type: CR Office:
06 Acct: ██████████ Type: OD Sec MOA:
07 Amount: $499,985.000 Result Bal: $1,049,629.850
08 Pay Time: 12:30:12 Acct Flag: OVERRIDE
09 Name: COMMERCE CORP
10 Line1: 1455 PENNSYLVANIA AVE NW STE 560
11 Line2:
12 City: WASHINGTON State: DC Zip: 200041008
13
14 DEBIT INFORMATION:
15 Description: DEBIT Pri MOA: Post Type: DB Office:
16 Acct: ██████████ Type: GL Sec MOA:
17 Amount: $499,985.000 Result Bal: $.000
18 Pay Time: 00:00:00 Acct Flag:
19 Name: CHASE MANHATTAN BANK, THE
20 Line1: CHASE MANHATTAN BANK, THE
21 Line2: NEW YORK, NY
22 City: NY State: Zip:
23
24 Enter=Select 0001 Read: 00000001 F10=Next Inquiry
25
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|-----|-----|-----|-----|-----|-----|-----|-----|
1 10 20 30 40 50 60 70

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-----IDA-----PER-----
51 NationsBank Posting Detail Screen 3 v
52
53
54 ICN: SE960927013650000
55 Date Created: 09/27/96 Time Created: 9:27:09:01 Value Date: 09/27/96
56
57
58 MOR: FW MOP: BK ReccurID:
59
60
61 FED Type: 1000 FED Ref No: 00271JS68814
62 FED IMAD: 9RB1QGC03CF000722 FED OMAD: 9RE1QP0F5CF000041
63 Pri Senders ABA: 021000021
64
65
66 Swift Tran Cd: Service Ref No: 9RB1QGC03CF000722
67 Trn Ref No: 00271JS68814 Trn Rel Ref No: SWF OF 96/09/27
68 In Seq Num:
69
70
71
72
73
74 Enter=Select F10=Next Inquiry
75
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|-----|-----|-----|-----|-----|-----|-----|-----|
| 1 | 10 | 20 | 30 | 40 | 50 | 60 | 70 |
|-----|-----|-----|-----|-----|-----|-----|-----|

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-----IDA-----PER-----
01 NationsBank Posting Detail Screen 1
02
03 ICN: SE961104024496000
04 CREDIT INFORMATION:
05 Description: CREDIT Pri MOA: M Post Type: CR Office:
06 Acct: ██████████ Type: OD Sec MOA:
07 Amount: 18:09:21 $24,988.000 Result Bal: $680,361.070
08 Pay Time: 18:09:21 Acct Flag: OVERRIDE
09 Name: COMMERCE CORP
10 Line1: 1455 PENNSYLVANIA AVE NW STE 560
11 Line2:
12 City: WASHINGTON State: DC Zip: 200041008
13
14 DEBIT INFORMATION:
15 Description: DEBIT Pri MOA: Post Type: DB Office:
16 Acct: ██████████ Type: GL Sec MOA:
17 Amount: 00:00:00 $24,988.000 Result Bal: $.000
18 Pay Time: 00:00:00 Acct Flag:
19 Name: DBS BANK LTD. NEW YORK AGENCY
20 Line1: DBS BANK LTD. NEW YORK AGENCY
21 Line2: NEW YORK
22 City: NY State: Zip:
23
24 Enter=Select 0001 Read: 00000001 F10=Next Inquiry
25
-----
|-----|-----|-----|-----|-----|-----|-----|-----|
| 1 | 10 | 20 | 30 | 40 | 50 | 60 | 70 |
|-----|-----|-----|-----|-----|-----|-----|-----|

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-----IDA-----PER-----
51 NationsBank          Posting Detail Screen 3          v
52
53
54 ICN: SE961104024496000
55 Date Created: 11/04/96   Time Created: 11:04:17:46   Value Date: 11/04/96
56
57
58 MOR: FW                MOP: BK                ReccurID:
59
60
61 FED Type:              1000                FED Ref No:      9611040022
62 FED IMAD:              B4E1Q2871DF000023   FED OMAD:       B4E1QP0F5CF000282
63 Pri Senders ABA:      026005814
64
65
66 Swift Tran Cd:        9611040022   Service Ref No: B4E1Q2871DF000023
67 Trn Ref No:           9611040022   Trn Rel Ref No: 00120T0519696
68 In Seq Num:
69
70
71
72
73
74 Enter=Select          F10=Next Inquiry
75
-----
|-----|-----|-----|-----|-----|-----|-----|-----|
| 1      | 10     | 20     | 30     | 40     | 50     | 60     | 70     |
|-----|-----|-----|-----|-----|-----|-----|-----|

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----- IDA ----- PER -----
26 NationsBank Posting Detail Screen 2 v
27
28
29 ICN: SE961211023050000
30 Date Created: 12/11/96 Time Created: 12:11:17:04 Value Date: 12/11
31
32 Bene Acct: ██████████ OD Name: COMMERCE CORP
33 Acct With: Name:
34 Ord Cust Acct: Name: ASIA PULP PAPER CO LTD
35 Ord Bank Acct: Name: DBS SINGAPORE
36 Inter Acct: Name:
37 Send Corr Acct: Name:
38 Recv Corr Acct: Name:
39
40
41 Details Of Payment: Bank To Bank:
42 /BBI/LESS USD12 OUR CHRG
43
44
45
46
47
48
49 Enter=Select F10=Next Inquiry
50
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|-----|-----|-----|-----|-----|-----|-----|-----|
| 1 | 10 | 20 | 30 | 40 | 50 | 60 | 70 |
|-----|-----|-----|-----|-----|-----|-----|-----|

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-----IDA-----PER-----
.01 NationsBank Fosting Detail Screen 1 v
.02
.03 ICN: SE961211023050000
.04 CREDIT INFORMATION:
.05 Description: CREDIT Pri MOA: M Post Type: CR Office:
.06 Acct: ██████████ Type: OD Sec MOA:
.07 Amount: $24,988.000 Result Bal: $490,881.230
.08 Pay Time: 17:13:03 Acct Flag: OVERRIDE
.09 Name: COMMERCE CORP
.10 Line1: 1455 PENNSYLVANIA AVE NW STE 560
.11 Line2: WASHINGTON DC
.12 City: State: 200041008 Zip:
.13
.14 DEBIT INFORMATION:
.15 Description: DBA Pri MOA: Post Type: DB Office:
.16 Acct: ██████████ Type: GL Sec MOA:
.17 Amount: $24,988.000 Result Bal: $.000
.18 Pay Time: 00:00:00 Acct Flag:
.19 Name: DBS BANK LTD. NEW YORK AGENCY
.20 Line1: DBS BANK LTD. NEW YORK AGENCY
.21 Line2: NEW YORK
.22 City: NY State: Zip:
.23
.24 Enter=Select 0001 Read: 00000001 F10=Next Inquiry
.25
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| 1 | 10 | 20 | 30 | 40 | 50 | 60 | 70 |

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SINAR MAS AGENDA

Tuesday 10/31/95

8:00am-8:45am

Breakfast with Mr. Mark Middleton.
Willard Hotel.

REDACTED

10:15am-11:00am

Meeting with the White House Deputy
Chief of Staff, Mr. Erskin Bowles. (In
case of postponement, meet with Mr. Bill
Boardman at Mr. Middleton's office).

11:00am-11:30am

Meeting with Greg Simon, Domestic Policy
Advisor to Vice President Al Gore. The
White House - Vice President's
Ceremonial Office.

11:50am-12:00nn

Meeting with First Lady Hillary Clinton.
Participants: Mr. Mark Middleton, Mr.
Oei Tjie Goan and Ms. Sukma Widjaja.

12:00nn-1:15pm

Lunch at The White House.

1:15pm-1:45pm

Tour of The White House.

7:00pm

Dinner at Hay Adams Hotel (Special
guests include: Mr. Mack McLarty

REDACTED

Wednesday 11/01/95

REDACTED

10:15am-11:00am

Meeting with Mr. Don Fowler, Chairman of
Democratic National Committee.

11:15am-12:15pm

Meeting with Mr. Joe Grandmaison,
Chairman Trade Development Agency.
1621 N. Kent Street, Arlington, VA.

CONFIDENTIAL

CC-H-000464 -UR

12:30pm-1:30pm Lunch.

2:00pm-2:45pm Meeting with John Garamendi, Deputy Secretary of Department of Interior. 1849 C Street, Room 5100, C Street Entrance.

3:15pm-4:15pm Meeting with senior officials at Environmental Protection 401 "M" Street.

5:30pm-6:00pm Meeting with Secretary of Commerce Ron Brown.

Thursday 11/02/95

8:00am-12:00nn Open.

REDACTED

2:00pm-2:30pm Meeting with Mr. Ken Brody, Chairman of U.S. EXIM Bank.

4:00pm-4:30pm Meeting with Ms. Jan Piercy, U.S. Executive Director of World Bank and other senior World Bank officials.

6:30pm- Tentatively setting up a meeting with The President outside of The White House (Mr. Mark Middleton suggested that only Mr. Oei Tjie Goan and Ms. Sukma Widjaja attend).

Friday 11/03/95

8:00am-11:00am Open.

11:00am-11:45am Meeting with Ruth Harkin, Chairperson of Overseas Private Investment Corporation.

12:00-1:30pm Meeting with Mr. Matt Gorman, Director of Business Liason for U.S. Department of Treasury.

2:00pm-3:00pm Meeting with Mr. Larry Summers, Undersecretary of Commerce.

7:30pm Kennedy Center Presidential Box to watch Ballet or Opera.

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CC-H-000465-UR

Saturday 11/04/95

Travel.

CONTACT INFORMATION:

Mr. Mark Middleton
1455 Pennsylvania Avenue, NW
Suite 560
Washington, DC 20004
Work: 202-737-9300
Home: 202-296-1712
Pager: 1-800-719-7535

CONFIDENTIAL

CC-H-000466-UR

The World Bank/IFC/MIGA
OFFICE MEMORANDUM

Jul 11

DATE: October 23, 1995 08:48pm

TO: Thomas Kelsey (THOMAS KELSEY)

FROM: Jan Piercy, EDS01 (JAN PIERCY)

EXT.: 80110/11

SUBJECT: meeting request

for svs people, agr-busini

*WIDJAJA
SINAR MAS GROUP
SENAR MAS
2nd wealth*

*world
top 10*

Mark Middleton (former aide to then-WB Chief of Staff Mack McLarty; now in business) called to see if we could meet with three senior members of an Indonesian family business consortium. They apparently own some 300 businesses in Indonesia, including Asia Pulp & Paper, which is listed on the NY Stock Exchange. The company may form a strategic alliance with a U.S. firm related to their interests in sustainable development and reforestation. They are also large purchasers of American made equipment. *100M/yr.*

CONFIDENTIAL

deleted name - Tom Kelsey Business Confidential

The CEO, CFO and another executive will be in D.C. next week with meetings at the White House. Mark requested that we meet with them, as they expressed great interest in the World Bank and how it does business.

I told Mark that Tom would be the best person here with whom to pursue this. I said that I would join a meeting with Tom briefly, and we could include others who could address the group's specific questions and interests. I said Nancy should probably be involved given the reforestation angle. I asked that Mark call Tom, and also said we'd need to talk directly with one of the firm principals when they arrive in D.C. to better understand their agenda, so we can have the right people join us.

It does seem a little odd to me that they wouldn't go through the ED representing Indonesia, and we should alert that office of this inquiry we've had.

*Ed's office
n/kay
what?
chey*

Mark's number is 737 9305. Tom, can you follow up? Sorry for the sketchy information. I thought we should be responsive, given the White House interest. Thanks.

- CC: Nancy Katz (NANCY KATZ)
- CC: Michael Marek (MICHAEL MAREK)
- CC: Sandra Shank (SANDRA SHANK)

*Looks to expand ops. Want to work w/ U.S. reforest. agent
Tues. mtg
next Wed / Thurs pm 3:30 on 14.00 on the 2nd*

Middleton file

November 2, 1995

MEMORANDUM FOR JANICE ENRIGHT

FROM:

PATTY McHUGH *Patt*

SUBJECT:

YOUR MEMO TO MACK RE:

TEGUH GANDA WIDJAJA
WENNY LIMANTARA
SUKAMAWATI WIDJAJA

Mack indicated that although he cannot attest to the absolute integrity of the above individuals, he can affirm that they are legitimate business people. Mark Middleton has advised us that they have been cleared by counsel's office at the Commerce Department; his contact in the scheduling office at Commerce is Connie Stack (482-5880). Mark also said that they have met with the First Lady.

Mack feels that it would be alright for them to have a photo taken with the President this evening.

COMMERCECORP INTERNATIONAL
1455 PENNSYLVANIA AVENUE
SUITE 500
WASHINGTON, D.C. 20004
TEL (202) 707-0308
FAX (202) 707-0319

BY FACSIMILE

MEMORANDUM

TO: Gus Nilo
FROM: Mark Middleton
DATE: September 9, 1996
RE: Bp. Eka's Visit

Dear Gus,

I have put in a request for a meeting with both the President and The First Lady for Monday, September 30th. As of now, it appears that the President will be out of town on campaign travel but his schedule changes frequently. We are awaiting a response from the First Lady's office.

We have tentative plans to have lunch at The White House on Monday with a tour of the residence either before or after the meal. I would also like to propose a short meeting with Mack McLarty, Senior Counselor to the President and Laura Tyson, head of the National Economic Council. Please advise.

As you likely know, Saturdays and Sundays are relatively quiet here but we can certainly arrange tours of interesting places. Please let us know of Bp. Eka's interest.

Our office will secure transportation for the delegation but will need travel itineraries. You are presently confirmed for the 29th and 30th at the Hotel Washington, 515 15th Street, NW, Washington, DC 20004, Phone: 202-638-5900, Fax: 202-638-4275 (next door to the Willard) since all other hotels are booked. It is a nice facility and you will be very comfortable there.

Please keep me posted on any developments. I'm looking forward to your being here.

Best regards,



Mark E. Middleton

CC-H-000501

COMMERCE CORP INTERNATIONAL
CORPORATE SERVICES GROUP
SUITE 500
WASHINGTON, DC 20004
TEL 202 707 0105
FAX 202 707 0110

MEMORANDUM

TO: Ken Brody
FROM: Mark Middleton
RE: Sinar Mas Meeting
DATE: 10/25/95

The Widjaja family, who owns the Indonesian based Sinar Mas Group, will be coming to Washington, D.C. from October 31 - November 3 and have specifically requested a meeting with you. Thus far, the family has confirmed meetings with the First Lady and a number of senior administration officials.

As you likely know, the Sinar Mas Group is one of the most substantial business organizations in Asia. They do a considerable amount of business with companies in the United States and are interested in increasing their activity. The Group is very active in the following areas: pulp and paper, agribusiness, financial services and property development. At the present time the family seems to be particularly focused on developing the pulp and paper division of their company (Asia Pulp & Paper-NYSE).

The Group request to see you appears to be motivated by their desire to establish a personal relationship with you, familiarize the Bank with their operation and discuss how they can work more closely with the Bank.

Ken, this entity is very important to the Administration in a number of ways thus your serious consideration is greatly appreciated. Please let me know if you need additional information or if you would like to discuss this in more detail.

CONFIDENTIAL

CC-H-000471 -UR

--- Wednesday, November 1, 1995 ---

 DNC 30:2275

SCHEDULE FOR NATIONAL CHAIR DONALD L. FOWLER
DATE: WEDNESDAY, NOVEMBER 1, 1995
DRAFT: FINAL; PRIVATE SCHEDULE

*Chom***WASHINGTON, DC**

| | | | |
|--------------------------|--|-------------------|---|
| Schedule Contact: | Catherine York 202/863-8038 (Office) 703/553-3966 (Home) 130-5662 (SKYGRAM) | Briefings: | Alejandra Castillo 202/863-8165 (Office) 202/797-1775 (Home) 800/946-4645 (#1179185) |
| Drivers DC: | Nick Caggia 202/863-8121 (Office) 703/486-3043 (Home) 135-2012 (SKYGRAM) | | Rolf Olson 202/863-8121 (Office) 703/812-8954 (Home) 120-2693 (SKYGRAM) |

8:10am **LIVE INTERVIEW w/ John Pepper, *The John Pepper Morning Show*,
WXTT, (CNN Affiliate) Detroit, MI
Home of Chairman Fowler**

Contact: Terry Wilson
810/552-0654 or 810/423-2743

Diaine

NOTE: -DLF should call the above number at 8:05am.
-Live interview is re: the Budget and will last approx. 15
minutes. Call ins to follow.
-See attached briefing and talking points.

8:40am **DEPART Home
EN ROUTE The White House**

9:00am **ARRIVE for COFFEE w/ DNC Trustees and POTUS
The White House
The Map Room**

Contact: Richard Sullivan
135-2011 (SKYGRAM)

*Write all who
attended. See
attached*

INFORMAL PROGRAM: 9:15am

-DLF delivers welcoming remarks
and intros. Chairman Dodd.
-Dodd delivers brief remarks
and intros. POTUS.
-POTUS delivers remarks and opens
discussion.

NOTE: -Approx. 14 to attend.
-See attached briefing and list of attendees.

 DNC 3022276

WEDNESDAY, NOVEMBER 1, 1995
PAGE 2

10:20am DEPART The White House
EN ROUTE CommerceCorp International

10:30am ARRIVE for MEET & GREET w/ Mark Middleton and Sinar Mas Group
Delegation
CommerceCorp International
The Willard Office Building
1455 Pennsylvania Avenue, NW
Suite 560
Washington, DC
202/737-9305

Contact: Mark Middleton/Linda
202/737-9305

TO ATTEND: -Mark Middleton
-Tjie Goan Ole/Teguh Ganda Wijaja (same person),
President and Director of Sinar Mas Group
-Wenny Limantara
-Suikmawati Widjaja (Sister of Teguh Widajaja), Vice
Chair and CEO of Sinar Mas Group
-Agusto Peralta Nilo, Group Managing Director, Sinar
Mas Group
-Hendrik Tee, Group Managing Director, Sinar Mas
Group
-Ted Joseph Villinski, Public Affairs, Sinar Mas Group
-Cheng Yen, Group Managing Director, Sinar Mas
Group
-Ted Lia, President of Linden Trading Company, Inc.
-Kang Oei
-Valonia Oei
-Richard Sullivan

NOTE: -This group is meeting w/ POTUS on Nov. 3 and FLOTUS on
Nov. 4. They are also meeting with several Agency Heads to
discuss building business relations between the US and Indonesia.
-Sinar Mas Group is an multinational edible oils trader nearly
four decades old. Their four core businesses are 1) pulp and
paper 2) financial services 3) agribusiness, foods & consumer
products 4) and real estate and property developments.
-The Wijaja family is one of the wealthiest and most successful
families in Indonesia.
-Mark Middleton will discuss their giving potential at later
date.

 DNC 302227

WEDNESDAY, NOVEMBER 1, 1995
PAGE 3

11:15am DEPART CommerceCorp International
EN ROUTE AFL-CIO

11:30am ARRIVE for PRIVATE MEETING w/ Leo Zefferetti, Legislative Director,
Building and Construction Trades Department, AFL-CIO
AFL-CIO - Building and Construction Trades Department
Suite 603
815 16th Street, NW
Washington, DC
202/347-1461

Contact: Leo Zefferetti
202/347-1461

TO ATTEND: -Bobby Watson

NOTE: See attachment.

12:15pm DEPART AFL-CIO
EN ROUTE The Hay Adams Hotel

12:30pm ARRIVE for LUNCH w/ Dee Dee Myers
The Hay Adams Hotel
The Lafayette Restaurant
Washington, DC
202/638-2260

Contact: Dee Dee Myers/Lisa
202/467-4050

NOTE: -Reservations for 2 under FOWLER.

1:50pm DEPART The Hay Adams Hotel
EN ROUTE Rayburn House Office Building

 DNC 3022278

WEDNESDAY, NOVEMBER 1, 1995
PAGE 3

5:30pm MEETING w/ Environmental Leaders
Second Floor Conference Room

Contact: Sam Newman x7114

TO ATTEND:

- Shelly Fidler, CoS, Council on Environmental Quality
- Brian Johnson, Council on Environmental Quality
- Greg Whetstone, Legislative Director, NRDC
- Gene Karpinski, Exe. Dir., US PIRG
- Ellen Globokar, Field Director, Environ. Info. Center
- Betty Loyless, Pol. Dir., League of Conservation Voters
- Mary Marra, National Wildlife Federation
- Randy O'Brien, The Wilderness Society
- Liz Raisbeck, Legial. Dir., National Audubon Society
- Debbie Sease, Legial. Dir., Sierra Club
- Tony Wilson
- Sam Newman

NOTE: -This is a follow up meeting.
-See attached briefing

6:00pm DEPART DNC
EN ROUTE The Sheraton Washington Hotel

6:30pm ARRIVE for DEMOCRATIC SENATORIAL CAMPAIGN COMMITTEE
DINNER
The Sheraton Washington Hotel
Cotillion Room (Reception)
Grand Ballroom (Dinner)
2660 Woodley Road, NW
Washington, DC
202/328-2000
OPEN PRESS

Contact: Amy Edwards
202/485-3111

NOTE: -Program to be available in the AM.
-Tickets will be at will call. DLF may bring 1 guest.
-Cocktails begin at 6:00pm; dinner at 7:30pm.
-Business attire.
-Dinner theme is "The Trail to Victory Begins in Oregon."

 DNC 3022280

WEDNESDAY, NOVEMBER 1, 1995
PAGE 6

9:00pm DEPART The Sheraton Washington Hotel
EN ROUTE Home

RON WASHINGTON, DC

SCHEDULE OF THE PRESIDENT
FOR
THURSDAY, NOVEMBER 2, 1995
FINAL

COPY

EOP 058527

REDACTED

REDACTED

EOP 058528

6:45 pm

THE PRESIDENT departs the White House via motorcade en route the
National Museum of Women in the Arts
[drive time: 10 minutes]

REDACTED

EOP 058529

6:55 pm **8:59** → **THE PRESIDENT** arrives the National Museum of Women in the Arts

7:03 → **Greeters:** Monte Friedkin, National Chairman, National Jewish Democratic Council
 Jeff Hirschberg, Chair, Hubert Horatio Humphrey Humanitarian Award
 Elizabeth Schroyer, Acting Executive Director, National Jewish Democratic Council

7:07 → **RECEIVING LINE WITH MEMBERS OF THE NATIONAL JEWISH DEMOCRATIC COUNCIL**
THIRD FLOOR GALLERY
 National Museum of Women in the Arts
 Event Coordinator: Nicole Elkon
 Staff Contact: Alexis Herman
WHITE HOUSE PHOTO ONLY

7:10 → **REMARKS**
 1 SEN
 2 SEN + CHAZNS
 3 RLZNF

7:40 pm **7:48** → **NATIONAL JEWISH DEMOCRATIC COUNCIL GALA**
GREAT HALL
 National Museum of Women in the Arts
 Remarks: Carolyn Curiel
 Event Coordinator: Nicole Elkon
 Staff Contact: Alexis Herman
OPEN PRESS

7:48 → Off-stage announcement of the President, accompanied by the 1995 NJDC Award Recipients and the General Chairman of the DNC, Senator Christopher Dodd.

7:49 → Monte Friedkin makes welcoming remarks.

7:58 → Jeff Hirschberg makes brief remarks, introduces the President and presents him with a gift.

7:59 → The President accepts the gift and makes remarks.

Upon conclusion of remarks, the President departs. *no ropeline*

8:20 pm **8:21** → **THE PRESIDENT** departs the National Museum of Women in the Arts via motorcade en route the Sheraton Carlton (drive time: 10 minutes)

EOP 058530

REDACTED

REDACTED

EOP 058531

REDACTED

EOP 058532

8:30



~~POTUS PHOTO-GREET~~

- 1) Sukmawati Widjaja
- 2) Teguh Widjaja
- 3) Wenny Limantare

SCHEDULE FOR HILLARY RODHAM CLINTON
SATURDAY, SEPTEMBER 28, 1996
PAGE 4

REDACTED

4:20 pm

DROP BY W/ WIDJAJA FAMILY
Diplomatic Reception Room
CLOSED PRESS/WH PHOTO ONLY

FOP 050502

SCHEDULE FOR HILLARY RODHAM CLINTON
SATURDAY SEPTEMBER 28, 1996
PAGE 5

PARTICIPANTS:

- HRC
- Mark Middleton
- Eka Tjipta Widjaja
- Trini Dewi Lasuki
- Indra Widjaja
- Djafar Widjaja

Contact: Mark Middleton
202-737-9305

REDACTED

Mr. BURTON. I ask unanimous consent that a letter from the Justice Department dated May 7, 1999, authorizing Mr. Chung's testimony be entered into the record. And without objection, so ordered.
[The letter referred to follows:]



U. S. Department of Justice

Office of the Deputy Attorney General

Associate Deputy Attorney General

Washington, D.C. 20530

Brian A. Sun, Esq.
O'Neill, Lysaght & Sun
100 Wilshire Boulevard
Suite 700
Santa Monica, CA 90401-1142

Via Telefax (310-399-7201) and U.S. Mail

May 7, 1999

Re: Testimony of Johnny Chung before Congress and/or the FEC

Dear Mr. Sun:

This is to reconfirm the Department's letter to you of April 22, 1999 stating that, with a minor exception discussed below, the Department of Justice has no objection to your client testifying before congressional committees, or the FEC, regarding any matter which he knows of his own accord. On April 26, 1999, an FBI agent provided you a list of three names that we requested Mr. Chung not mention because disclosure of those names could adversely affect national security or pending criminal investigations. We understand that during meetings with the staff of the House Government Reform Committee on April 26 and 27, 1999, Mr. Chung did not mention those names and also did not mention two additional names that were not on the list of three names that we provided you but added orally shortly before the interviews. As we have informed you in recent telephone conversations, we no longer have any objection to your client disclosing those two additional names. Except for asking that Mr. Chung not disclose the three names on the list, the Department does not object to Mr. Chung discussing any matter about which he may be asked.

In addition, we understand that you would like to provide the Committee with copies of certain documents that the Department obtained from one of Mr. Chung's bank accounts with his consent and without the use of compulsory process. You have informed me, and a Department attorney has confirmed, that in return for Mr. Chung granting his consent to the Department obtaining the documents, you requested that the Department provide Mr. Chung with a copy of the documents and that the Department did so by furnishing them to you before Mr. Chung

entered his guilty plea. Those documents are now Mr. Chung's property and he may provide them to the Committee if he so desires. Mr. Chung cannot, of course, provide the Committee with any documents that Mr. Chung received when they were provided to the court under seal, unless the court unseals such documents.

Please do not hesitate to contact me if I may provide you with additional information.

Sincerely,



Craig Iscoe
Associate Deputy Attorney General

cc: The Honorable Dan Burton, Chairman
House Government Affairs Committee

The Honorable Henry Waxman, Ranking Minority Member
House Government Affairs Committee

Mr. BURTON. I ask unanimous consent that questioning in the matter under consideration proceed under clause 2(j)(2) of House Rule 11 and committee rule 14 in which the chairman and ranking minority member allocate time to the committee counsel as they deem appropriate for extended questioning not to exceed 60 minutes, divided equally between the majority and the minority, and without objection, so ordered.

I also ask unanimous consent that questioning in this matter proceed under clause 2(j)(2) of House Rule 11 and committee rule 14 in which the chairman and ranking minority member allocate time to members of the committee as they deem appropriate for extended questioning not to exceed 60 minutes, equally divided between the majority and minority, and without objection, so ordered.

And one other item I would like to mention before we start is I received a letter from the ranking minority member, Mr. Waxman, yesterday regarding some kind of misunderstanding regarding Mr. Sun and Mr. Chung as far as limitation on questioning. I have talked to Mr. Sun and Mr. Chung and Mr. Murphy, and there is no limit on questioning whatsoever, so I'm glad we are able to lay that to rest right here at the beginning so the minority will be able to ask any questions they feel are necessary.

Today's hearing is going to focus a great deal on China. I think this is important because there is a lot going on between our two countries right now. We are all very upset about the recent bombing of the Chinese Embassy in Belgrade. It was a tragedy. However, we should not let that deter us from trying to get to the bottom of Chinese efforts to influence our elections or steal nuclear secrets. The Chinese Government's actions should not be overshadowed or forgotten because of this terrible mistake.

Today we are going to hear testimony about China's attempts to interfere with our elections in 1996. These are very serious allegations. Even more serious are allegations about espionage by the Chinese Government at our nuclear weapons facilities.

We are not going to hear testimony on this subject today, but every time I pick up a newspaper, I read new allegations about Chinese spying. We have some very serious national security issues here that we need to address. If China is conducting covert operations to influence our elections, and it appears that they are, then we have to treat this as a threat to our national security. If China is stealing our nuclear secrets, and it appears that they are, then we have a threat to our national security. We have to treat it like a national security issue, and so far we haven't.

In my view, this isn't about politics, and it isn't about elections. It shouldn't matter if you are a Democrat or a Republican. The Chinese Government is taking actions toward us that are hostile, and we have to take it seriously.

Today we have a very rare thing. We have a cooperative witness. Johnny Chung has reached a plea agreement with the Justice Department. He has cooperated with them. He received a sentence that makes it clear that the Justice Department considers him a valuable witness. Mr. Chung has agreed to testify today and tell us what he knows.

Over the course of our investigation into illegal foreign money, we have had 121 people refuse to testify, 121. Eighty people have

taken the fifth, and a lot of people have left the country or stayed overseas where we cannot reach them. We have immunized a handful of these people, and they have testified, but we still have over 100 people who have refused to testify.

Johnny Chung has told us that the head of China's military intelligence agency gave him \$300,000 and told him he could give it to the President's campaign. That's pretty astonishing, and this is just one witness. What would we learn if we could get these other 100 witnesses to testify? What would we learn from John Huang if we could get him to come forward and testify? What would we learn if we could get Charlie Trie to come forward and testify or Mark Middleton?

Johnny Chung has also told us that within 2 weeks of receiving this money from General Ji, he gave \$35,000 to the Democrat National Committee.

After we finish this hearing today, some of the reporters sitting here are going to call the DNC and the White House, and I will tell you right now what their response will be. They are going to say, we didn't know. We had no idea where Johnny Chung's money was coming from. Well, if they didn't know, then they must have been trying really hard not to find out. Just ask the Federal judge at California who sentenced Mr. Chung. He said, "if Mr. Fowler and Mr. Sullivan didn't know what was going on, they are two of the dumbest politicians I have ever seen." This was a Democrat judge.

It is easy to understand why the judge said that. When Johnny Chung showed up at a Clinton-Gore fundraiser in Los Angeles in September 1995, he had 10 Chinese nationals with him. When Johnny Chung showed up at a DNC fundraiser in Los Angeles in July 1996, he had half a dozen Chinese nationals with him. When he went to the President's radio address in the Oval Office in March 1995, he was accompanied by six senior Chinese executives. And we have a letter to Mr. Chung from Don Fowler, the head of the Democrat National Committee, and in it Mr. Fowler said, "best of luck on your trip to China. I enjoyed meeting your friend who is the wife of the chief of staff of the Chinese Army."

I could go on and on, but I won't. That is just as distressing to me as—that this administration—that this administration is still acting like that they don't know, and that is very disconcerting.

Last year the President went to China. He met with President Jiang Zemin. President Jiang said they didn't have anything to do with the foreign money being funneled into our campaigns. President Clinton just took his word for it. He didn't even challenge him. Why? Just a month ago Prime Minister Zhu Rongji was here in Washington. Johnny Chung's revelations about his meeting with General Ji had just come out. Zhu Rongji said he had checked with all of his top people, and nobody in the Chinese Government had anything to do with trying to influence our elections. He said that they had no involvement in trying to steal our nuclear secrets, and once again, the President just took his word for it. Why?

We asked the Chinese Government for visas to come to China, to have our investigators come to China to interview people who were involved in this fundraising. They would not give us visas. In fact, they told us if we came to China, they would arrest our inves-

tigators. Are these the actions of a government that has nothing to hide?

We have asked the White House and the State Department time and time again for help, and they will not lift a finger. We have asked the Chinese Government for bank records that would show where these millions of dollars originated. We have gotten absolutely nothing. Are these the actions of a government that has nothing to hide?

Why won't the Clinton administration push China to turn over this evidence? The Clinton administration hasn't been very aggressive in getting to the bottom of the fundraising scandal. The nuclear espionage scandal looks even worse. The FBI tried four times, four times, to get approval to tap the phones of the main suspect in the Los Alamos case. The Justice Department turned them down every time. Why?

The Energy Department kept the main suspect Wen Ho Lee in his job for 3 years. He was kept on for 18 months after the FBI said there was no investigative reason for him to stay on. He had access to classified information the whole time. Why?

The President's national security advisors were thoroughly briefed about China's espionage, but no action was taken for over 2 years to improve security at those labs, and the President continued to sign waivers to ship sensitive satellites and other information to China. Why? Just yesterday, the President approved a new satellite export to China. Why is the President approving a technology transfer like this when we haven't gotten any answers on these other issues from China?

These actions are serious, and these are serious issues. This is why I have been saying that these are national security issues and not political issues.

Now let me say a few things about our witness today. Johnny Chung broke the law. He has made some serious mistakes. He has done some things that we can't condone, and obviously he wasn't alone. Eighty people have taken the fifth amendment, and another 40 have left the country. I think Mr. Chung and his family have probably paid a pretty high price for his mistakes, but he is going to do something today that the other 100 people haven't done. He is going to testify. He has cooperated with the Justice Department, and he is cooperating with us.

What he is doing today isn't going to be very easy. He is going to sit in front of this committee and all of these TV cameras and reporters and admit that he broke the law, and that takes courage.

What has Mr. Chung told us? He has told us that General Ji Sheng De, the head of the military intelligence of the People's Liberation Army, which is the equivalent of our CIA, gave him \$300,000. General Ji would be the equivalent, as I said, of our CIA. It was wired to him through Lieutenant Colonel Liu Chao Ying of China Aerospace, whose father was the head of the People's Liberation Army at one time and a member of the hierarchy in the Chinese Government.

Mr. Chung has told us that the general told him the following: "We really like your President. We hope he will be reelected. I will give you 300,000 U.S. dollars, and you can give it to your President

and the Democrat party.” Shortly after this Mr. Chung gave \$35,000 to the DNC.

Mr. Chung has told us that he was told other people were also giving money to “do good things for China.” One of the other people who was mentioned was Mark Middleton, a former high-level White House aide. He was told that Mark Middleton got a half a million dollars from a source that remains unclear. Mr. Middleton has taken the fifth with this committee. He has refused to talk to us.

Johnny Chung has also told us that he was told that a Boeing representative from Hong Kong, a Mr. Young, was also working with the Chinese Government. We still haven’t resolved who this is.

Johnny Chung has informed us that he was told by another source that Charlie Trie asked the Chinese Government for \$1 million to help the President. He’ll testify that he saw the head of the United States consulate in Beijing take cash in exchange for visas. This is just outrageous.

Did Mark Middleton get half a million dollars from the Chinese Government? If he did, what was it for? Did Charlie Trie try to get \$1 million from the Chinese Government, and did he get it? We know that he got over \$1 million from a Macau developer with close ties to China.

Johnny Chung isn’t going to solve all of these mysteries for us today. Some of the things he witnessed firsthand. Others he witnessed secondhand. In some ways his testimony will raise more questions than it answers. Unfortunately when you have an investigation that has faced the kind of massive stonewalling that we have, you make progress by inches instead of feet.

Is Johnny Chung credible? Is he telling the truth? Well, the Justice Department thought so. They worked with him for a year. When it came time for him to be sentenced, they did not recommend jail time. They did not recommend a stiff fine. They recommended probation and community service, and that says a lot about his credibility.

But we did some digging on our own. We subpoenaed a lot of documents over the last 2 years. We went back through all of these documents to see if they supported Johnny Chung’s story or not, and in most cases they do.

We looked at his passport, when Johnny Chung says he was in Hong Kong meeting with Liu Chao Ying, and General Ji’s passport shows that he was there. He told us that he had to change his plans and travel back to Hong Kong that day from mainland China for the dinner. His passport backs that up. He said that Liu Chao Ying told him that Mark Middleton got half a million dollars from a Singapore group. We checked Mark Middleton’s bank records, and they showed that he received over \$1.75 million from Asian businesses. One of the payments he received was half-a-million-dollar payment from Indonesia. We don’t know what money Liu Chao Ying was referring to. If we could go to Hong Kong to interview Liu

Chao Ying, maybe we can find out, but the Chinese Government will not allow that.

We have a copy of a letter from Mark Middleton to one of his associates in Singapore.

[The letter referred to follows:]

VIA FACSIMILE

June 27, 1996

Y. Y. Wong
The WyWy Group
Leng Kee Road
Singapore 0315

Dear Y. Y.,

Thank you for your recent facsimiles; it is always nice to hear from you.

I met with Ambassador Chorba today in The White House and we had a good discussion about you. Tim is a big fan of yours as you likely know. In fact, he said he recently sent you some possible business. I hope it work out.

Thank you for the update on Ms. Liu. I know that she must be concerned with nepotism but I'm not sure how that affects us. Does she think that Hong Leong is working with BEM?

Please keep me updated; I miss hearing from you more often.

Very truly,

Mark E. Middleton

CC-H-000159



Mr. BURTON. I think we can put that on the screen. I am not sure everybody can read that. It is small print. It mentions someone named Liu. It says, "thank you for the update on Ms. Liu. I know that she must be concerned with nepotism, but I am not sure how that affects us." We don't know what Mark Middleton meant in this letter. He has taken the fifth, so we can't ask him.

Johnny Chung told us that in the fall of 1995, the DNC pressured him to contribute \$70,000. We found an internal DNC memo from that time period to Chairman Fowler of the DNC. He was being asked to call Mr. Chung and tell him "that bad things will happen," if he didn't come up with the money. We have assembled a staff report that lists Mr. Chung's statements and shows that there are documents to back them up. At the end of my statement, I will ask unanimous consent that they be entered into the record.

Let me conclude by trying to put all this into perspective. Why does any of this matter? Why should anyone care? As I said at the beginning of my statement, this is a very serious national security issue. The Chinese Government was making a concerted effort to undermine our political system. They were conducting aggressive espionage at our nuclear labs. These aren't the actions of an ally. These are the actions of an adversary. Yet until all of this came out in the media, I have seen no evidence that this administration took it seriously. On a couple of occasions the President said that he believed the Chinese Government. Why?

Yesterday the President, as I said before, approved a new technology transfer to China. He signed a new waiver to export a sensitive satellite to China once again. In the face of all of China's actions, the President is plowing forward with negotiations to bring China into the WTO, the World Trade Organization. Why? Is this the right way to respond to China's actions?

I think the American people need to know the facts so they can judge for themselves. That is why we are holding this hearing. I don't think that this is a partisan agenda or a partisan issue. Everyone ought to be concerned about China's actions, whether you are a Democrat or a Republican. I voted against MFN for China. A number of my Democrat friends also did. We voted no because we have very serious concerns about the way China has behaved.

I would like to make one final note. Over the past 2 years, we have examined a lot of illegal contributions. We have seen over and over again people making contributions in someone else's name. They do this to hide their identity or exceed the legal limits. It is obvious that this is a very serious problem. The penalties on the books for making conduit contributions are not stopping people from doing it.

Later today I am going to introduce the Conduit Contribution Prevention Act. My bill will make this a felony instead of a misdemeanor. It would make civil penalties tougher as well. We need to stop those conduit contributions. I would like to invite everyone on the committee, Democrat or Republican, to cosponsor this bill. It should be a nonpartisan issue.

[The prepared statement of Hon. Dan Burton as well as a copy of the Conduit Contribution Prevention Act follow:]

**Opening Statement
Chairman Dan Burton
Committee on Government Reform
May 11, 1999**

Today's hearing is going to focus a great deal on China. I think this is important because there is a lot going on between our two countries right now.

We're all very upset about the recent bombing of the Chinese Embassy in Belgrade. It was a tragedy. However, we shouldn't let that deter us from trying to get to the bottom of Chinese efforts to influence our elections or steal nuclear secrets. The Chinese government's actions should not be overshadowed or forgotten because of this terrible mistake.

Today, we are going to hear testimony about China's attempts to interfere with our elections in 1996. These are very serious allegations. Even more serious are allegations about espionage by the Chinese government at our nuclear weapons facilities. We're not going to hear testimony on this subject today, but every time I pick up a newspaper, I read new allegations about Chinese spying.

We have some very serious national security issues here that we need to address. If China is conducting covert operations to influence our elections (and it appears that they are), then we have a threat to our national security. If China is stealing our nuclear secrets (and it appears that they are), then we have a threat to our national security. We have to treat it like a national security issue, and so far, we haven't.

In my view, this isn't about politics, and it isn't about elections. It shouldn't matter if you're a Democrat or a Republican. The Chinese government is taking actions towards us that are hostile, and we have to start taking it seriously.

Lack of Cooperation

Today, we have a very rare thing: we have a cooperative witness. Johnny Chung has reached a plea agreement with the Justice Department. He has cooperated with them. He received a sentence that makes it clear that the Justice Department considered him a valuable witness. Mr. Chung has agreed to testify today and tell us what he knows.

Over the course of our investigation into illegal foreign money, we've had 121 people refuse to testify. 80 people have taken the 5th. A lot of people have left the country or stayed overseas where we can't reach them. We've immunized a handful of these people, and they have testified. But we still have over 100 people who refuse to testify.

Johnny Chung has told us that the head of China's Military Intelligence Agency gave him \$300,000 and told him that he could give it to the President's campaign. That's pretty astonishing. And that's just one witness.

What would we learn if we could get these other 100 people to testify?

- What would we learn from John Huang if we could get him to come forward and testify?
- What would we learn if we could get Charlie Trie to testify?
- Or Mark Middleton?

Johnny Chung has also told us that within two weeks of receiving this money from General Ji, he gave \$35,000 to the Democratic National Committee. After we finish this hearing today, some of the reporters sitting here are going to call the DNC and the White House. I'll tell you right now what their response will be. They're going to say — *"We didn't know."* *"We had no idea where Johnny Chung's money was coming from."*

Well, if they didn't know, then they must have been trying really hard not to find out. Just ask the Federal judge in California who sentenced Mr. Chung. He said, *"If Mr. Fowler and Mr. Sullivan didn't know what was going on, they're two of the dumbest politicians I've ever seen."* This was a Democratic judge.

It's easy to understand why the judge said that:

- When Johnny Chung showed up at a Clinton/Gore fundraiser in Los Angeles in September 1995, he had 10 Chinese nationals with him.
- When Johnny Chung showed up at a DNC fundraiser in Los Angeles in July 1996, he had half-a-dozen Chinese nationals in tow.
- When he went to the President's radio address in the Oval Office in March 1995, he was accompanied by six senior Chinese executives.
- We have a letter to Mr. Chung from Don Fowler, the head of the DNC. Mr. Fowler said, "Best of luck on your trip to China. I enjoyed meeting your friend who is the wife of the Chief of Staff of the Chinese Army."

I could go on and on and on, but I won't. What's just as distressing to me is that this Administration is **still** acting like they don't want to know:

- Last year, the President went to China. He met with President Jiang Zemin. President Jiang said they didn't have anything to do with foreign money being funneled into our campaigns. President Clinton just took his word for it. He didn't even challenge him.

Why?

- Just a month ago, Prime Minister Zhu Rongji was here in Washington. Johnny Chung's revelations about his meetings with General Ji had just come out. Zhu Rongji said that he checked with all of his top people, and nobody had anything to do with trying to influence our elections. He said that they had no involvement in trying to steal our nuclear secrets. Once again, the President just took his word for it.

Why?

- We asked the Chinese government for visas to come to China to interview people who were involved in this fundraising. They wouldn't give us visas. In fact, they told us that if we came to China, they'd arrest us. Are these the actions of a government that has nothing to hide? We've asked the White House and the State Department time and time again for help. They won't lift a finger.
- We've asked the Chinese government for bank records that would show where these millions of dollars originated. We've gotten absolutely nothing. Are these the actions of a government that has nothing to hide?

Why won't the Clinton Administration push China to turn over this evidence?

The Clinton Administration hasn't been very aggressive in getting to the bottom of the fundraising scandal. The nuclear espionage scandal looks even worse:

- The FBI tried four times to get approval to tap the phones of the main suspect in the Los Alamos case. The Justice Department turned them down repeatedly. **Why?**
- The Energy Department kept the main suspect, Wen Ho Lee, in his job for three years. He was kept on for eighteen months after the FBI said there was no investigative reason for it. He had access to classified information the entire time. **Why?**
- The President's National Security Advisor were thoroughly briefed about China's espionage, but no action was taken for over two years to improve security at those labs. And the President continued to sign waivers to ship sensitive satellites to China. **Why?**

Just Yesterday, the President approved a new satellite export to China. Why is the President approving a technology transfer like this when we haven't gotten any answers from China?

These are serious issues. This is why I've been saying that these are national security issues, not political issues.

Johnny Chung's Testimony

Let me say a few things about our witness today.

Johnny Chung broke the law. He's made some serious mistakes. He's done some things that we can't condone. Obviously, he wasn't alone. 80 people have taken the Fifth and another 40 have left the country.

I think Mr. Chung and his family have probably paid a pretty high price for his mistakes. But he's going to do something today that the other 100 people haven't done. He's going to testify. He's cooperated with the Justice Department. He's cooperated with us. What he's doing today isn't going to

be very easy -- he's going to sit in front of this committee, and all of these TV cameras and reporters, and admit that he broke the law. That takes courage.

What has Mr. Chung told us?

He's told us that General Ji Shengde, the head of Military Intelligence for the People's Liberation Army, gave him \$300,000. General Ji would be the equivalent of the head of the CIA here. It was wired to him through Lt. Colonel Liu Chao-Ying of China Aerospace. Mr. Chung has told us that the General told him the following:

"We really like your President."

"We hope he will be re-elected."

"I will give you 300,000 U.S. dollars."

"You can give it to your President and the Democrat Party."

Shortly after this, Mr. Chung gave \$35,000 to the Democratic National Committee.

Mr. Chung has told us that he was told other people were also given money to "do good things for China." One of the people who was mentioned was Mark Middleton, a former high-level White House aide. He was told that Mark Middleton got half-a-million dollars from a source that remains unclear. Mr. Middleton has taken the Fifth with this committee. He refused to talk to us.

Johnny Chung has also told us that he was told that a Boeing representative from Hong Kong -- a "Mr. Young" -- was also working with the Chinese government. We still haven't resolved who this is.

Johnny Chung has informed us that he was told by another source that Charlie Trie asked the Chinese government for \$1 million to help the President.

He will testify that he saw the head of the U.S. consulate in Beijing take cash in exchange for visas. This is just outrageous.

Did Mark Middleton get half-a-million from the Chinese government? If he did, what was it for? Did Charlie Trie try to get \$1 million from the Chinese government? Did he get it? We know he got over \$1 million from a Macau developer with close ties to China.

Johnny Chung isn't going to solve all of these mysteries for us today. Some things he witnessed first-hand. Others he heard second-hand. In some ways, his testimony will raise more questions than it answers. Unfortunately, when you have an investigation that has faced the kind of massive stonewalling that we have, you make progress by inches instead of feet.

Is Johnny Chung credible? Is he telling the truth?

The Justice Department thought so. They worked with him for a year. When it came time for him to be sentenced, they didn't recommend jail time. They didn't recommend a stiff fine. They recommended probation and community service. That says a lot.

But we did some digging on our own. We've subpoenaed a lot of documents over the last two years. We went back through all of these documents to see if they supported Johnny Chung's story or not. In most cases, they do.

- We looked at his passport. When Johnny Chung says he was in Hong Kong meeting with Liu Chao-Ying and General Ji, his passport shows he was there. He told us that he had to change his plans and travel back to Hong Kong that day from mainland China for the dinner. His passport backs that up.
- He said that Liu Chao-Ying told him that Mark Middleton got half a million from a Singapore group. We checked Mark Middleton's bank records. They show that he received over \$1.75 million from Asian businesses. One of the payments he received was a half-a-million payment from Indonesia. We don't know what money Liu Chao-Ying was referring to. If we could go to Hong Kong to interview Liu Chao-Ying, maybe we could find out.
- We have a copy of a letter from Mark Middleton to one of his associates in Singapore. It mentions someone named Liu. It says, and I quote, "*Thank you for the update on Ms. Liu. I know that she must be concerned with nepotism but I'm not sure how that affects us.*" We don't know what Mark Middleton meant in this letter. He's taken the Fifth, so we can't ask him.
- Johnny Chung told us that in the fall of 1995, the DNC was pressuring him to contribute \$70,000. We found an internal DNC memo from that time period to Chairman Fowler. He was being asked to call Mr. Chung and tell him that "bad things will happen" if he didn't come up with the money.

We've assembled a staff report that lists Mr. Chung's statements, and shows where there are documents to back them up. At the end of my statement, I will ask unanimous consent that it be entered into the record.

Let me conclude by trying to put all of this into perspective. Why does any of this matter? Why should anyone care?

As I said at the beginning of my statement, this is a serious national security issue. The Chinese government was making a concerted effort to undermine our political system. They were conducting aggressive espionage against our nuclear labs. These aren't the actions of an ally. These are the actions of an adversary. Yet, until all of this came out in the media, I've seen no evidence that this administration took it seriously. On a couple of occasions, the President said that he believed the Chinese government. **Why?**

Yesterday, the President approved a new technology transfer to China — he signed a new waiver to export a sensitive satellite to China once again.

In the face of all of China's actions, the President is plowing forward with negotiations to bring China into the World Trade Organization. **Why?**

Is this the right way to respond to China's actions? I think the American people need to know the facts so they can judge for themselves. That's why we're holding this hearing. I don't think that this is a partisan agenda or a partisan issue. Everyone ought to be concerned about China's actions, whether you're a Democrat or a Republican. I voted against MFN for China. A number of my Democratic friends did too. We voted no because we have very serious concerns about the way China has behaved.

I'd like to make one final note. Over the last two years, we've examined a lot of illegal contributions. We've seen over and over again, people making contributions in someone else's name. They do this to hide their identity or exceed the legal limits. It's obvious that this is a very serious problem. The penalties on the books for making conduit contributions are not stopping people from doing it. Later today, I'm going to introduce The Conduit Contribution Prevention Act. My bill would make this a felony instead of a misdemeanor. It would make civil penalties tougher as well.

I would like to invite everyone on the Committee, Democrat and Republican, to cosponsor this bill.

I now recognize Mr. Waxman for his opening statement.

DAVE BURTON, INDIANA
 CHAIRMAN
 NICHOLAS A. CUNYAN, NEW YORK
 CONSTANCE A. HONOLUA, HAWAII
 CHRISTOPHER SHAYS, CONNECTICUT
 KLEIN FOLETTIERA, FLORIDA
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 DAN KELLEY, FLORIDA
 ADA WATKINSON, ARKANSAS
 LEE FERRELL, NEBRASKA
 JUDY ROBERTS, ILLINOIS
 ORRIS WALLEN, OREGON
 DICK COSE, CALIFORNIA
 PAUL RYAN, WISCONSIN
 JOHN T. DODDLE, CALIFORNIA
 HELEN CHENGWETH, IDAHO

ONE HUNDRED SIXTH CONGRESS
Congress of the United States
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 COMMITTEE ON GOVERNMENT REFORM
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 JIM TURNER, TEXAS
 THOMAS W. ALLEN, MAINE
 MARKED E. PURD, JR., TENNESSEE
 JAVIERE D. SCHWARTZ, KENTUCKY

HERNAN SANDERS, VERMONT,
 NON-VOTING

May 6, 1999

CONDUIT CONTRIBUTION PREVENTION ACT OF 1999

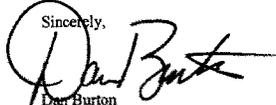
Dear Colleague:

Over the last few years an unprecedented amount of money has come into the American political system through straw donors and foreign nationals. I propose that we remedy this problem immediately.

The attached legislation achieves the following goals:

- ▶ Increases the criminal penalty for willful and knowing conduit contributions. At present, it is only a misdemeanor to make conduit contributions willfully. The attached legislation makes such conduct a felony.
- ▶ Increases the civil penalty for willful and knowing conduit contributions.
- ▶ When the Federal Election Commission establishes probable cause to believe that willful and knowing conduit contributions have been made, it will be required to report this knowledge to the Department of Justice.
- ▶ Bans all types of disbursements by foreign nationals in connection with an election to any political office or for independent expenditures.

Please join me as a co-sponsor of this important legislation. If you or your staff have any questions, please call either myself or my Chief Investigative Counsel, Jim Wilson.

Sincerely,

 David Burton
 Chairman

CONDUIT CONTRIBUTION
PREVENTION
ACT OF 1999

SPONSORS AS OF 5/6/99

Chairman Dan Burton
Rep. Christopher Shays
Rep. John McHugh
Rep. John Mica
Rep. David McIntosh
Rep. Mark Souder
Rep. Steve LaTourette
Rep. Asa Hutchinson
Rep. James A. Traficant, Jr.
Rep. Stephen Horn
Rep. Benjamin A. Gilman

CONDUIT CONTRIBUTION PREVENTION ACT OF 1999

| BAN FOREIGN DISBURSEMENTS | |
|----------------------------------|--|
| CURRENT | Foreign nationals can currently make some types of disbursements for political purposes. For example, one can take money from a foreign national and use it for redistricting. |
| PROPOSED | Add language that makes it clear that no disbursement from a foreign national is acceptable. |

| INCREASE CRIMINAL PENALTY FOR WILLFUL CONDUIT CONTRIBUTIONS | |
|--|--|
| CURRENT | Current penalty is at misdemeanor level (not more than one year and a fine not to exceed the greater of \$25,000 or 300% of the amount involved in the violation) . It is not taken seriously, and federal prosecutors tend to avoid prosecuting misdemeanors. |
| PROPOSED | Provide for imprisonment of "not more than 2 years." Provide for fine of "not less than 300 percent of the amount involved in the violation" and not "more than the greater of \$50,000 or 1000 percent of the amount involved in the violation." |

| INCREASE CIVIL PENALTIES FOR WILLFUL CONDUIT CONTRIBUTIONS | |
|---|---|
| CURRENT | In the case of a knowing and willful violation, the civil penalty cannot exceed the greater of \$10,000 or an amount equal to 200 percent of the amount involved in the violation. |
| PROPOSED | Increase the civil penalty to not less than 300 percent of the amount involved in the violation and not more than the greater of either \$50,000 or 1000 percent of the amount involved in the violation. |

| MANDATORY REFERRAL BY THE FEC TO THE DEPARTMENT OF JUSTICE | |
|---|---|
| CURRENT | If the FEC finds probable cause for a "knowing and willful" conduit violation, it "may" refer the conduct to DOJ. |
| PROPOSED | Replace "may" with "shall." |

[DRAFT IV]

MARCH 2, 1999

106TH CONGRESS
1ST SESSION

H. R. _____

IN THE HOUSE OF REPRESENTATIVES

M. introduced the following bill; which was referred to the Committee on

A BILL

To amend the Federal Election Campaign Act of 1971 to increase the penalties imposed for making or accepting contributions in the name of another and to prohibit foreign nationals from making any campaign-related disbursements.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Conduit Contribution
5 Prevention Act of 1999".

1 **SEC. 2. INCREASE IN PENALTIES IMPOSED FOR VIOLA-**
2 **TIONS OF CONDUIT CONTRIBUTION BAN.**

3 (a) INCREASE IN CIVIL MONEY PENALTY FOR KNOW-
4 ING AND WILLFUL VIOLATIONS.—Section 309(a) of the
5 Federal Election Campaign Act of 1971 (2 U.S.C.
6 437g(a)) is amended—

7 (1) in paragraph (5)(B), by inserting before the
8 period at the end the following: “(or, in the case of
9 a violation of section 320, which is not less than 300
10 percent of the amount involved in the violation and
11 is not more than the greater of \$50,000 or 1000
12 percent of the amount involved in the violation)”;
13 and

14 (2) in paragraph (6)(C), by inserting before the
15 period at the end the following: “(or, in the case of
16 a violation of section 320, which is not less than 300
17 percent of the amount involved in the violation and
18 is not more than the greater of \$50,000 or 1000
19 percent of the amount involved in the violation)”.

20 (b) INCREASE IN CRIMINAL PENALTY.—

21 (1) IN GENERAL.—Section 309(d)(1) of such
22 Act (2 U.S.C. 437g(d)(1)) is amended by adding at
23 the end the following new subparagraph:

24 “(D) Any person who knowingly and willfully com-
25 mits a violation of section 320 involving an amount aggre-
26 gating \$1,000 or more during a calendar year shall be

1 fined, or imprisoned for not more than 2 years, or both.
2 The amount of the fine shall not be less than 300 percent
3 of the amount involved in the violation and shall not be
4 more than the greater of \$50,000 or 1000 percent of the
5 amount involved in the violation.”.

6 (2) CONFORMING AMENDMENT.—Section
7 309(d)(1)(A) of such Act (2 U.S.C. 437g(d)(1)(A))
8 is amended by inserting “(other than section 320)”
9 after “this Act”.

10 (c) MANDATORY REFERRAL TO ATTORNEY GEN-
11 ERAL.—Section 309(a)(5)(C) of such Act (2 U.S.C.
12 437(a)(5)(C)) is amended by inserting “(or, in the case
13 of a violation of section 320, shall refer such apparent vio-
14 lation to the Attorney General of the United States)” after
15 “United States”.

16 (d) EFFECTIVE DATE.—The amendments made by
17 this section shall apply with respect to violations occurring
18 on or after the date of the enactment of this Act.

19 **SEC. 3. EXTENSION OF BAN ON FOREIGN CONTRIBUTIONS**
20 **TO ALL CAMPAIGN-RELATED DISBURSE-**
21 **MENTS.**

22 (a) PROHIBITION ON DISBURSEMENTS BY FOREIGN
23 NATIONALS.—Section 319 of the Federal Election Cam-
24 paign Act of 1971 (2 U.S.C. 441e) is amended—

4

1 (1) in the heading, by striking “contributions”
2 and inserting “disbursements”;

3 (2) in subsection (a), by striking “contribution”
4 each place it appears and inserting “disbursement”;
5 and

6 (3) in subsection (a), by striking the semicolon
7 and inserting the following: “, including any dis-
8 bursement to a political committee of a political
9 party and any disbursement for an independent ex-
10 penditure;”.

11 (b) **EFFECTIVE DATE.**—The amendments made by
12 this section shall apply with respect to disbursements
13 made on or after the date of the enactment of this Act.

Mr. BURTON. I now recognize my colleague Mr. Waxman for his opening statement.

Mr. WAXMAN. Thank you very much, Mr. Chairman. I have just a brief comment about the approach I am going to take at this hearing. I generally accord witnesses a presumption that they are telling us the truth in their testimony. Unfortunately, due to false accusations Mr. Chung has made about others and inconsistent statements he has made about his campaign contributions, I can't give him that presumption today. Equally as important, I don't presume he is not telling us the truth.

I commend him for cooperating with the Justice Department and for appearing before this committee, and I am most interested in his testimony. Our committee's role is not to unquestionably accept information or selectively highlight pieces that might fit into preconceived theories. In that spirit, I believe our job this afternoon is to evaluate all the statements Mr. Chung has made and simply assess whether what he is telling us today is reliable and credible. I look forward to the testimony.

[The prepared statement of Hon. Benjamin Gilman follows:]



Statement - "Johnny Chung Hearing"
Rep. Benjamin A. Gilman
May 11, 1999

THIS COMMITTEE HAS PERFORMED THE ARDUOUS
TASK OF INVESTIGATING CAMPAIGN FINANCE
IMPROPRIETIES AND POSSIBLE VIOLATIONS OF LAW,
DUE TO PRESS REVELATIONS IN THE WEEKS PRIOR TO
ELECTION DAY 1996 WHICH RAISED QUESTIONS ABOUT
DEMOCRATIC NATIONAL COMMITTEE FUNDRAISING
PRACTICES -- RANGING FROM FUNNELED FOREIGN
CONTRIBUTIONS TO VIOLATIONS OF DOMESTIC
FUNDRAISING LAWS.

THESE REVELATIONS INCLUDE RELATED ACTIVITIES OF JOHNNY CHUNG AND YAH LIN "CHARLIE" TRIE, WHO HAVE REPORTEDLY CONTRIBUTED FUNDS IN THE NAMES OF OTHER PERSONS AND BOTH REPORTEDLY FACILITATED THE CONTRIBUTION OF FOREIGN FUNDS INTO THE DEMOCRAT NATIONAL COMMITTEE (DNC).

UNDER THE FEDERAL ELECTION CAMPAIGN ACT (FECA) CONTRIBUTIONS IN CONNECTION WITH ANY ELECTION ARE PROHIBITED BY FOREIGN GOVERNMENTS, POLITICAL PARTIES, CORPORATIONS, ASSOCIATIONS, AND PARTNERSHIPS; INDIVIDUALS WITH FOREIGN CITIZENSHIP, AND IMMIGRANTS NOT

LAWFULLY ADMITTED FOR PERMANENT RESIDENCE. IN ADDITION, FECA PROVIDES THAT NO PERSON SHALL MAKE A CAMPAIGN CONTRIBUTION IN THE NAME OF ANOTHER PERSON OR KNOWINGLY PERMIT HIS OR HER NAME TO BE USED TO EFFECT SUCH A CONTRIBUTION, AND NO PERSON SHALL KNOWINGLY ACCEPT A CONTRIBUTION MADE BY ONE PERSON IN THE NAME OF ANOTHER PERSON.

TODAY WE WILL HEAR FROM JOHNNY CHUNG, DEMOCRATIC FUNDRAISER FROM 1994-1996. MR. CHUNG ^{is alleged to have} CONTRIBUTED \$366,000 TO THE DEMOCRATIC NATIONAL COMMITTEE AND OTHER CAMPAIGNS. ALSO IN THIS TIME FRAME, MR. CHUNG VISITED THE WHITE HOUSE 49 TIMES, MANY TIMES TO ESCORT POWERFUL CHINESE

BUSINESSMEN TO MEET THE PRESIDENT.

I AM HOPEFUL THAT TODAY'S HEARING WILL
FURTHER ENLIGHTEN ^{ON} THE COMMITTEE AND THE
AMERICAN PEOPLE ^{WITH RESPECT} AS TO THE PROBLEMS WITH OUR
CURRENT CAMPAIGN FINANCE LAWS AS WELL AS THE
NEED TO ENFORCE THOSE WE HAVE ON THE BOOKS.

THE ALLEGATIONS WE ARE INVESTIGATING
FOLLOW AN ELECTION CYCLE THAT SAW NEAR RECORD
AMOUNTS OF MONEY SPENT ON A FEDERAL CAMPAIGN.
THIS TREND OF ESCALATING CAMPAIGN SPENDING AND
ABUSES RAISES MANY CONCERNS THAT THE CAMPAIGN
FINANCE LAWS ENACTED IN THE 1970S ARE NO LONGER
ADEQUATE AND NEED REFORM.

I AM CONFIDENT THAT THIS COMMITTEE IS PROCEEDING IN THE RIGHT DIRECTION AND I LOOK FORWARD TO CONTINUING TO WORK WITH MY COLLEAGUES ON ENSURING THAT OUR NATION'S CAMPAIGN FINANCE LAWS ARE ADEQUATE AND UP TO THE CHALLENGE IN MEETING THE CURRENT TREND OF INCREASED CAMPAIGN SPENDING. WE MUST PUT AN END TO THESE CURRENT ABUSES AND RESTORE OUR TRUST WITH THE AMERICAN PEOPLE.

THE HEARINGS WE ARE ABOUT TO PROCEED WITH THIS WEEK ARE, I BELIEVE, A POSITIVE STEP IN ^{THAT} ~~THIS~~ DIRECTION.

#

Mr. BURTON. At this point would you rise, Mr. Chung. Would you raise your right hand.

[Witness sworn.]

Mr. BURTON. Good morning, Mr. Chung, Mr. Sun, Mr. Murphy, and Ms. Cohen. Ms. Cohen is back there in the back.

I think right now we would appreciate it if you would go ahead and make your opening statement, and because you have a lot of ground to cover, we will not put any limitations on your time because you have a story to tell, and we want to hear it all. So, Mr. Chung, we will now hear your testimony.

STATEMENT OF JOHNNY C.C. CHUNG

Mr. CHUNG. Thank you, Mr. Chairman. Good morning, Mr. Chairman and the members of the Committee on Government Reform. My name is Johnny Chung. I reside in Artesia, CA, with my wife Kathy and three children.

I have been asked to testify before this committee on the matters related to certain political contributions I made from 1994 through 1996. With your permission, Mr. Chairman, I will read this written statement and ask that it be made part of the record of these proceedings today.

Mr. BURTON. Without objection, so ordered.

Mr. CHUNG. In testifying before the committee, I hope to clear the record once and for all regarding a number of matters that have touched my life so deeply. In particular, I hope to address and clear up a number of issues that have been raised concerning the motivations and circumstances surrounding my political contributions between 1994 and 1996, and in particular the many falsehoods and misleading statements made by the media, politicians, and others concerning my experiences. I therefore welcome the opportunity to tell my full story to you today.

During our last meeting in November 1997, I advised you through my counsel that I was unable to provide you with the details of certain of my business relationships due to a pending criminal investigation by the Department of Justice. The Department of Justice has now agreed that I may testify with certain limitations, and I will make every effort to provide this committee with full and accurate information and to answer as many questions as possible that I previously was unable to answer. After my testimony is complete, I am looking forward to putting this matter behind me once and for all.

At the outset, I must make the statement and observation that I believe my testimony here today will probably disappoint a lot of people. Contrary to what some people think, I have never acted as an agent for the Chinese Government. I have never sought to do anything that might facilitate any sinister attempt to undermine the interests of my country, the United States, which I love. Far from it. I am a first-generation immigrant, a U.S. citizen, who, like your forefathers, do not speak English as good as my children and my wife do, but I am as loyal to my country as any of you.

One of my deep regret about this entire matter has been the terrible impact that the campaign finance scandal caused in part by myself has had upon Asian Americans and, in particular, Chinese Americans. This controversy, which has been intensified by par-

tisan politics and a sometimes vicious and overreaching media has caused me to fear that there will be a resurgence of the same type of anti-Chinese hysteria as we have seen historically in this country before. It is my hope that my testimony will help put a stop to the type of inflammatory columns written by people like Mr. Safire in the New York Times and others who seem to want to blame everything on China and cast doubt on the loyalty of Chinese Americans such as myself.

In this regard, I would note that Chinese Americans and Asian Americans have for over a century contributed to the growth and greatness of America. Asian Americans, like your ancestors, have contributed and participated in every level of our society. However, in my view, we have not been successful in being full participants in the political process. I would note there is not a single Asian American member of this committee, except for Mrs. Mink of Hawaii, and very few Asian Americans in Congress or at high levels of our government.

The system is set up so that if you donate money, you can participate. To participate in the American political process, Asian Americans, like myself, sought access just like any other group through a system we did not create. It is about this system that I will tell my story and how it ultimately destroyed my business and my reputation.

In telling my story to you, I must make one other observation and request. It seems to me that the American people deserve an answer from you politicians who talk a lot about changing and improving the system. Yet more than 2 years after this controversy erupted, you, the Congress, have done nothing to change this system. Indeed, within the last month I received an invitation to a fundraiser where I might have got yet another photo opportunity with some politician, although most of you would probably run away from me at this point.

What I want to say here is that I hope my testimony doesn't really end up being a shouting match between you Republicans or Democrats. Your attacking each other or attacking others who have had their reputations ruined, in some instances without any justification, serves no useful purpose.

If you really want to do something about this, then change the system that allowed me to, with a few selected donations, attract the interest of the head of Chinese military intelligence. In other words, although I certainly feel I have some responsibility in this matter, I also think you should look to yourselves and ask yourselves if you really want to do something about this. Adopt some laws and regulations that limit the need for such huge amounts of money in order to run a political campaign. Both sides are probably equally at fault for letting this need for money get out of hand. We unfortunately live in a system where Ambassadorships can be bought, and staying at the White House can cost as little as \$50,000, or access to our President or a Presidential candidate can be had if you are famous in Hollywood. Again, please keep in mind that I didn't create this system, you did.

I therefore ask this committee to keep in mind that I don't think I am alone in suggesting that you politicians have the opportunity to be either heroes or hypocrites. I hope my testimony will help you

ultimately to become heroes. When the historians write about this chapter in our history, hopefully they will say that our democracy survived the challenges of partisan politics, and we were able to create a stronger and a better country. You politicians should not always kowtow to the media, who you allow to influence you way too much, a media which doesn't hesitate to destroy one's reputation without solid facts.

Were it not for the support of my family and the members of my church, I am not sure I would have been able to have the strength to deal with the public and personal attacks on my character. I do remain hopeful that as I tell my story today, you will understand that this former busboy and supposed friend of the President and politicians has paid a very high price for my involvement in politics. I found myself wearing a body wire and along with my family at one point in protective custody. I simply want to go back to a normal life where I can become an active and contributing member of my community once again.

I would like now, Mr. Chairman, to talk about my personal and business background which led me to get involved in this matter.

I was born and raised in Taiwan and came to the United States in 1983. After working as a busboy and working in a Holiday Inn, I ultimately opened my own business in the late 1980's. After having mixed success, I started a fax broadcast business using what was then fairly new technology. However, my desire to expand this business required a substantial amount of capital. As a consequence, I was constantly looking for shareholders or investors to help me ultimately take this business public.

By 1992, I began to target my business toward government agencies, political candidates, and elected officials who I believed could get the most useful benefit from a fax broadcast capability. As my business records reflect, I was able to get business from a number of political candidates and ultimately secured a contract with the State of California from then Governor Pete Wilson's office.

As a consequence of my efforts to develop business, I traveled extensively to many of the offices of the Governors throughout the country, including the then Governor of Arkansas Bill Clinton. It was ultimately at a national Governors' conference in 1994 that I first came in contact with an official of the Clinton administration who later invited me to attend my first significant fundraiser, the President's 48th birthday party in August 1994.

It was after this event that I began to realize the value and importance that political donations could have on my ability to get access and to further my business contacts. I also found it to be exciting. I can never forget the thrill that me and my family and my parents had when we first met the with the President and the First Lady at his birthday party. While you elected officials may be used to that kind of thing, most Americans, I think, including my family, were very much impressed and overwhelmed by this event. You get the feeling when you go to these things that you are a VIP, and even though people treated us like VIPs only because we gave the money, it still felt good.

I began to realize, however, that I could also get a little something back for giving money. I saw the opportunity of attending these events and getting pictures with the people like the President

and the Vice President and others as an opportunity to promote my business, and in particular the possibility of access for potential shareholders, investors or other business clients. And as I will relate you to shortly, my first contacts with the Haomen Beer people in December 1994 started me on the road toward attracting investors and relationships from a number of the business people based in the People's Republic of China. Little did I know then that these relationships would ultimately cause me great heartache. At the time I saw it as a great opportunity.

One thing I should try to make very clear at this point. Beginning in 1995 through the end of 1996, my business relationships in China evolved from efforts to obtain fax business to a business consulting relationship where I performed many services for these Chinese business contacts. It is important to have people understand that much of what these people wanted from me went well beyond me simply just taking them to a fundraiser. These people wanted me to do everything from assisting them in getting a visa to enter this country, to escorting them around the country, providing interpreter services, paying their expenses, and making introductions to both business and government contacts.

Certainly it was very important to these people to have pictures taken with high-level American Government officials. For people who do business in China, pictures are worth their weight in gold. Just like many American companies such as Coca-Cola or Pepsi will spend millions to advertise in a Superbowl game, these business people and their companies treasure photographs with important people, because in China such photographs project a great sense of importance and reflect the degree of your importance. As a consequence, they were willing to provide me significant sums of money to help them to get these photos. We in America sometimes don't realize how important such things are in other cultures.

In addition, I promoted myself to these people as someone who could get a lot of such things done, and that if they provide me with consulting fees or choose to invest in my company, I could assist their business efforts in the United States. It is my opinion that much of what these people wanted from me had less to do with influencing any election as it was to gain what most Americans want from our system: influence and the ability to develop relationships with important people. A lot of the people I met in China like Americans and wanted to move here or send their children here for education. In fact, despite the recent controversy about technology and espionage, a lot of the Chinese I met in the People's Republic of China admire Americans and wanted to do business and develop friendships.

Much has been written and said about me being a conduit for foreign source donations to the Democratic National Committee. I have told the FBI and I previously have maintained that whenever I was given money, it was generally to provide a number of services for my business partners, clients, or investors. While there is no doubt that these people had some understanding that when I took them to an event, I would often have to donate to get them in, there was never any discussion about how much to give or when to give. Perhaps the only exception was my encounter with Ji Sheng De, which I will discuss in a moment.

For the most part, however, I chose when to go to an event, who to invite, and how much I was to give. I usually decided whether to attend an event depending on whether or not I was trying to solicit someone for business and impress them or demonstrate to them that I had the ability to get them to meet the President or some important figure and have their photo taken with them. For whatever reason, this ability to do this service, among others, suggested to many who I dealt with in the People's Republic that I had connections and could introduce them to powerful people in this country.

I will note for the record that I received in excess of \$2 million from 1994 to 1996 as a result of my business relationships in China. Less than 20 percent of that sum was actually donated to political causes. A substantial portion of that money was used to either pay the expenses of my business, the expenses of entertaining, and providing services to these business groups, and to return investments back to some of my shareholders. Even with the incident involving Ji Sheng De and Liu Chao Ying, I have never intended for my business to be used to make illegal political contributions. I always intended that I would have the ability to decide what to do with the money after I received it.

Before I turn to a specific discussion of the various events and individuals that I dealt with between 1994 and 1996, I would like to say that I am very disappointed in the way that the Democratic National Committee has treated me in this matter. They prejudged my case, attacked me publicly, and even attempted to persuade Judge Real, the judge who sentenced me last December, that I somehow was an evil man and deserving of great punishment. I think that they should be ashamed of themselves for attempting to jump on me and hide from the fact that they aggressively solicited me for money from August 1994 until the campaign finance controversy came to light in late 1996. I now realize that they took my money with a smile and made fun of me when I turned my back.

Today I have mixed feelings about the President and the First Lady, but I can't help but think that they used me as much as I used them. I also think, however, that it was grossly unfair for the DNC to attack me when they were fully aware that I was doing a lot of business and cultivating friendships with people from the People's Republic of China. I felt vindicated when Judge Real at my sentencing said that if the DNC didn't know about my business relationships, they had to be the dumbest politicians he had ever seen.

Most important, I thought it was vicious for them to write a letter to Judge Real when they did not know the true facts, particularly after I had secretly cooperated with the government, worn a body wire, put myself and my family at potential risk, and for some period of time lived in fear and uncertainty. On the other hand, the DNC certainly was not aware of the contacts that were made by Mr. Ji and the incident involving my receipt of \$300,000 from Liu Chao Ying in August 1996.

I will now turn to my recollections of those events and other matters that I believe are of some interest to this committee.

Liu Chao Ying. I first met Liu Chao Ying in a restaurant in Hong Kong in June 1996 at a dinner I attended with one of my

business associates. There were a number of big tables full of people at this dinner. Apparently Liu had heard that I might be able to get her access to high-level people in Washington, DC, and Liu asked me if I would be willing to get her an invitation to the United States. I agreed, and eventually she became part of the meetings and events that I had already scheduled in July 1996 for Mr. Yao and others.

I was going from Los Angeles to New York with Mr. Yao, who at that time wanted to take his companies public. I had previously met Federal Reserve employee Israel Sendrovic on a cross-country plane trip, and Mr. Yao asked me if I could set up a meeting for these officials.

I took Liu along during these meetings with officials in New York and Washington, DC. She seemed impressed and told me that she wanted to do business with me. She explained that she was thinking of putting a company on the New York Stock Exchange. She said she would give me \$300,000 that I was supposed to use to help her set up her business, which was supposed to be in telecommunications and commercial fishing in southern China. I then set up Marswell Investments in late July, early August 1996 for this purpose. At that time I used my own money to set up the company, but I expected that these costs would ultimately come out of the \$300,000 Liu Chao Ying had promised me.

During the Washington, DC, event with Liu and Mr. Yao, I introduced Liu to Don Fowler as the daughter of a powerful general. Fowler joked that he had a low rank in World War II. Also during that trip, I had a discussion with Liu Chao Ying at the Willard Hotel. Liu Chao Ying asked me if I had a Hong Kong bank account. I said yes and gave her my bank account number in Hong Kong by writing "void" across a blank check and giving the check to her. During this conversation, Liu Chao Ying also told me: Don't do business with Mr. Yao, just do business with me. I was still not sure if she would provide the \$300,000. I did notice on this occasion and on another occasion that a picture of me was missing after I met with Liu Chao Ying. The other occasion was during one of my visits to Hong Kong.

Also during my various discussions with Liu Chao Ying, she informed me that she was going to change her travel plans as a result of what she felt were our very productive meetings. Originally she had been scheduled to go back to Hong Kong after this trip by changing her plans so that she could go directly to Beijing. She later told me that the reason that she went to Beijing instead of Hong Kong was so that she could tell her father about her trip.

August 1996 meetings with General Ji. On August 7, 1996, I returned to Hong Kong with my daughter and her friend. On August 11, we were in Zhuhai, which is across the border from Macau and in China, when I received a phone call from Liu Chao Ying, and she invited me to a dinner with someone who she said was a very important man from Beijing. I accepted the invitation.

The dinner was on August 11, 1996. Liu Chao Ying picked me up in her car, and we went to a restaurant which is famous for its abalone. I do not remember the name of the restaurant. She told me that the man we were going to meet with was very important. Liu Chao Ying stressed that I should not be afraid to talk myself

up, and she encouraged me to show him my brochure. Liu Chao Ying told me that I was a much more impressive prospect than Charlie Trie because I had better connections than Charlie Trie and that my brochure was much better than Trie's.

I also would like to add one oddity that stuck out in my mind. At one point during our conversation, Liu Chao Ying made a cellular phone call from the restaurant's basement. I asked her how she could make a call from a basement. She said there was a special antenna.

When General Ji arrived, he came through the kitchen and introduced himself as Mr. Xu, the Chinese equivalent of Mr. Smith. The general said, you can call me Mr. Xu, and it was clear from the way he said this that this was a bogus name. I and Liu Chao Ying spoke with Ji about her recent trip, talking up the past times I was able to get meetings with politicians and dignitaries. Liu Chao Ying was very deferential to Ji in a way that it made me think he was her boss or superior.

The key information relayed to me at this dinner from Ji was the following: We really like your President. We hope he will be re-elected, or we would like him to be reelected. I will give you 300,000 U.S. dollars. You can give it to or use it for your President and Democratic party.

I was somehow startled by this proposal, and I wondered who this man really was. However, I don't want to insult him or insult Liu, so I remained quiet and agreeable. I said something like, this is fine. It would be great to do business together. The more business I can do, then the more money I can give to the President and Democrat party.

Ji then left through the kitchen and then we left the way we came in. No one paid the bill.

When I got in the car with Liu, she put her finger up to her lips and indicated that I should not talk while they were in the car with the driver. When we got out of the car, I asked, "Who is he?" And she told me the General's name and who he was. I did not recognize the name.

Liu scolded me and said that I need to know my Chinese history better. She explained that his predecessor was the government official who said that the American government should be more worried about missiles headed to Los Angeles than Taiwan.

She then told me Ji was the military intelligence director of the People's Liberation Army. She wrote down his name on a small piece of paper and gave it to me and I put the paper in my pocket. Since my daughter and her friend were there, I was not going to make a big deal about this.

At the time, I was staying with a friend. The next day I told my friend who I met with, and my friend said that Ji is a very important person. I also showed my friend in Shuhai the piece of paper with the name, and he recognized the name.

The second meeting with Liu Chao Ying and General Ji: On August 13, 1996, I met again with Liu Chao Ying and General Ji back in Hong Kong. We met at a hotel lobby in the bar. The hotel is next to the Shangri La Hotel. I first was with Liu and then General Ji came in to join us.

Ji said to me, “now you know who I am.” He told me that his name was so sensitive that he still wanted me to call him by an alias, “Mr. Xu.” Ji spoke in Chinese to Liu, saying, “I will wire \$300,000 to your account and you wire it to him.” Ji said he needed a “receipt” or “report” to give “to the organization”.

At this point, Mrs. Ji came into the bar and sat with us and the talk changed to talk about children. General Ji had a son who was attending UCLA. His son wanted to stay at UCLA and in the United States. Mrs. Ji said the son, Alex, was the favorite of his grandfather. It was a very informal discussion of mothers and fathers talking about their kids.

Mrs. Ji also said she was going to come back to the United States, where she told me she had already lived for 11 years. Alex began to work AISI, my company, shortly after I returned from this trip. He worked beginning in October and November 1996 and on and off through February 1997.

After Ji left this meeting, I briefly expressed to Liu my concern about getting involved with the General’s money. My understanding was that she was going to give me the \$300,000, and now that was changing and I didn’t want to get involved in this kind of arrangement. I then went back to my hotel room.

The next morning, August 14, Liu called me early and was yelling at me about not having a United States dollar account in Hong Kong. I had previously given her my account number at a Hong Kong bank. Liu always talked in foul language and she said to me, “Damn it”—her language was worse than this—“how come you don’t have a U.S. dollar account?” I told her to come over after she was done so I could talk to her.

When she came over later that day, I continued to raise my concerns about getting the money from General Ji instead of Liu herself. I also pointed out that the money was supposed to be for the various business deals we had discussed in July.

In response, she told me that I could use the money for three things: I could give it to the President and the Democratic party; I could use it to take care of the General’s son, Alex; and I could use it for my own purposes/business and to set up my and Liu’s companies. I told Liu I was concerned because she had promised me her money and now this was something different.

In what I perceived as an effort to persuade me that it was OK to do it this way, she told me that Mark Middleton also “got half a million” from a Singapore group, from someone named Hwang, Huang, or Wong, and the purpose of the money was “to do good things for China,” or to benefit China. She also mentioned a Boeing representative in Hong Kong who she said they give a lot of business to.

In conjunction with the Boeing representative, the name Young was mentioned. She also said that “we gave him the business in order for him to do good things for China.” I did not have a first name of this Mr. Young. My sense was that I was told this so I wouldn’t be worried about taking this money from Ji and Liu Chao Ying. My impression of these other examples was that they were involved in developing relationships and access to help China.

I had limited dealings with Mark Middleton but knew who he was when Liu mentioned him. I had met him through Richard Sul-

livan in 1994 and had contacted him in early 1995 to talk about a friend who needed some assistance with a Swiss bank account. The friend was Ruth Lin, a child of a rich Chinese family. Supposedly she was prepared to help the DNC if she could get help from this bank account.

She told me that there were people who were trying to kill her and she wanted to get the family's bank account in Switzerland. I called Sullivan and asked him to have Mark Middleton call to help her. I also asked Middleton to call her too. Middleton told me that my associate, Larry Liou, was also pressing him to do something for her. I also saw Middleton at the White House when I visited in 1996.

After these representations from Liu, I kept the money, which actually had already been transferred into my account that morning by Liu. I never had any intention to give the \$300,000 to the Democrats, and I ended up following Liu's advice and used the money primarily for myself and for helping the General's son, although I did make some donation to the DNC that was from the same account into which Liu made the deposit.

I commingled money from multiple sources into this account, and I did not intend for the donation to come strictly from Liu's funds. I also donated to John Kerry in this timeframe, but in my mind I had already obligated myself to contribute to Kerry back in July when his people arranged the meeting at the SEC for Liu Chao Ying and Mr. Yao. As I have said before, although I received money from many sources, I alone decided how and when to donate it, who to donate it to, and how much.

I believe my bank account at Overseas Trust Limited shows a wire being received on August 14, 1996, and then it went to my Cal Fed bank account. I wrote a check for the President's birthday party from that account.

On August 16, 1996, I transferred the money from Cal Fed to General Bank in order to make a contribution to the DNC. I would also note that on this same day, Mr. Yao wired \$200,000 into this same Overseas Trust account.

I always considered the money in this account, including the money from the General, to be my money, and I was free to do with it what I wanted. I emphasize that except for the General, no one told me to give money to the Democrats. All of the money I received I have reported as income.

I next saw General Ji's wife when she came back to the United States with her son. I set up their attendance at a Presidential fundraiser, the "Back to the Future" event, at a California movie studio on October 17, 1996. I took my driver and secretary as well as the General's wife and Alex to meet the President.

There was a mix-up with the DNC, and my driver and secretary were given a private audience with the President, while me and the General's wife and son were not included. While my driver and secretary were very appreciative, I was very upset. When the President came into the main event, I moved my way to the front and got in contact with the President and introduced the General's wife and son. The President spoke with Alex and asked him what he was majoring in at college. A picture was then taken by the General's wife or Alex, but I do not know what happened to it.

Ultimately, I did not donate any money to the DNC for this event because they made a mistake with the introduction and photo opportunity. Karen Sternfeld of the DNC complained to me that I didn't give them enough money, and I explained to her that this was a very important guest and they had made a mistake. I said Irene Wu, my employee, usually handled all of the details in setting up attendance at these events and she had called the General's wife and son to set this up. At this event, I tried to talk with the Democratic National Committee chairman, Don Fowler, and Fowler scolded me for not meeting my fundraising obligations.

At some point in the fall of 1996, General Ji raised concerns with me that Liu Chao Ying could only get a one-entry visa instead of the multiple entry visa that she had received on a previous occasion. Before the July 1996 Eli Broad fundraiser, I went with Liu to get a visa in Guangzhou, China, and told a female consular officer that since this was a general's daughter and that she previously had a multiple entry visa, she should get a multiple entry visa again.

After Liu deposited the money into my account, I wrote a letter, August 18, 1996, to get Liu Chao Ying an invitation to Washington, DC, and to go to the Democratic National Convention. At this point, Liu didn't get her visa and she couldn't come. Don Fowler also invited her to come to the convention.

Charles Parish: In early 1995, Mr. He, the president of Haomen Beer, asked me to obtain a visa because his visa was expired. I had previously met with Mr. He when I took he and a delegation around Washington, DC, in December 1994 in order for them to promote their beer in the United States.

I took Mr. He to the U.S. Embassy where I was introduced to Charles Parish. I felt at that time that Mr. Parish and I sort of "hit it off" and were going to be friends. It was not until later that I became aware that Mr. Parish and He of Haomen Beer had developed a separate relationship.

Charles Parish helped me get visas for dozens of people who asked me to provide them with invitations to the United States. I also socialized and did many favors for Mr. Parish. I took him as my guest to the September 1995 DNC fundraiser at the Century Plaza Hotel in Los Angeles, to which he also brought his sister and his girlfriend.

At the event, I took Parish to a private VIP reception with President Bill Clinton. Mr. Parish insisted that Mr. He and Mr. He's girlfriend have the opportunity to have their picture taken with the President. This was a request that prompted the DNC to ask me for an additional \$70,000 contribution.

After the Century Plaza event, I arranged a private tour of First Lady Hillary Clinton's office for Mr. Parish when both he and I were in Washington, DC. At Mr. Parish's request, I gave invitations to the United States to at least two women who were girlfriends of his.

In Beijing, Parish would occasionally stop by my office. On one of these visits he asked me to hire a computer tutor to train his secretary at the Embassy. I spent \$500 of my own money accommodating this request. He also asked me to pay the tuition for seven students who he knew that wanted to be educated in the United

States. Although I did not know these students, I spent between \$7,000 to \$8,000 of my own money doing this for Mr. Parish, including sending school supplies like computer programs and books directly to Beijing at his request.

Charles Parish did help me out on many occasions. As I stated previously, he approved visa applications for business associates that I brought to him. However, by the end of 1995 I decided I did not want to continue my relationship with Parish. Part of the reason why I no longer wanted to deal with Parish was because he and Mr. He had entered into a relationship that I was not comfortable with.

On at least one occasion I was asked by Mr. He to give a shopping bag of money and visas to Parish. Several months later, Mr. Parish asked me to have Mr. He—I want to make a correction here. I was asked by Mr. He to give a shopping bag of money and a passport to Mr. Parish. Several months later, Mr. Parish asked me to have Mr. He call him. Parish said that he wanted to be sure that these people he provided visas for actually come back to China. Later, Parish told me that indeed they did return to China.

I became unhappy with the way I was being treated by my business associates in Beijing, so I decided to close my office. Too many people were asking me for visas rather than doing business with me.

A gentleman, Robert Luu: Early in 1996, when I was in Beijing, I said I was called in the middle of the night by a man named Cui Bao Chien, connected with the Great Wall International Culture Co., who woke me up and said I need to come over to where he was, a karaoke bar. I went there and walked into the room where I was directed, and it was a conference-sized room with men and women around a table.

I was introduced to the people, and one of the people in the room was Mr. Robert Luu, who was a Chinese-American United States citizen who was in Beijing and had not gone back to the States because of some legal problem. He asked me how to handle his case, and I told him he should go back to the United States to work it out.

I next met Luu in mid-1996. Luu came to the AISI office in Los Angeles where I met him for approximately 10 minutes. Luu discussed a business proposal.

The next time I heard from Luu was before my plea. In February 1998 I received a call at my business office from Mr. Luu. A message was left that I had received a phone call from Mr. Luu from Beijing. I didn't remember who Luu was and I did not call him back.

I pled guilty in March 1998 and began being debriefed by the FBI. Luu called me again. At that time I had been told by the FBI to keep a recording device to record any suspicious conversations, so I did so with this man.

In late April/early May 1998, Luu called me and asked how I was doing. He also spoke sympathetically about me being in a difficult situation. Luu asked to meet me, and I obtained specific instructions from the FBI about how to deal with Luu. Again, I was instructed to record all of their conversations.

In their first meeting, Luu started talking about a Commander Li who wanted to take care of me. The message was as follows: "If you keep your mouth shut, you and your family will be safe." The Chinese are more polite and indirect than this, so the words do not precisely translate. The Chinese communication was much more subtle. Nevertheless, this was how I interpreted the meaning of the words.

Essentially the message that I believe I was given was that me and my family would be safe if I didn't, and if I did talk, I could not be certain what would happen. At a minimum, I believed I was being threatened. The FBI told me that they suspected Luu might have criminal connections.

Luu also suggested he was in contact with some people from Beijing who were also known to me. Luu also mentioned that he received money from Beijing. Luu said they would give me money to take care of my legal expenses and my family and I could retire.

Luu also asked if we could meet again and gave me an address. I was also given a code to use. This was in early May. Throughout this process, the FBI was monitoring communications. The FBI identified Luu as a San Gabriel businessman.

In the next meeting with Luu, I raised questions about my security. We met in an open area for about 10 minutes, and Luu wanted to know the name of my judge. Luu also gave me the business card of an attorney. He told me he wanted me to meet that attorney at a downtown location and asked me to bring my case file.

Again Luu inquired about my family and he again implied that I should keep quiet, and that if I did so, things would be OK. Luu also told me that he would give me money to pay for my legal bills and said that he thought it possible that Chinese political prisoners could be released if I did not cooperate. At that time, I felt Luu was scripted in the same way that I had been scripted by the FBI.

In the first week of May, I learned that the New York Times was doing a story that involved Luu Chao Ying and the \$300,000. The FBI and I were very concerned that the news story would scare Mr. Luu off. My attorney and I tried to get the New York Times to kill the story. They refused.

On the day before the story came out, May 15, 1998, I ended up going forward with a meeting with Luu and his attorney. I consulted with the FBI before I proceeded. The plan was to tell Luu and the attorney that the New York Times may come out with a bogus story, and I was going to say that the FBI was really beating up on me, and I actually gave them an FBI agent's business card.

When I met with the attorney and Mr. Luu, there were FBI agents throughout the building. I was told the attorney was connected and knew the No. 3 person at the DOJ, Department of Justice, and that he was familiar with the judge that was presiding over my case. Luu and the attorney were pitching me to replace my lawyer, Mr. Sun. The lawyer gave me an example of someone who did not cooperate and how everyone around him was taken care of. He said that this client was sentenced to a country club jail.

One of the things that the FBI encouraged me to ask Mr. Luu was "Who is behind you?" When I asked him, Luu responded by giving me the nickname that I had given previously to Liu Chao Ying; the nickname "Guniyang" which means "country girl." Luu

said Gunyang was happy that I was protecting her. Luu also mentioned General Ji. Luu also suggested they could plant newspaper story and that I might be able to get a Presidential pardon.

Separately, Mr. Luu implied that they could ensure that the judge would give me a light sentence. The attorney also said he had experience with Watergate. I asked him how he could help me. I was coached by the FBI to be skeptical and press for answers. In this meeting Mr. Luu said that they could take care of my attorneys' fees.

I was very nervous during this meeting and afterwards the FBI concluded that I had to be moved to a safer place. At that time they moved me to a hotel for 21 days with my family. My daughter, who was graduating in this timeframe, had to go to graduation with an FBI escort. I also had many phone calls and faxes with Mr. Luu, both before and after these meetings. This was a period of great stress for me and my family.

There were at least a dozen meetings and conversations between me and Luu during May, June and July, up through the President's visit to China in the summer of 1998. On Memorial Day weekend, Luu said he had money at his house for me to pick it up, but the FBI was afraid for me to be alone at his house and they didn't have me go through with picking it up. At another point, Luu was going to put money in an account for me, but he didn't come through with it.

By July, Mr. Luu started making self-serving statements on the tapes and tried to distance himself from previous statements. I was instructed by the FBI to tell Mr. Luu that I was going to be subpoenaed by the grand jury and that I had to tell the truth. Mr. Luu at that point had talked about how he thought he was being followed or taped and he told me to tell the truth.

By the end of the summer, I told Mr. Luu that I was going to be subpoenaed and asked what I should do. By this time, Luu suspected something was going on, either he was under surveillance or he was being taped, and he began making self-serving statements and exculpatory statements. Luu said if he was ever caught, he "would deny" everything, and that he "doesn't know Luu Chao Ying, doesn't know anybody."

Luu told me at this point that I should tell the truth. Luu also said at this point he just wanted to get my case for the other lawyer. I also asked Luu if I should blame this on General Ji and Mr. Luu said sure, the "Gunyang" would like to do that.

My last question to Luu was, "What should I tell them about you?" This question made Luu very uncomfortable and Luu said, "I know nobody. I am nobody." I told him I couldn't lie to the grand jury. I worked with the FBI throughout this entire effort and was coached on what to say to Luu.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Chung follows:]

**TESTIMONY OF JOHNNY C.C. CHUNG
BEFORE THE COMMITTEE ON GOVERNMENT REFORM & OVERSIGHT
HOUSE OF REPRESENTATIVES
MAY 11, 1999**

Good morning Mr. Chairman and members of the Committee on Government Reform and Oversight. My name is Johnny Chung. I reside in Artesia, California, with my wife, Kathy, and my three children.

I have been asked to testify before this committee on matters related to certain political contributions I made from 1994 through 1996. With your permission, Mr. Chairman, I will read this written statement and ask that it be made part of the record of these proceedings today.

In testifying before the Committee, I hope to clear the record once and for all regarding a number of matters that have touched my life so deeply. In particular, I hope to address and clear up a number of issues that have been raised concerning the motivations and circumstances surrounding my political contributions between 1994 and 1996 and, in particular, the many falsehoods, and misleading statements made by the media, politicians and others concerning

my experiences. I therefore welcome the opportunity to tell my full story to you today.

During our last meeting in November 1997, I advised you, through my counsel, that I was unable to provide you with the details of certain of my business relationships due to a pending criminal investigation by the Department of Justice. The Department of Justice has now agreed that I may testify, with certain limitations, and I will make every effort to provide this committee with full and accurate information and to answer as many questions as possible that I previously was unable to answer. After my testimony is complete, I am looking forward to putting this matter behind me once and for all.

At the outset, I must make the statement and observation that I believe my testimony here today will probably disappoint a lot of people. Contrary to what some people think, I have never acted as an agent for the Chinese government; I have never sought to do anything that might facilitate any sinister attempt to undermine the interests of my country, which I love. Far from it. I am a first generation immigrant, a U.S. citizen who, like your forefathers, do not speak English as good as my children and my wife do, but I am as loyal to our country

as any of you. One of my deep regrets about this entire matter has been the terrible impact that the campaign finance scandal, caused in part by myself, has had upon Asian-Americans, and in particular, Chinese-Americans. This controversy, which has been intensified by partisan politics, and a sometimes vicious and overreaching media, has caused me to fear that there will be a resurgence of the same type of anti-Chinese hysteria as we have seen historically in this country before. It is my hope that my testimony will help put a stop to the type of inflammatory columns written by people like Mr. Safire in the New York Times and others, who seem to want to blame everything on China and cast doubt on the loyalty of Chinese-Americans such as myself.

In this regard, I would note that Chinese-Americans and Asian-Americans have for over a century contributed to the growth and greatness of America. Asian-Americans, like your ancestors, have contributed and participated in every level of our society. However, in my view, we have not been successful in being full participants in the political process. I would note there is not a single Asian-American member of this committee except for Ms. Mink of Hawaii, and very few Asian-Americans in Congress or at high levels of our government. The system is setup so that if you donate money, you can participate. To participate

in the American political process; Asian-Americans, like myself, sought access just like any other group through a system we did not create. It is about this system that I will tell my story and how it ultimately destroyed my business and my reputation.

In telling my story to you, I must make one other observation and request. It seems to me that the American people deserve an answer from you politicians who talk a lot about changing and improving the system. Yet, more than two years after this controversy erupted, you, the Congress, have done nothing to change this system. Indeed, within the last month I received an invitation to a fund-raiser where I might have got yet another photo opportunity with some politician -- although most of you would probably run away from me at this point. What I want to say here is that I hope my testimony doesn't really end up being a shouting matching between you Democrats and Republicans. Your attacking each other or attacking others who have had their reputations ruined, in some instances without any justification, serves no useful purpose.

If you really want to do something about this, then change the system that allowed me to, with a few selected donations, attract the interest of the head of

Chinese military intelligence. In other words, although I certainly feel I have some responsibility in this matter, I also think you should look to yourselves and ask yourselves if you really want to do something about this. Adopt some laws and regulations that limit the need for such huge amounts of money in order to run a political campaign. Both sides are probably equally at fault for letting this need for money get out of hand. We unfortunately live in a system where ambassadorships can be bought and staying at the White House can cost as little as \$50,000 or access to our President or a presidential candidate can be had if you are famous in Hollywood. Again, please keep in mind that I didn't create this system, you did.

I therefore ask this committee to keep in mind that I don't think I am alone in suggesting that you politicians have the opportunity to be either heroes or hypocrites. I hope my testimony will help you ultimately to become heroes. When the historians write about this chapter in our history, hopefully they will say that our democracy survived the challenges of partisan politics and we were able to create a stronger and better country. You politicians should not always kow tow to the media, who you allow to influence you way too much-- a media which doesn't hesitate to destroy one's reputation without solid facts.

Were it not for the support of my family and the members of my church, I'm not sure I would have been able to have the strength to deal with the public and personal attacks on my character. I do remain hopeful that as I tell my story today, you will understand that this former busboy and supposed friend of the President's and politicians, has paid a very high price for my involvement in politics. I found myself wearing a body wire and along with my family at one point, in protective custody. I simply want to go back to a normal life where I can become an active and contributing member of my community once again.

I would like now Mr. Chairman to talk about my personal and business background which led me to get involved in this matter.

I was born and raised in Taiwan and came to the United States in 1983. After working as a busboy and working in a Holiday Inn, I ultimately opened my own business in the late 1980's. After having mixed success, I started a fax broadcast business using what was then fairly new technology. However, my desire to expand this business required a substantial amount of capital. As a consequence, I was constantly looking for shareholders or investors to help me ultimately take this business public.

By 1992, I began to target my business towards government agencies, political candidates and elected officials who I believed could get the most useful benefit from a fax broadcast capability. As my business records reflect, I was able to get business from a number of political candidates and ultimately secured a contract with the state of California from then Governor Pete Wilson's office. As a consequence of my efforts to develop business, I traveled extensively to many of the offices of governors throughout the country, including the then governor of Arkansas, Bill Clinton. It was ultimately at a National Governors' Conference in 1994 that I first came in contact with an official of the Clinton Administration who later invited me to attend my first significant fund-raiser, the President's 48th birthday party in August 1994. It was after this event that I began to realize the value and importance that political donations could have on my ability to get access and to further my business contacts. I also found it to be exciting. I can never forget the thrill that me and my family and my parents had when we first met the President and the First Lady at his birthday party. While you elected officials may be use to that kind of thing, most Americans, I think, including my family, were very much impressed and overwhelmed by this event. You get the feeling when you go to these things that you are a V.I.P. And even

though people treated us like V.I.P.'s only because we gave money; it still felt good.

I began to realize, however, that I could also get a little something back for giving money. I saw the opportunity of attending these events and getting pictures with people like the President and Vice-President and others as an opportunity to promote my business and in particular the possibility of access for potential shareholders, investors or other business clients. And as I will relate to you shortly, my first contacts with the Haomen Beer people in December 1994 started me on a road towards attracting investors and relationships from a number of business people based in the People's Republic of China. Little did I know then that these relationships would ultimately cause me great heartache. At the time I saw it as a great opportunity.

One thing I should try to make very clear at this point. Beginning in 1995 through the end of 1996, my business relationships in China evolved from efforts to obtain fax business to a business consulting relationship where I performed many services for these Chinese business contacts. It is important to have people understand that much of what these people wanted from me went well beyond me

simply just taking them to a fund-raiser. These people wanted me to do everything from assisting them in getting a visa to enter this country, to escorting them around the country, providing interpreter services, paying their expenses, and making introductions to both business and government contacts.

Certainly, it was very important to these people to have pictures taken with high level American government officials. For people who do business in China, pictures are worth their "weight in gold." Just like many American companies such as Coca Cola or Pepsi will spend millions to advertise in the Super Bowl game, these business people and their companies treasure photographs with important people because in China such photographs project a great sense of importance and reflect the degree of your importance. As a consequence, they were willing to provide me significant sums of money to help them get these photos. We in America sometimes don't realize how important such things are in other cultures.

In addition, I promoted myself to these people as someone who could get a lot of such things done and that if they provided me with consulting fees or chose to invest in my company, I could assist their business efforts in the United States.

It is my opinion that much of what these people wanted from me had less to do with influencing any election as it was to gain what most Americans want from our system -- influence and the ability to develop relationships with important people. A lot of the people I met in China like Americans and wanted to move here or send their children here for education. In fact, despite the recent controversy about technology and espionage, a lot of the Chinese I met in the Peoples Republic of China admire Americans and wanted to do business and develop friendships.

Much has been written and said about me being a conduit for foreign source donations to the Democratic National Committee. I have told the FBI and I previously have maintained that whenever I was given money, it was generally to provide a number of services for my business partners, clients or investors. While there is no doubt that these people had some understanding that when I took them to an event I would often have to donate to get them in, there was never any discussion about how much to give or when to give. Perhaps the only exception was my encounter with Ji Sheng De, which I will discuss in a moment. For the most part, however, I chose when to go to an event, who to invite and how much I was to give. I usually decided whether to attend an event depending

on whether or not I was trying to solicit someone for business and impress them, or demonstrate to them that I had the ability get them to meet the President or some important figure and have their photo taken with them. For whatever reason, this ability to do this service, among others, suggested to many who I dealt with in the People's Republic that I had connections and could introduce them to powerful people in this country.

I will note for the record that I received in excess of \$2 million from 1994 to 1996 as a result of my business relationships in China. Less than 20 percent of that sum was actually donated to political causes. A substantial portion of that money was used to either pay the expenses of my business, the expenses of entertaining and providing services to these business groups and to return investments back to some of my shareholders. Even with the incident involving Ji Sheng De and Liu Chao Ying, I never intended for my business to be used to make illegal political contributions. I always intended that I would have the ability to decide what to do with the money after I received it.

Before I turn to a specific discussion of the various events and individuals that I dealt with between 1994 and 1996, I would like to say that I am very

disappointed in the way that the Democratic National Committee has treated me in this matter. They prejudged my case, attacked me publicly and even attempted to persuade Judge Real, the judge who sentenced me last December, that I somehow was an evil man and deserving of great punishment. I think that they should be ashamed of themselves for attempting to jump on me and hide from the fact that they aggressively solicited me for money from August 1994 until the campaign finance controversy came to light in late 1996. I now realize that they took my money with a smile and made fun of me when I turned my back.

Today I have mixed feelings about the President and the First Lady but I can't help but think that they used me as much as I used them. I also think, however, that it was grossly unfair for the DNC to attack me when they were fully aware that I was doing a lot of business and cultivating friendships with people from the People's Republic of China. I felt vindicated when Judge Real, at my sentencing, said that if the DNC didn't know about my business relationships, they had to be the stupidest politicians he had ever seen. Most important, I thought it was vicious for them to write a letter to Judge Real when they did not know the true facts -- particularly, after I had secretly cooperated with the government, worn a body wire, put myself and my family at potential

risk and for some period of time lived in fear and uncertainty. On the other hand, the DNC certainly was not aware of the contacts that were made by Mr. Ji and the incident involving my receipt of \$300,000 from Liu Chao Ying in August 1996. I will now turn to my recollections of those events and other matters that I believe are of some interest to this Committee.

LIU CHAO YING

I first met Liu Chao Ying in a restaurant in Hong Kong in June 1996 at a dinner I attended with one of my business associates. There were a number of big tables full of people at this dinner. Apparently, Liu had heard that I might be able to get her access to high level people in Washington, D.C. and Liu asked me if I would be willing to get her an invitation to the United States. I agreed and eventually she became part of the meetings and events that I had already scheduled in July 1996 for Mr. Yao and others.

I was going from Los Angeles to New York with Mr. Yao, who at that time wanted to take his companies public. I had previously met Federal Reserve employee Israel Sendrovic on a cross-country plane trip and Mr. Yao asked me if I could set up a meeting for these officials. I took Liu along during these meetings with officials in New York and Washington. She seemed impressed and told me that she wanted to do business with me. She explained that she was thinking of putting a company on the New York Stock Exchange. She said she would give me \$300,000 that I was supposed to use to help her set up her business which was supposed to be in telecommunications and commercial fishing

in Southern China. I then set up Marswell Investments in late July/early August 1996 for this purpose. At the time, I used my own money to set up the company but I expected that these costs would ultimately come out of the \$300,000 Liu Chao Ying had promised me.

During the Washington, D.C. event with Liu and Mr. Yao, I introduced Liu to Don Fowler as the daughter of a powerful General. Fowler joked that he had a low rank in World War II. Also during that trip, I had a discussion with Liu Chao Ying at the Willard Hotel. Liu Chao Ying asked me if I had a Hong Kong bank account. I said yes and gave her my bank account number in Hong Kong by writing void across a blank check and giving the check to her. During this conversation, Liu Chao Ying also told me: "Don't do business with Yao -- just do business with me." I was still not sure if she would provide the \$300,000. I did notice on this occasion and on another occasion, that a picture of me was missing after I met with Liu Chao Ying. The other occasion was during one of my visits to Hong Kong.

Also during my various discussions with Liu Chao Ying, she informed me that she was going to change her travel plans as a result of what she felt were our

very productive meetings. Originally, she had been scheduled to go back to Hong Kong after this trip but changed her plans so that she could go directly to Beijing. She later told me that the reason that she went to Beijing instead of Hong Kong was so that she could tell her father about her trip.

AUGUST 1996 MEETINGS WITH GENERAL JI

On August 7, 1996, I returned to Hong Kong with my daughter and her friend. On August 11, we were in Zhuhai (which is across the border from Macau and in China) when I received a phone call from Liu Chao Ying and she invited me to dinner with someone who she said was a very important man from Beijing. I accepted the invitation.

The dinner was on August 11, 1996. Liu Chao Ying picked me up in her car and we went to a restaurant which is famous for its abalone (I do not remember the name of the restaurant). She told me that the man we were going to meet with was very important. Liu Chao Ying stressed that I should not be afraid to talk myself up and she encouraged me to show him my brochure. Liu Chao Ying told me that I was a much more impressive prospect than Charlie Trie

because I had better connections than Trie and that my brochure was much better than Trie's. I also would like to add one oddity that stuck out in my mind. At one point during our conversation, Liu Chao Ying made a cell phone call from the restaurant's basement. I asked her how she could make a call from a basement she said there was special antenna.

When General Ji arrived, he came through the kitchen and introduced himself as "Mr. Xu" -- the Chinese equivalent of "Mr. Smith." The General said, "You can call me Mr. Xu" and it was clear from the way he said this that this was a bogus name. I and Liu Chao Ying spoke with Ji about her recent trip -- talking up the past times I was able to get meetings with politicians and dignitaries. Liu Chao Ying was very deferential to Ji in a way that it made me think he was her boss or superior. The key information relayed to me at this dinner from Ji was the following:

"We really like your President"

"We hope he will be re-elected" or ["We would like him to be re-elected"]

"I will give you \$300,000 U.S. dollars"

"You can give it to [or use it for] your President and Democrat Party"

-I was somewhat startled by this proposal and I wondered who this man really was. However, I didn't want to insult him or insult Liu so I remained quiet and agreeable. I said something like "this is fine -- it would be great to do business together -- the more business I can do, then the more money I can give [to the President and Democrat Party]."

Ji then left through the kitchen and then we left the way they came in. No one paid the bill. When I got in the car with Liu, she put her finger up to her lips and indicated that I should not talk while they were in the car with the driver. When we got out of the car I asked: "Who is he?" and she told me the General's name and who he was. I did not recognize the name. Liu scolded me and said that I needed to know my Chinese history better. She explained that his predecessor was the government official who said that the American Government should be more worried about missiles headed to Los Angeles than Taiwan. She then told me Ji was the Military Intelligence Director of the Peoples Liberation Army. She wrote down his name on a small piece of paper and gave it to me and I put the paper in my pocket. Since my daughter and her friend were there I was not going to make a big deal about this.

At the time, I was staying with a friend. The next day, I told my friend who I met with, and my friend said that Ji is a very important person. I also showed my friend in Zhuhai the piece of paper with the name and he recognized the name.

SECOND MEETING WITH LIU CHAO YING AND GENERAL JI

On August 13, 1996, I met again with Liu Chao Ying and General Ji back in Hong Kong. We met at a hotel lobby in the bar. The hotel is next to the Shangri La Hotel. I first was with Liu and then General Ji came in to join us. Ji said to me - "Now you know who I am." He told me that his name was so sensitive that he still wanted me to call him by an alias - Mr. Xu (equivalent of "Mr. Smith") Ji spoke in Chinese to Liu saying "I will wire \$300,000 to your account and you wire it to him." Ji said he needed a "receipt" or "report" to give "to the organization".

At this point, Mrs. Ji came into the bar and sat with us and the talk changed to talk about children. General Ji had a son who was attending UCLA. His son wanted to stay at UCLA and in the United States. Mrs. Ji said the son,

Alex, was the favorite of his grandfather. It was a very informal discussion of mothers and fathers talking about their kids. Mrs. Ji also said she was going to come back to the United States where she told me she had already lived for 11 years. Alex began to work at AISI, my company, shortly after I returned from this trip. He worked beginning in Oct/Nov 1996 and on and off through February 1997.

After Ji left this meeting, I briefly expressed to Liu my concern about getting involved with the General's money. My understanding was that she was going to give me the \$300,000 and now that was changing and I didn't want to get involved in this kind of arrangement. I then went back to my hotel room.

The next morning, August 14, Liu called me early and was yelling at me about not having a U.S. dollar account in Hong Kong (I had previously given her my account number at a Hong Kong bank). Liu always talked in foul language and she said to me, "Damn it [her language was worse] how come you don't have a U.S. dollar account?" I told her to come over after she was done so I could talk with her.

When she came over later that day I continued to raise my concerns about getting the money from General Ji instead of Liu herself. I also pointed out that the money was supposed to be for the various business deals we had discussed in July. In response, she told me that I could use the money for three things: I could give it to the President and Democratic party, I could use it to take care of the General's son, Alex, and I could use it for my own purposes/business and to set up my and Liu's companies. I told Liu I was concerned because she had promised me her money and now this was something different.

In what I perceived as an effort to persuade me that it was okay to do it this way, she told me that Mark Middleton also "got half a million" from a Singapore group from someone named Hwang, Huang or Wong and the purpose of the money was "to do good things for China," or to benefit China. She also mentioned a "Boeing Representative in Hong Kong," who she said they gave a lot of business to. In conjunction with the "Boeing representative," the name Young was mentioned. She also said that "we gave him the business in order for him to do good things for China." I did not have a first name of this Mr. Young. My sense was that I was told this so I wouldn't be worried about taking this money from Ji and Liu Chao Ying. My impression of these other examples was

that they were involved in developing relationships and access to help China.

I had limited dealings with Mark Middleton but knew who he was when Liu mentioned him. I had met him through Richard Sullivan in 1994 and had contacted him in early 1995 to talk about a friend who needed some assistance with a Swiss bank account. The friend was Ruth Lin, a child of a rich Chinese family. Supposedly she was prepared to help the DNC if she could get help with this bank account. She told me that there were people who were trying to kill her and she wanted to get the family's bank account in Switzerland. I called Sullivan and asked him to have Mark Middleton call to help her. I also asked Middleton to call her too. Middleton told me that my associate Larry Liou was also pressing him to do something for her. I also saw Middleton at the White House when I visited in 1996.

After these representations from Liu, I kept the money which actually had already been transferred into my account that morning by Liu. I never had any intention to give the \$300,000 to the Democrats and I ended up following Liu's advice and used the money primarily for myself and for helping the General's son, although I did make a donation to the DNC that was from the same account

into which Liu made the deposit. I commingled money from multiple sources into this account and I did not intend for the donation to come strictly from Liu's funds. I also donated to John Kerry in this time frame but in my mind, I had already obligated myself to contribute to Kerry back in July when his people arranged the meeting at the SEC for Liu Chao Ying and Mr. Yao. As I have said before, although I received money from many sources, I, alone, decided how and when to donate it, who to donate to, and how much.

I believe my bank account at Overseas Trust Limited shows a wire being received on August 14, 1996, and then it went to my Cal Fed bank account. I wrote a check for the President's Birthday party from that account. On August 16, 1996, I transferred the money from Cal Fed to General Bank in order to make a contribution to the DNC. I would also note that on this same day, Mr. Yao wired \$200,000 into this same overseas trust account. I always considered the money in this account, including the money from the General, to be my money, and I was free to do with what I wanted. I emphasize that except for the General, no one told me to give money to the Democrats. All of the money I received I have reported as income.

I next saw General Ji's wife when she came back to the United States with her son. I set up their attendance at a Presidential fundraiser - the "Back to the Future" event - at a California movie studio on October 17, 1996. I took my driver and secretary as well as the General's wife and Alex to meet the President. There was a mix up with the DNC and my driver and secretary were given a private audience with the President while me and the General's wife and son were not included. While my driver and secretary were very appreciative, I was very upset. When the President came into the main event, I moved my way to the front and got in contact with the President and introduced the General's wife and son. The President spoke with Alex and asked him what he was majoring in at college. A picture was then taken by the General's wife or Alex, but I do not know what happened to it.

Ultimately, I did not donate any money to the DNC for this event because they made a mistake with the introduction and photo opportunity. Karen Sternfeld of the DNC complained to me that I didn't give them enough money and I explained to her that this was a very important guest and they had made a mistake. I said Irene Wu (my employee) usually handled all the details in setting up attendance at these events and she had called the General's wife and son to set

this up. At this event, I tried to talk with Democratic National Committee chairman Don Fowler and Fowler scolded me for not meeting my fundraising obligations.

At some point in the fall of 1996, General Ji raised concerns with me that Liu Chao Ying could only get a one-entry visa instead of the multiple entry visa that she had received on a prior occasion. Before the July 1996 Eli Broad fundraiser, I went with Liu to get a visa in Guangzhou, China and told a female consular officer that since this was a General's daughter and that she previously had a multiple entry visa, she should get a multiple entry visa again.

After Liu deposited the money into my account, I wrote a letter (August 18, 1996) to get Liu Chao Ying an invitation to Washington, D.C., and to go to the Democratic National Convention. At this point, Liu didn't get her visa and she couldn't come. Don Fowler also invited her to come to the convention.

CHARLES PARISH

In early 1995, Mr. He, the president of Haomen Beer, asked me to obtain a visa because his was expired. I had previously met Mr. He when I took he and a delegation around Washington, DC in December 1994 in order for them to promote their beer in the United States. I took Mr. He to the United States embassy where I was introduced to Charles Parish. I felt at that time that Mr. Parish and I sort of "hit it off" and were going to be friends. It was not until later that I became aware that Parish and Mr. He of Haomen Beer had developed a separate relationship.

Charles Parish helped me get visas for dozens of people who asked me to provide them with invitations to the United States. I also socialized and did many favors for Mr. Parish. I took him as my guest to the September 1995 DNC fund raiser at the Century Plaza Hotel in Los Angeles, to which he also brought his sister and his girlfriend. At the event I took Parish to a private VIP reception with President Bill Clinton. Mr. Parish insisted that Mr. He and Mr. He's girlfriend have the opportunity to have their picture taken with the president. This was a request that prompted the DNC to ask me for an additional \$70,000 contribution. After the Century Plaza event, I arranged a private tour of First

Lady Hillary Clinton's office for Mr. Parish when both he and I were in Washington D.C.

At Mr. Parish's request I gave invitations to the United States to at least two women who were girlfriends of his.

In Beijing, Parish would occasionally stop by my office. On one of these visits he asked me to hire a computer tutor to train his secretary at the embassy. I spent \$500 of my own money accommodating this request. He also asked me to pay the tuition for seven students who he knew, that wanted to be educated in the United States. Although I did not know these students, I spent between \$7-8,000 of my own money doing this for Mr. Parish, including sending school supplies like computer programs and books directly to Beijing at his request.

Charles Parish did help me out on many occasions. As I stated previously, he approved visa applications for business associates that I brought to him. However, by the end of 1995, I decided I did not want to continue my relationship with Parish. Part of the reason why I no longer wanted to deal with Parish was because he and Mr. He had entered into a relationship that I was not

comfortable with. On at least one occasion, I was asked by Mr. He to give a shopping bag of money and visas to Parish. Several months later Mr. Parish asked me to have Mr. He call him. Parish said that he wanted to be sure that the people he provided visas for actually came back to China. Later, Parish told me that indeed, they did return to China. I became unhappy with the way I was being treated by my business associates in Beijing so I decided to close my office. Too many people were asking me for visas, rather than doing business with me.

ROBERT LUU

Early in 1996, when I was in Beijing, I said I was called in the middle of the night by a man named Cui Bao Chien (connected with the Great Wall International Culture Company) who woke me up and said I needed to come over to where he was at a karaoke bar. I went there and walked into the room where I was directed and it was a conference sized room with men and women around a table. I was introduced to the people and one of the people in the room was Mr. Robert Luu who was a Chinese-American/U.S. citizen who was in Beijing and had not gone back to the States because of some legal problem. He asked me how to handle his case and I told him he should go back to the U.S. to work it

out.

I next met Luu in mid-1996. Luu came to the AISI office in Los Angeles, where I met him for approximately ten minutes. Luu discussed a business proposal.

The next time I heard from Luu was before my plea. In February 1998, I received a call at my business office from Mr. Luu. A message was left that I had received a call from a Mr. Luu from Beijing. I didn't remember who Luu was and I did not call him back.

I pled guilty in March 1998 and began being debriefed by the FBI. Luu called me again. At that time I had been told by the FBI to keep a recording device to record any suspicious conversations, so I did so with this man. In late April/early May 1998, Luu called me and asked how I was doing. He also spoke sympathetically about me being in a difficult situation. Luu asked to meet with me and I obtained specific instructions from the FBI about how to deal with Luu. Again, I was instructed to record all of their conversations. In their first meeting Luu started talking about a Commander Lee, who wanted to take care of me.

The message was as follows: "if you keep your mouth shut, you and your family will be safe." The Chinese are more polite and indirect than this so the words do not precisely translate. The Chinese communication was much more subtle. Nevertheless, this was how I interpreted the meaning of the words. Essentially the message that I believe I was given was that me and my family would be safe if I didn't talk and if I did talk, I could not be certain what would happen. At a minimum, I believed I was being threatened. The FBI told me that they suspected Luu might have criminal connections.

Luu also suggested he was in contact with some people from Beijing who were also known to me. Luu also mentioned that he received money from Beijing. Luu said they would give me money to take care of my legal expenses and my family and I could retire. Luu also asked if we could meet again and gave me an address. I was also given a code to use. This was in early May. Throughout this process, the FBI was monitoring communications. The FBI identified Luu as a San Gabriel businessman.

In the next meeting with Luu, I raised questions about my security. We met in an open area for about 10 minutes and Luu wanted to know the name of

my judge. Luu also gave me the business card of an attorney. He told me he wanted me to meet the attorney at a downtown location and asked me to bring my case file. Again Luu inquired about my family and he again implied that I should keep quiet and that, if I did so, things would be okay. Luu also told me that he would give me money to pay for my legal bills and said that he thought it possible that Chinese political prisoners could be released if I didn't cooperate. At the time, I felt Luu was scripted in the same way that I had been scripted by the FBI.

In the first week of May, I learned that the New York Times was doing a story that involved Liu Chao Ying and the \$300,000. The FBI and I were very concerned that the news story would scare Mr. Luu off. My attorney and I tried to get the New York Times to kill the story. They refused. On the day before the story came out (May 15, 1998), I ended up going forward with a meeting with Luu and his attorney. I consulted with the FBI before I proceeded. The plan was to tell Luu and the attorney that the New York Times may come out with a bogus story and I was going to say that the FBI was really beating up on me and I actually gave them an FBI agent's business card.

When I met with the attorney and Mr. Luu, there were FBI agents

throughout the building. I was told the attorney was connected and knew the number three person at DOJ and that he was familiar with the Judge that was presiding over my case. Luu and the attorney were pitching me to replace my lawyer, Mr. Sun. The lawyer gave me an example of someone who did not cooperate and how everyone around him was taken care of. He said that this client was sentenced to a country club jail.

One of the things that the FBI encouraged me to ask Mr. Luu was -- "Who's behind you?" When I asked him, Luu responded by giving me the nickname that I given previously to Liu Chao Ying. The nickname was "gunyang" which means "country girl." Luu said "gunyang" was happy that I was protecting her. Luu also mentioned General Ji. Luu also suggested they could plant newspaper stories and that I might be able to get a presidential pardon.

Separately, Mr. Luu implied that they could ensure that the Judge would give me a light sentence. The attorney also said he had experience with Watergate. I asked him how he could help me. I was coached by the FBI to be skeptical and press for answers. In this meeting Mr. Luu said that they could

take care of my attorneys' fees. I was very nervous during this meeting and afterwards the FBI concluded that I had to be moved to a safer place. At that time they moved me to a hotel for 21 days with my family. My daughter who was graduating in this time frame had to go to graduation with an FBI escort. I also had many phone calls and faxes with Mr. Luu both before and after these meetings. This was a period of great stress for me and my family.

There were at least a dozen meetings and conversations between me and Luu during May, June and July - up through the President's visit to China in the summer of 1998. On Memorial Day weekend, Luu said he had money at my house for me to pick up but the FBI was afraid for me to be alone in his house and they didn't have me go through with picking it up. At another point, Luu was going to put money into an account for me but he didn't come through with it.

By July, Mr. Luu started making self serving statements on the tapes and tried to distance himself from previous statements. I was instructed by the FBI to tell Mr. Luu that I was going to be subpoenaed by the grand jury and that I had to tell the truth. Mr. Luu at that point had talked about how he thought he was

being followed or taped and he told me to tell the truth.

By the end of the summer, I told Mr. Luu that I was going to be subpoenaed and asked what I should do. By this time, Luu suspected something was going on -- either he was under surveillance or he was being taped -- and he began making self-serving statements and exculpatory statements. Luu said if he was ever caught he "would deny" everything and that he doesn't "know Liu Chao Ying; doesn't know anybody" Luu told me at this point that I should tell the truth. Luu also said at this point that he just wanted to get my case for the other lawyer. I also asked Luu if I should blame this on General Ji and Mr. Luu said sure -- the "gunyang" would like that.

My last question to Luu was "What should I tell them about you?" This question made Luu very uncomfortable and Luu said, "I know nobody, I'm nobody...." I told him I couldn't lie to the grand jury. I worked with the FBI throughout this entire effort and was coached on what to say to Luu.

Mr. BURTON. Thank you, Mr. Chung. That was a very, very thorough statement, and we do appreciate that.

I will now recognize the committee's chief counsel, Barbara Comstock, for 30 minutes for questioning.

Ms. COMSTOCK. Good afternoon, Mr. Chung and Mr. Sun, Mr. Murphy, and Ms. Cohen. I want to thank you, and I want to note for the record that we met approximately 2 weeks ago, majority counsel, myself, Mr. Wilson and Mr. Griffin, and also minority counsel were included in that meeting, and we appreciate your working with us for 2 days to informally discuss this and your cooperating with us in this matter. I know it has been a long ordeal for you, Mr. Chung, and your family, and we appreciate your testimony here today.

Mr. Chung, on March 17th, 1998, you pled guilty to charges of making almost \$30,000 in contributions to the Clinton-Gore 1996 campaign, as well as Senator John Kerry's campaign, and you also pled guilty to charges involving bank fraud and tax evasion; is that correct?

Mr. CHUNG. That is correct.

Ms. COMSTOCK. And in your plea agreement, you agreed to cooperate with the government and with all the investigations, correct?

Mr. CHUNG. That is correct.

Ms. COMSTOCK. And I know when we were out at that meeting with you a couple of weeks ago, we met with the FBI agent. J.J. Smith was with us; is that correct?

Mr. CHUNG. That is correct.

Ms. COMSTOCK. And he was the agent you worked with throughout your cooperation?

Mr. CHUNG. Yes, that was the agent who I worked with.

Ms. COMSTOCK. OK. I know he had expressed your cooperation to us when we were there, and was that your impression throughout your time working with Mr. Smith?

Mr. CHUNG. Yes.

Ms. COMSTOCK. And as a result of that cooperation, you were given a sentence of 5 years probation and 3,000 hours of community service, correct?

Mr. CHUNG. That is correct.

Ms. COMSTOCK. From what we have been told from Justice Department and FBI sources familiar with your case, this is the type of sentence that is only provided to witnesses who the government feels provided both substantive information as well as a great deal of cooperation. Was that your understanding also?

Mr. CHUNG. That is correct.

Ms. COMSTOCK. Now, I understand as a result of that cooperation, you and your family have also experienced what you were just testifying to, both you and the FBI perceived as possible threats against your security.

Mr. CHUNG. That is correct.

Ms. COMSTOCK. And I think we will get to that a little later, but I guess it is clear that you feared for your safety, and even more so the safety of your family?

Mr. CHUNG. Yes, that is correct.

Ms. COMSTOCK. Now, as you explained to us, Mr. Chung, back a few years ago you were very much a welcome person at the White House, correct?

Mr. CHUNG. I guess so.

Ms. COMSTOCK. You were at many of the fundraisers and events. I believe you were at the White House almost 50 times; is that correct?

Mr. CHUNG. That is correct.

Ms. COMSTOCK. And when this matter first became public in late 1996 and early 1997, you made the observation that you thought the White House was like a subway. "You have to put coins in to open the gates." Was that your observation?

Mr. CHUNG. Yes, that is correct.

Ms. COMSTOCK. And as a result of this access that you had to the White House and other high-ranking administration officials, that made you known in China as somebody who had a lot of high-ranking connections; is that correct?

Mr. CHUNG. That is correct.

Ms. COMSTOCK. You told us about after you had the Haomen Beer people in the White House in December 1994, they had pictures taken with the President. When you went back to China in 1995, how were you greeted by those folks?

Mr. CHUNG. After we had the pictures taken at the White House at the Christmas party of 1994, Haomen Beer people welcomed me at China with a red banner in their beer manufacturing company, and they welcomed me with a big party.

Ms. COMSTOCK. They had also used their pictures with the President for their beer commercials or beer advertising; is that correct?

Mr. CHUNG. I did not know until the campaign contribution comes up. When I was in Beijing there ask a part of street I never know I should go. I would say thank you to the CNN, show me the pictures on the TV. That I know at that time. They used the pictures for their commercial purpose.

Ms. COMSTOCK. And as a result of the business and the access that you described to us in your statement, you believe that is how you came to the attention of Liu Chao Ying in the summer of 1996?

Mr. CHUNG. That is correct.

Ms. COMSTOCK. OK. And you have told us that it was in June 1996 that you first met her; is that correct?

Mr. CHUNG. I do not understand this question.

Ms. COMSTOCK. I was wondering if you first met Liu Chao Ying in June 1996.

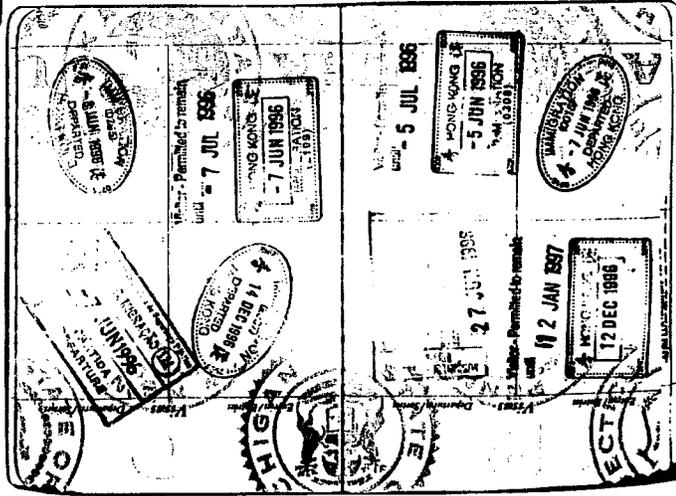
Mr. CHUNG. That is correct.

Ms. COMSTOCK. I just wanted to show your passport records. I believe you received a copy of the exhibits also. This is exhibit 1, where it shows your passport records with you entering Hong Kong and going between Hong Kong and Macau throughout June 5th and June 8th.

[The exhibit referred to follows:]

EXHIBIT
1

Johnny Chung Meets Liu Chao-Ying in Hong Kong



Early June 1996

**Chung enters Hong Kong
June 5, 1996**

**Chung leaves Hong Kong
June 7, 1996**

**Chung enters Macau
June 7, 1996**

**Chung leaves Macau
June 7, 1996**

**Chung enters Hong Kong
June 7, 1996**

**Chung leaves Hong Kong
June 8, 1996**

Mr. CHUNG. That is correct.

Ms. COMSTOCK. Is that around the time when you believe you first met Liu Chao Ying?

Mr. CHUNG. That is correct.

Ms. COMSTOCK. OK. I would note for the record that there was also some marks in your passport where you were also in China or Hong Kong in late June, also.

Mr. SUN. Just for the record, Mr. Chung has a hearing problem. He has a problem hearing in one of his ears. That is why he is having some difficulty.

Ms. COMSTOCK. Let me know if I need to speak up.

As you explained, you brought Liu Chao Ying to several events in July 1996. I wanted to show you a record that is exhibit 2, that is a July 16th memo. It is a memo from your company, from your general manager at that time, Irene Wu. It indicates that you were going to take Ms. Liu to a dinner at Mr. Eli Broad's House, is that correct?

[The exhibit referred to follows:]



AUTOMATED INTELLIGENT SYSTEMS, INC.

2771 Plaza Del Amo • Suite #809 • Torrance, CA 90503 • Tel: [REDACTED] • Fax: [REDACTED]

5-16 X?

DNC
Attn: Karen Sternfeld
Fax: [REDACTED]

July 16, 1996

Dear Karen,

Broad's Dinner:

Mr. Johnny Chung/Chairman&CEO
Mr. Yat-Hung Yiu/President
Ms. Chao-Ying Liu/Vice President

Automated Intelligent Systems, Inc. Tel: [REDACTED]
China Medical Development Co. PP#
China Aerospace Int'l Holding Ltd. PP#

Beverly Hilton: (Private Reception No. 1 to 4)

- 1. Mr. Johnny Chung/Chairman&CEO
- 2. Mr. Cheng-Yun Lu/Chairman&CEO
- 3. Mr. Shi Jin Yu/President
- 4. Mr. Bin Liu/Vice President
- 5. Ms. Kathy Chung/Spouse of Johnny
- 6. Ms. Jane Chung/Daughter of Johnny
- 7. Mr. Li-Ching Young/Shareholder
- 8. Ms. Yueh-Lee Young/Spouse
- 9. Mr. Ji-Hwei Young/Shareholder
- 10. Ms. Chun-Hsiang Young/Spouse

Automated Intelligent Systems, Inc.
Zhu Hai S.E.Z. Shen Chi Industry Co Ltd.
Honestwin Limited
Yip's Int'l Investment Holding Ltd.
China Medical Dev. Co.
Automated Intelligent Systems, Inc.
Automated Intelligent Systems, Inc.

- 1. Ms. Irene Wu/General Manager
- 2. Mr. Steve Huang/Special Assistant
- 3. Ms. Yuan Tian/Special Assistant(China)
- 4. Mr. Michael Lin/Chief Engineer
- 5. Ms. Nancy Lee/Administrator
- 6. Ms. Yvonne Meng/Marketing Assoc.
- 7. Ms. Jessie Lin/Engineer
- 8. Mr. Jack Abajian/Consultant
- 9. Mr. Jack Shieh/Coordinator
- 10. Ms. Judy Lin/General Manager

AISI
AISI
AISI
AISI
AISI
AISI
AISI
Arthur Anderson Tel: [REDACTED]
TBC Worldwide Tel: [REDACTED]
Aldiron Hero Group Tel: [REDACTED]

I will give you the passport numbers for Mr. Yiu and Ms. Liu (Broad's Dinner) on Thursday the 18th.
Thank you for your help.
Sincerely,

Irene Wu
Irene Wu
General Manager



BUILDING THE U.S. FAX HIGHWAY TODAY

Mr. CHUNG. That is correct.

Ms. COMSTOCK. Now, this document from your company shows that under the Broad dinner, it does say Broad dinner, but we understand that to be the Eli Broad dinner held in July 1996, you were the one who was bringing Liu Chao Ying to this event, correct?

Mr. CHUNG. That is correct.

Ms. COMSTOCK. I would just note for the record that your name is listed first there, and then the third name is Ms. Liu Chao Ying, vice president, China Aerospace International Holding, Limited.

Mr. CHUNG. That is correct.

Ms. COMSTOCK. That would be Ms. Liu, correct?

Mr. CHUNG. That is correct, yes.

Ms. COMSTOCK. And your assistant, Irene Wu, who drafted this document, also indicated you would give the passport numbers for Ms. Liu and another of the foreign guests. That is on the bottom here. It says, "I will give you the passport numbers for Mr. Yiu and Ms. Liu." Was that the normal practice you had when you brought the foreign guests to these events?

Mr. CHUNG. Yes.

Ms. COMSTOCK. They asked to you provide the passport numbers?

Mr. CHUNG. Yes, sometimes. Yes.

Ms. COMSTOCK. Now, you told us that you had also given Ms. Liu your Hong Kong bank account when she had requested it at this time on this visit in July 1996, sometime during that visit, is that correct?

Mr. CHUNG. That is correct.

Ms. COMSTOCK. You also set up a company, Marswell Investments, with Ms. Liu Chao Ying, in anticipation of going into business with her?

Mr. CHUNG. That is correct.

Ms. COMSTOCK. I wanted to show you on the screen now Marswell documents. This is exhibit 3. This is a certificate with your name on it, Johnny Chung, and then there is a second certificate that has Ms. Liu's name, it says Chao-Ying Liu on it, and it shows both of you incorporating this Marswell Investment Co. in California in 1996?

[The exhibit referred to follows:]

JCH127:
JC 127:

INCORPORATED UNDER THE LAWS OF THE STATE OF CALIFORNIA

AUGUST 9, 1996

30,000

MARSWELL INVESTMENT INC.

AUTHORIZED: 1,000,000 SHARES COMMON STOCK

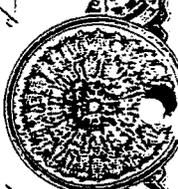
THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ISSUED UNDER THE LIMITED OFFERING EXEMPTION PROVIDED BY SEC. 25100(D) OF THE CALIFORNIA CORPORATIONS CODE.

This certifies that CHIAO-YING LIU is the registered holder of thirty thousand shares of the above named Corporation, transferable only on the books of the Corporation by the holder hereof in person or by Attorney upon surrender of this Certificate properly endorsed.

In Witness Whereof, the said Corporation has caused this Certificate to be signed by its duly authorized officers and its Corporate Seal to be hereunto affixed this th day of August, 1996.

Chin SECRETARY

Chin PRESIDENT



Mr. CHUNG. That is correct.

Ms. COMSTOCK. Now, you said when Ms. Liu left the company in late July, originally she was going to go back to Hong Kong but she ended up going to Beijing, is that correct?

Mr. CHUNG. That is correct.

Ms. COMSTOCK. OK. Now, she told you that she had to see her father in Beijing, is that correct?

Mr. CHUNG. I asked my former general manager, Irene Wu, where did she go. She said she went straight back to Beijing. As I know, she is going back to Hong Kong. Later on when I went back to Hong Kong, I asked her, and she said I went straight back to Beijing, talked to my father.

Mr. BURTON. Did you know at the time, Mr. Chung, that her father was the former head of the People's Liberation Army? Did you have any knowledge of that?

Mr. CHUNG. When people, one gentleman introduced her to me, of course he said, the gentleman introduced her to me, he said her father is the most high ranking General, the General of the Army. This I know.

Mr. BURTON. So you knew when she was going back to talk to her father, she was going back to talk to somebody very high in the government who had been the head of the People's Liberation Army?

Mr. CHUNG. I said the father and also, yes, Mr. Chairman.

Mr. BURTON. OK, thank you.

Ms. COMSTOCK. Now, on August 7th you traveled back to Hong Kong with your daughter and a friend of hers?

Mr. CHUNG. Yes, ma'am.

Ms. COMSTOCK. I wanted to show you your passport records that we have as exhibit 4 show you entering Hong Kong on August 7th.

[The exhibit referred to follows:]

Johnny Chung Travels to Hong Kong

**Chung enters Hong Kong
August 7, 1996**

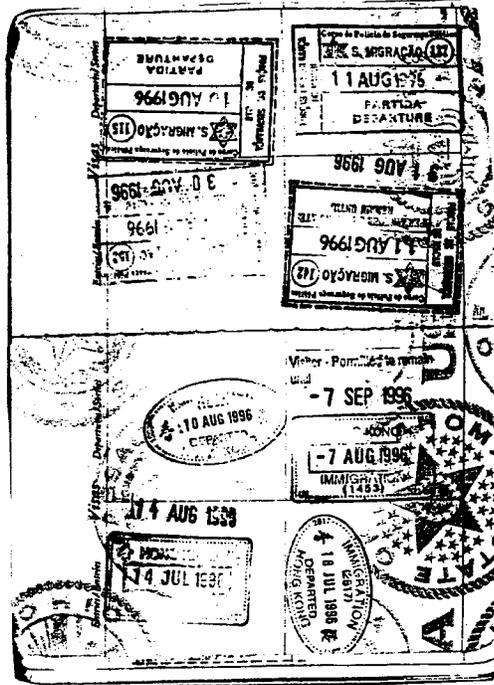


EXHIBIT
4

Mr. CHUNG. Yes.

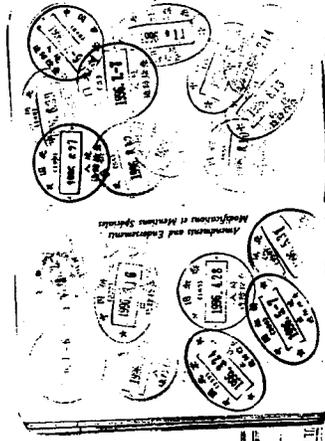
Ms. COMSTOCK. And then several days after you were there, you said you got a call on August 11th—Ms. Liu contacted you, and I wanted to show you exhibit 5 is your passport records of August 11th. These passport records indicate that you left China on August 11th and then entered and departed Macau in route to Hong Kong and then you entered Hong Kong.

[The exhibit referred to follows:]

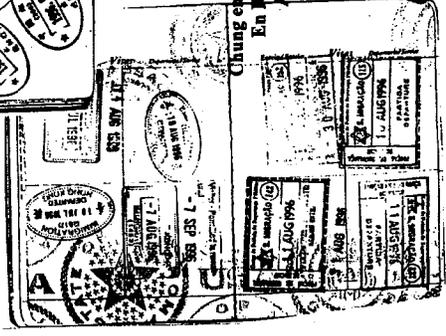
Johnny Chung Leaves China to Meet General Ji in Hong Kong

EXHIBIT
5

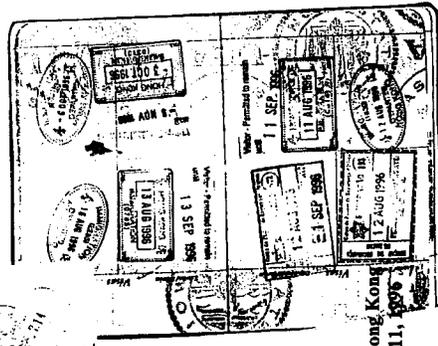
August 11, 1996



Chung leaves China
August 11, 1996



**Chung enters and departs Macau
En Route to Hong Kong**
August 11, 1996



Chung enters Hong Kong
August 11, 1996

Mr. CHUNG. That is correct.

Ms. COMSTOCK. When Ms. Liu called you, she said she had an important person for you to meet and you were going to have a dinner in Hong Kong, correct?

Mr. CHUNG. Yes, ma'am.

Ms. COMSTOCK. Does this exhibit 5 here reflect the route that you had to travel with Ms. Liu in order to get to Hong Kong?

Mr. CHUNG. Yes.

Ms. COMSTOCK. OK.

Mr. BURTON. As I understand it, you were staying with a friend when you were there at that time, is that right?

Mr. CHUNG. That is correct.

Mr. BURTON. And Ms. Liu contacted you. How did she know where you were staying?

Mr. CHUNG. I was there traveling. I take my daughter and her friend in Macau frequently for one date. Macau is like a street close to Taihe. Then I enter into China, Taihe, with my business friend. And his telephone rings. Mr. Chairman, this is what the gentleman, the name I cannot talk about it here by the instructions of the Department of Justice for the ongoing investigation.

This gentleman's telephone was ringing, and he gave it to me, part of the phone, and said "Ms. Liu Chao Ying call you."

Mr. BURTON. The point I am trying to figure out in my mind is, did you tell her you were staying there?

Mr. CHUNG. She know that—the day we arrived in Hong Kong, there are so many people who I took over here for that event, they all entertaining my daughters and me at the one event.

Mr. BURTON. So Liu Chao Ying knew where you were staying?

Mr. CHUNG. Yes. She knew I am on my way to Macau in China.

Mr. BURTON. Thank you.

Ms. COMSTOCK. Did Liu Chao Ying also know the person you were staying with, personally?

Mr. CHUNG. Yes, ma'am.

Ms. COMSTOCK. Now, you described the meeting that you had with General Ji and Liu Chao Ying, it was in the basement of a restaurant?

Mr. CHUNG. Yes, ma'am.

Ms. COMSTOCK. OK. And when General Ji came in, he went through the kitchen instead of coming through a door the way you had come in?

Mr. CHUNG. Yes, ma'am.

Ms. COMSTOCK. Could you describe General Ji to us? Were you able to identify him in order to tell the Justice Department who he was or what he looked like?

Mr. CHUNG. When I fully cooperated with the FBI and the Department of Justice, they show me a dozen pictures. Before they showed me the pictures, they asked me the description of the General Ji, and I told them that. When they showed me the pictures, within 2 to 3 seconds, out of the 10 pictures I pick it up, 2 of them. One is the picture I know, 50-some years old; one is the picture of 20–30 some years old. And, yes, I know him.

Ms. COMSTOCK. OK. So you were able to pick out the pictures from the group of pictures that the FBI showed you?

Mr. CHUNG. In 2 or 3 seconds.

Ms. COMSTOCK. They indicated to you that you indeed had picked out General Ji's picture?

Mr. CHUNG. That is correct.

Ms. COMSTOCK. Now, you had testified—could you just tell us again what General Ji said to you at that dinner, at the conclusion, about the \$300,000?

Mr. CHUNG. Yes, that is correct. I am going to say it in English first, and I am going to use the Chinese exactly what he said to me, and we have the interpreter over here to translate it.

At the abalone restaurant, he said to me, "I like your President very much."

The INTERPRETER. We like your President very much.

Mr. CHUNG. We would like to see him reelected.

The INTERPRETER. We hope to see him reelected.

Mr. CHUNG. I will give you \$300,000 U.S. dollars.

The INTERPRETER. I will give you \$300,000 U.S. dollars.

Mr. CHUNG. You can give it to the President and the Democrat party.

The INTERPRETER. You can give it to your President and the Democratic party.

Ms. COMSTOCK. Now, when Ji said that to you, you did not make any objections about anything he said?

Mr. CHUNG. Inside my heart, after that point, he said he is Mr. Xu. I said to myself at that moment, who the hell this guy is? Who do you think you are? I didn't say it. Inside my heart I say that.

Ms. COMSTOCK. Now, when you returned home that evening, the friend that you were staying with, you told us that you asked him if he knew who General Ji was, and he told you also that he was an important person?

Mr. CHUNG. Yes. He write it down on a small piece of paper with a name. I show it to my friend in Xhuhai, and I asked him who he is. It is what she said, who he is. And my friend told me that, yes.

Mr. BURTON. One of the things that was of interest to me is, and this is an opinion that I want to get from you, you said I think in your statement that Liu Chao Ying showed deference to General Ji. Can you describe how you felt that, because it is very important that we understand who was making the \$300,000 contribution and who was making the decisions on how it was to be spent.

Mr. CHUNG. To answer your first question, Mr. Chairman, as a businessman in the room, you would know who is more important when you see who is talking and who is following the order. And I can see clearly he is the boss or he is the superior. And then he told me that, after that time, after that abalone restaurant. In my heart, I said to you already, I don't know who this guy is. "Who the hell you are?" I said to myself, and later on I found out. Up to this point, I still didn't receive anything yet.

Mr. BURTON. But you did get the clear impression, very clearly, that General Ji was in charge and that he was going to be the intermediary between you and General Ji?

Mr. CHUNG. That is correct.

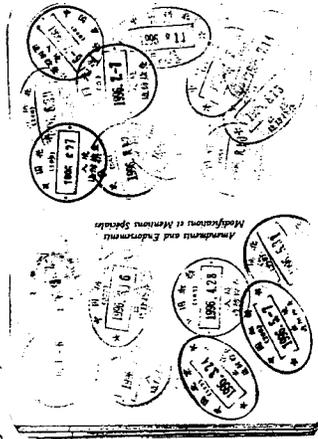
Ms. COMSTOCK. I just wanted to get to those bank records. I want to show you exhibit 6, which shows again—that is when you said you met with General Ji again. Again, your passport shows

you leaving China, I believe you said you were in Xhuhai and again entering Hong Kong. It was at this second meeting where General Ji turned to Liu and told her, "I will wire \$300,000 to your account," and she was to wire it to you, is that correct?

[The exhibit referred to follows:]

Johnny Chung Leaves China to Meet General Ji in Hong Kong

August 13, 1996



Chung leaves China
August 13, 1996

Chung enters Hong Kong
August 13, 1996



EXHIBIT
6

Mr. CHUNG. That is correct.

Ms. COMSTOCK. I am showing you exhibit 7 on the screen. This is your Overseas Trust Bank account record that was provided to the committee recently. You had said on this morning that Liu Chao Ying called you and said she was putting money into your account. I guess I would direct your attention to the third entry down where it says—it is 14 August 1996. It has a transaction for a deposit of approximately \$2.3 million Hong Kong dollars?

[The exhibit referred to follows:]

Mr. CHUNG. That is correct.

Ms. COMSTOCK. And my understanding is that is the equivalent of \$300,000 U.S. dollars; is that correct?

Mr. CHUNG. That is correct.

Ms. COMSTOCK. And prior to receiving that deposit that Liu Chao Ying facilitated, your account showed only a balance of approximately \$1,068 Hong Kong dollars, is that correct, up there on the second line?

Mr. CHUNG. That is correct.

Ms. COMSTOCK. And that would be the equivalent of approximately \$150 in U.S. dollars?

Mr. CHUNG. That is correct.

Ms. COMSTOCK. And then again, showing you another bank record that you had provided to us, exhibit 8, again from your Overseas Trust Bank Limited account, this document is a wire transfer report which provides more detailed information on the wire and it shows the ordering customer of the wire was Liu Chao Ying; is that correct?

[The exhibit referred to follows:]

96/08/14
ITT96/861129
[REDACTED]

6

CHUNG JOHNNY
C/O AUTOMATED INTELLIGENT
SYSTEMS INC
2771 PLAZA DEL AHO
SUITE 809
TORRANCE CA 90503 310 3288

REMITTING BANK : [REDACTED]
THEIR REF. : [REDACTED]
REMITTING AMOUNT : HKD*****2,318,850.00
EXCHANGE RATE : ----
EQUIVALENT AMOUNT : ----
ORDERING CUSTOMER : LIU CHAO YING

CERTIFIED TRUE COPY
for OVERSEAS TRUST BANK LTD.
GLOUCESTER RD. BRANCH

[Signature]
Authorized Signature BARZ

19 NOV 1997

THIS IS A REQUESTED COPY

EXHIBIT
8

Mr. CHUNG. That is correct.

Ms. COMSTOCK. Now, after Ms. Liu had wired this money, you had asked her to come over to see you that day on August 14th?

Mr. CHUNG. That is correct.

Ms. COMSTOCK. And it was on that—

Mr. CHUNG. She ordered me in the early morning.

Ms. COMSTOCK. It was on that occasion that she had mentioned others who had been receiving money, Mr. Middleton and Mr. Young. You told us she made a reference to them, you felt to assuage you into keeping the money; is that correct?

Mr. CHUNG. Yes.

Ms. COMSTOCK. All right. And when she said that, she seemed to know who Mark Middleton was? You had not raised his name, she raised it first?

Mr. CHUNG. I can feel she know her—she know him, I am sorry.

Ms. COMSTOCK. You knew Mark Middleton to be a former senior White House aide with business contacts at that time in Asia?

Mr. CHUNG. I know he used to work in the White House. I met him twice in the White House when he was employed by the Clinton administration.

Ms. COMSTOCK. OK. And when she mentioned a Mr. Young, a Boeing representative, she didn't give you a first name of that Mr. Young?

Mr. CHUNG. No.

Ms. COMSTOCK. And you don't know who that Mr. Young is?

Mr. CHUNG. No, I don't. In the way we talk about it, nobody in Chinese, they say Mr. Chung, Mr. Lin, Mr. Young. Very few times you got to the first name.

Ms. COMSTOCK. Now, on a separate occasion back in February 1996, you told us a Mr. Pai, who was a business associate also of yours, told you something about Charlie Trie. Could you tell us about that car ride in February 1996?

Mr. CHUNG. A gentleman of the branch manager of China Construction Co., the branch manager in Beijing, Mr. Pai Yung, Pai is the last name, at the one Chinese restaurant after we finished the dinner, he drove me back to my apartment in Beijing.

At one point he said to me, "Do you know Mr. Charlie Trie?" In Chinese, he said. I said I do. He is one of the Chinese-Americans, like me. "And do you know he is a good friend with your President?" I said yes, I know. And he asked me, "Do you know he asked my government for \$1 million to give it to the President and Democrat party?" And my eye turned to this way, and from that point, no more further conversation. Just keep driving.

Ms. COMSTOCK. Now, you had told us you had also seen a picture of Mr. Trie and Mr. Middleton in, was it the office of Mrs. Pai's business associate, or some connection with Mrs. Pai's business associate?

Mr. CHUNG. When I was down there in southern China at the Citicorp, when I was there one of the businessmen, Mr. Hur, and I went to their office. I see the pictures, and I also see the company brochure with Mark Middleton and Charlie Trie and this gentleman, Mr. Hur, was on the couch, and taking pictures together.

Ms. COMSTOCK. All right. Now, also returning back to when you had that dinner, that first dinner with Liu Chao Ying and General

Ji on August 11th, you said Liu Chao Ying had mentioned Charlie Trie in that meeting. From her talking about Charlie Trie and saying you had a better brochure than Charlie Trie, did you have the impression that Liu Chao Ying knew Charlie Trie?

Mr. CHUNG. She know him, in my impression.

Mr. BURTON. Let me change subjects here. You said that in early 1996 you were in Beijing in the middle of the night. You got a telephone call from a Cui Bao Chien.

I had difficulty with the names. He was connected with the Great Wall Manufacturing Co. He asked you to come to a karaoke bar that night?

Mr. CHUNG. That is correct.

Mr. BURTON. When you got there, you were introduced to Robert Luu, the man you thought made these overt threats to you?

Mr. CHUNG. That is correct, Mr. Chairman.

Mr. BURTON. At that time, was Liu Chao Ying ever mentioned or General Ji ever mentioned?

Mr. CHUNG. Never.

Mr. BURTON. Never. The FBI worked with you throughout the entire process, is that correct, and they wired you so that they could pick up the conversations?

Mr. CHUNG. Not only wired me, but also got a hidden camera.

Mr. BURTON. A hidden camera. OK. Another one of my colleagues is going to go into more detail on this subject, but I wanted to ask you about ties that Mr. Luu may have had to Chinese intelligence sources. Our investigators have been told that Mr. Luu failed not one but two lie detector tests, one administered by the government and another was administered independently, and the private polygraph exam indicated Mr. Luu showed deception when asked if he had ties to the PRC intelligence services.

Do you know of any ties that Mr. Luu had to the PRC or General Ji or anybody else in the Chinese Government?

Mr. CHUNG. According to the instruction by the FBI, I posed him a lot of questions. One of the questions I asked him, "Do you know General Ji?" He clearly showed to me he know him. I pointed out, again under instruction of the FBI, "Do you know Gunyang?" which is equal to Liu Chao Ying. He said he know him.

Mr. BURTON. He used a Chinese term about Liu Chao Ying which indicated to you that he had to know Liu Chao Ying because that term had been used before; is that correct?

Mr. CHUNG. That is correct. I tried to, under the instruction of the FBI, I tried to find out who is behind him. I had to find it out who is behind him. That is my instruction. And he come out with the Gunyang, which is very important words to this committee. When they say "gunyang" in Chinese, which means a country girl, I think nobody dared to call Chao Ying country girl. I gave her that name at the Willard Hotel.

Mr. BURTON. You gave her the name?

Mr. CHUNG. I gave her the name.

Mr. BURTON. When he used the term "country girl" in Chinese, you knew exactly who he was talking about?

Mr. CHUNG. Bingo.

Mr. BURTON. Her connection, of course she was a subordinate or showed deference to General Ji, who was the head of Chinese military intelligence?

Mr. CHUNG. Under the instruction of the FBI, I tried to push him. At the very end of the few meetings, I got that impression, he know him.

Mr. BURTON. I understand that. What I am talking about is when you first met them at the restaurant in Hong Kong, she showed deference to General Ji?

Mr. CHUNG. I am sorry, yes.

Mr. BURTON. And you knew that he was superior to her and she knew he was the boss.

Mr. CHUNG. That is correct.

Mr. BURTON. So when you heard Mr. Luu talking about her and also you were trying to find out about General Ji, you knew there was a connection there between her and the Chinese military intelligence?

Mr. CHUNG. That is correct.

Mr. BURTON. Now, you mentioned a Commander Li. Did she ever or did Mr. Luu ever identify who Commander Li was?

Mr. CHUNG. The whole entire undercover operation, I always wanted to find out who Commander Li is. He never told me who Commander Li is. I didn't know who Commander Li is.

Mr. BURTON. But Commander Li was associated with a veiled threat that you might be in trouble if you talked, right?

Mr. CHUNG. In the very soft talk in Chinese, but a very hard reaction, I can feel as my life, my family life, is in great dangers if I talk.

Mr. BURTON. This is very important. The FBI concluded from the wiretap, the wire that you were wearing, that there was a definite possibility that you might be in danger?

Mr. CHUNG. That is correct, Mr. Chairman.

Mr. BURTON. And they put you into a motel with your family for 21 days?

Mr. CHUNG. On top of each other.

Mr. BURTON. On top of others. On top of each other. You were sleeping on top of children. They didn't even give you a big hotel room?

Mr. CHUNG. They tried. They did treat me well. I want to put in the record, they treated me very well.

Mr. BURTON. But the point is, it is not just your imagination that Mr. Luu was telling you if you talked, you might be in real jeopardy, and so might your family, and you felt there was a strong connection back with the Chinese Government?

Mr. CHUNG. That is correct.

Mr. BURTON. And the FBI concurred because they did put you in protective custody?

Mr. CHUNG. That is correct.

Mr. BURTON. I think we have a couple more documents.

Mr. CHUNG. Mr. Chairman, I would like to put in some more information here. After that time, New York Times also come out pretty much at the same time, New York Times came out with the article about Liu Chao Ying with that \$300,000, and all of this coming up at the same time, I think that is why we conclude my-

self and my family is in great dangers, and they move us in the middle of the night.

Mr. BURTON. I see. OK.

Ms. COMSTOCK. I just wanted to cover just a few more documents that you had addressed regarding some of the events. In October 1996 you said you had brought General Ji's wife and son to the "Back to the Future" event. I want to show you exhibit No. 9 which shows an invite. These were provided from your documents. Was that the invite for that October event that you took Mrs. Ji and her son Alex too?

[The exhibit referred to follows:]

Mr. Johnny Chung
Chairman and CEO
AISI
2771 Plaza Delamo
Suite 809
Torrance, CA 90503

Save the Date

You are cordially invited to the

Presidential Unity Fund '96 Celebration

a unified effort to benefit the

Democratic Congressional Campaign Committee
Democratic Senatorial Campaign Committee
Democratic National Committee

with

President William Jefferson Clinton

Thursday, October 17, 1996

12:00 noon Garden Luncheon

Home of Ron Burkle
Green Acres
Beverly Hills, California

-OR-

6:45 PM Festival

"Back to the Future" backlot
Universal Studios
Universal City, California
(Cocktails and Hors D'oeuvres)

To purchase tickets and for more information please call [REDACTED]

JCH12266



Mr. CHUNG. That is correct.

Ms. COMSTOCK. And then exhibit 10 was the letter that you had discussed, that Don Fowler wrote to Liu Chao Ying inviting her to the Democratic National Convention. Was that the letter, had you asked Don Fowler to write that letter for Liu Chao Ying?

[The exhibit referred to follows:]



DEMOCRATIC NATIONAL COMMITTEE

Donald L. Fowler, National Chair

August 15, 1996

Ms. Liu Chao-Ying
Vice President
China Aerospace International
Holding Ltd., Co.
12/F, Conic Investment Building
13 Hok Yuen Street, Hunghom
Kowloon, Hong Kong

Dear Ms. Liu:

It was a pleasure meeting you at the Broad dinner for President Clinton on July 22. I would like to invite you to attend the Democratic National Convention to be held in Chicago on August 24 through 29. It is our most exciting political event. While I can not offer guest credentials to the convention, I understand that you will attend as Johnny Chung's guest. The nomination of our party's candidates for President and Vice President will be a great celebration of political unity and commitment for the 1996 presidential elections.

We look forward to having you in Chicago for this exciting and historic week.

Sincerely,

DLF (handwritten signature)

Donald L. Fowler

DLF/sbo

Democratic Party Headquarters • 430 South Capitol Street, S.E. • Washington, D.C. 20003 •
FAX: • http://www.democrats.org

Fund for the Democratic National Committee. Contributions to the Democratic National Committee are not tax deductible.

F 0048894



Mr. CHUNG. I asked for that letter. They gave it to me. I gave it to Ms. Liu Chao Ying.

Ms. COMSTOCK. He wrote this and a number of other letters for you?

Mr. CHUNG. Yes.

Ms. COMSTOCK. Thank you.

Mr. BURTON. Thank you, Mr. Chung. We now yield to Mr. Waxman for 30 minutes.

Mr. SUN. Mr. Chairman, would it be possible to have Mr. Chung take just a short break?

Mr. BURTON. We will stand in recess for 5 minutes so Mr. Chung can take a break. Is that OK with you?

Mr. WAXMAN. Yes.

[Recess.]

Mr. BURTON. The committee will reconvene.

Mr. Sun, I believe you had one little clarifying statement you wanted to make real quickly regarding something that was in the testimony.

Mr. SUN. Yes, Mr. Chairman. Thank you, Mr. Chairman.

Just briefly in connection with Mr. Chung's statement, minor clarification. When he was discussing his—how he knew Mark Middleton, he indicated a name we need to clarify. The context of the statement was where one of his associates had called to ask him a favor and to call Mr. Middleton to intervene on behalf of this issue involving a Swiss bank account. The person who contacted him was an individual by the name of Liu Shu Min, who is a Chinese Embassy official that Mr. Chung had been introduced previously. So it was Mr. Liu who called Mr. Chung and asked him to call Mr. Middleton. And then the name that was actually used by Mr. Chung, Larry Liou, spelled L-I-O-U, was one of his AISI shareholders who on a separate occasion had asked Mr. Chung to call Mr. Middleton for a favor. So we have two Lius there, and we needed to correct the record in that regard.

Just another couple of quick things. One is with respect to the money that came from Ms. Liu in August 1996, I believe Mr. Chung indicated that the money came into his overseas trust limited account and that just to clarify the record, a portion of the money was sent to his Cal Fed account in August 1996, and then more money from that account was later brought over at a later time. Just to clear that up.

And I believe Mr. Murphy has one other thing as well.

Mr. MURPHY. Mr. Chairman, apparently there was a little miscommunication in the discussions regarding Charles Parish. It wasn't Mr. Parish's girlfriend that was brought to the event. It was Mr. He's girlfriend. I wanted to make sure that was clear.

Mr. BURTON. Anything else? If not, Mr. Waxman, you are recognized for 30 minutes.

Mr. WAXMAN. Thank you.

Mr. Chung, welcome back to our committee. This is the first time you've testified in a public hearing, but it's not the first time you've appeared before Members of Congress. In August 1997 you went before members of the Senate Governmental Affairs Committee and talked to them, and in November—on November 14, 1997, you

had a meeting with members of this committee and our staff; isn't that correct?

Mr. CHUNG. That's not correct. My attorney talked to the Senate committee.

Mr. WAXMAN. You did not talk to the Senate committee?

Mr. CHUNG. I did not come to Washington, DC.

Mr. WAXMAN. You did come before us?

Mr. CHUNG. I did come before you.

Mr. WAXMAN. And your attorney went before the Senate committee talking to them in hopes that you might get immunity. Is that your understanding?

Mr. CHUNG. That's what I understand.

Mr. WAXMAN. During your interview with us, you took us through a chronology of your interactions with political officials, and I want to ask you about some of them. But before I get to talking to you about Liu Chao Ying and General Ji, I want to ask you about 1995 because I was so impressed when you met with us and you talked about your trip to China in 1995 where you were talking to Chinese Government officials about releasing Harry Wu who was a political prisoner. You spoke with real passion. You felt Mr. Wu was being held improperly and illegally. I'd like you to share your views with us and share with us your experiences in dealing with Mr. Harry Wu.

Mr. CHUNG. In late June 1995, one gentleman called Mr. Charles Parish, who we know who he is, he called me from the Urumchi Sinkiang province of China, and he called me at my office. I ask him, why you go there? It's small countryside. He said, I'm here for a purpose. Well, I thought you had some friends. He indicated a friend who I did take them to the March 1995 Presidential radio address, Mr. Sun. I asked Mr. Sun to go to the hotel, give him the basket of fruit and the flower. Ended up with Mr. Sun was followed by the Chinese policeman. Two days later I saw by watching the CNN Breakout, I saw Mr. Wu, Harry Wu's wife was cry out at Capitol Hill. I said to my wife, I hope I can do something about it. Would you cry out if I was arrested by someone overseas? She said, I would do the same thing.

I feel sympathy about that. The first one I contact then California Democrat Chairman Bill Press, a cohort of the Crossfire today. I raise my issue to Mr. Bill Press. I talk to him. He helped me out to get through with Chairman Don Fowler, and I talked to Don Fowler about Harry Wu issue. Then—the reason why Mr. Charles Parish was in Urumchi Sinkiang, he was ordered by the State Department looking after Mr. Wu.

Mr. WAXMAN. Mr. Chung, let me interrupt you. Rather than going through every detail of what you said to us, I recall that you talked to a man in China who was equivalent to the head of the President's National Security Council and made an appeal to him to have Harry Wu released, and you never got the credit, but you felt that you deserved the credit for Harry Wu getting out of Chinese prison. Is that accurate?

Mr. CHUNG. I never asked the credit for the release of Harry Wu, but I did what I think is the right thing to do as American citizen.

Mr. WAXMAN. Well, do you think you played an important role in getting him released?

Mr. CHUNG. At that time I did ask all of those Chinese business connection what I can do, and I did meet with the Vice Minister of Foreign Affairs Li Wa Chu and the gentleman Mr. Liu who I know from the TV Chinese news now, he's the second person in the Chinese Embassy right now in Washington, DC.

Mr. WAXMAN. You remember calling the Democratic National Committee and telling them that you were responsible for getting Harry Wu out?

Mr. CHUNG. I remember I talked to several people in the National Democratic Committee. I will go. I will try to release him. They show me the support.

Mr. WAXMAN. Well, a Carol Khare was quoted in an L.A. Times article as saying you told her you managed to get Harry Wu out of jail, and you were very pleased with yourself.

Mr. CHUNG. The moment I had the meeting over with the Minister, the Vice Minister, Li Wa Chu, the Minister of Foreign Affairs, then I—that afternoon I came back to my hotel room. I make several phone calls. I told them, Carol Khare, I told the secretary to Bill Press. I also talked to a person back there, Muriel. Now I remember the name because one of the U.N. investigator told me, she was the volunteer working at the White House, the First Lady's office. I told him that at the end of the conversation, the Chinese told me, the Vice Minister told me, if you maintain, which is United States, maintain one China policy, and you will not give the President of Taiwan, give away another visa and ask me if the First Lady coming to woman conference in Beijing, pretty much—pretty soon we will release, we'll do something. And that all I know.

I did pass on all this information to whatever I can. I did try to call the President's office at the White House, Betty Currie, and it sounds like nobody answer the phone at that time. Later I figured out the President was on vacation in Wyoming and Montana.

Mr. WAXMAN. Were you trying to call the White House to tell them that you had arranged to get Harry Wu out of prison?

Mr. CHUNG. Those few people at the First Lady's office, they know that.

Mr. WAXMAN. Let me ask you another question. There were some people you called and you were pretty excited because you thought he was going to get out, and, in fact, 10 days later he did get out.

Mr. CHUNG. Mr. Congressman, we are talking about two different phone calls. One is—this is the event after the conversation, and the other phone call is when I was in Shanghai, the day Harry Wu was released.

Mr. WAXMAN. Ms. Khare at the DNC claimed that you called and said that you were responsible for getting Harry Wu out.

Mr. CHUNG. That was the second phone call. I call him up when I was in Shanghai, the same day Harry Wu was released.

Mr. WAXMAN. When you met with us 2 years later in 1997, you told us explicitly—you never publicly took the credit, but you told us that you felt you were responsible in getting Harry Wu out.

Mr. CHUNG. At that time I did whatever I can at my own expense.

Mr. WAXMAN. I'm not in any way criticizing you. You tried to do what was a good thing. You tried to get this man out of prison, and

I commend you for that. But when you met with us, you said, it's because of me that Harry Wu was out.

Do you know this gentleman sitting to my right, Mr. Lantos?

Mr. CHUNG. Yes, I do.

Mr. WAXMAN. Do you remember what he said to you at that meeting?

Mr. CHUNG. I don't take a note. I'm sorry. Would you remind me?

Mr. WAXMAN. You don't recall what he said to you? You don't?

Mr. CHUNG. I'm sorry, Mr. Lantos, the only thing I remember, you asked me speak louder.

Mr. WAXMAN. He also said something else. He said to you that he thought it was absolutely preposterous that you would think that you were responsible for getting Harry Wu out of prison in China since so many of the Congressmen, Senators, human rights groups, people at the highest levels of diplomatic channels, were trying to get him out. He thought it was preposterous, but it was clear that you at that time genuinely believed you were responsible for Harry Wu's release.

Now, it's interesting to me that the conversation, which I thought was a pretty harsh one from Mr. Lantos in 1997, you can't remember, but the conversations you had in 1996 you seem to remember in a great deal of detail.

Let me ask you about another matter.

Mr. SUN. There were 20 people in that meeting, Mr. Waxman.

Mr. WAXMAN. There was one person, Mr. Lantos——

Mr. CHUNG. May I respond to this question?

Mr. WAXMAN. It seems to me you should be able to remember when somebody attacks you.

Mr. CHUNG. So many people in the room at the first time for me to come to the Congress, and so many people jump up of questions another one, and so many people there in the room, and sometimes I didn't really pick it up how many questions asked me simultaneously.

Mr. WAXMAN. So you don't recall?

Mr. CHUNG. That's what I recollect to you.

Mr. WAXMAN. Let me get a clarification.

Mr. CHUNG. I will remember you asked me the question today because this is one on one.

Mr. WAXMAN. Well, that was one on one, too. But in 1997, you said you did not meet with the Senate. But you did meet with the Senate staff in Los Angeles, didn't you?

Mr. SUN. I'm sorry, you were asking him——

Mr. WAXMAN. Whether he met with Senate staffers in August 1997.

Mr. SUN. He may have been introduced to a couple of staffers, but he didn't actually meet or talk with them beyond that.

Mr. WAXMAN. That's very peculiar because I have notes from the Senate staffers at the meeting. Was it only with you, Mr. Sun?

Mr. SUN. There was a meeting in my office, Mr. Waxman. Mr. Chung was present. We did an attorney proffer. Mr. Chung was there to sort of correct and clarify anything that the attorneys might have said incorrectly or that might have been, from his standpoint, inaccurate.

Mr. WAXMAN. I consider that an interview with him. And there were statements made by him at that meeting; were there not?

Mr. SUN. I don't think we need to get into a semantic discussion about it. Mr. Chung was present in my office when some of those discussions took place. He wasn't present for all of them.

Mr. WAXMAN. I have these notes, and we'll go over them later.

Mr. Chung, you gave a television interview to NBC News in August 1997. This interview made headlines across the country because you alleged Energy Secretary Hazel O'Leary insisted on a contribution before scheduling a meeting with you and some Chinese guests. Because of your statement, the Attorney General of the United States launched an investigation of Secretary O'Leary. This committee investigated your allegations and actually deposed Ms. O'Leary. In the process she had her reputation brought into question. She had to bear a large financial toll both in terms of attorney fees and opportunity costs.

Do you know what both the Attorney General's investigation and our investigations concluded? I want to read to you what the Attorney General said. She said, "there is nothing about . . . the substance of the meeting that suggests that there was anything inappropriate about the meeting. . . . The investigation developed no evidence that Mrs. O'Leary had anything to do with the solicitation of the charitable donation." In fact, Attorney General Reno further stated, "[Mr. Chung's] belief that Mrs. O'Leary knew about the solicitation . . . amount[s] to little more than speculation."

Would you give that same answer that you gave to Mr. Brokaw if it were asked again, and that question was whether you had to give money as a requirement to meet with her?

Mr. CHUNG. I only talked to the government what the fact is, and what they want to do with that fact is out of my control.

Mr. WAXMAN. I want to ask you about another subject you discussed in an interview with NBC News, and this dealt with Maggie Williams, who is the Chief of Staff of the First Lady. You said there was a check for \$50,000 made out to the DNC, and you delivered it to Ms. Williams. There's nothing illegal about this, but you also went on to say that she and other White House staff actively solicited the contribution.

The distinction is important because if she actually solicited the contributions, it's illegal. If she received the check and then passed it on to the appropriate party, it's not illegal. Tom Brokaw recognizes the critical distinction, and in his interview he said, "but who suggested the donation? That's a critical point because it's against the law for Federal employees to solicit donations." Your answer was that Maggie Williams and her assistant Evan Ryan solicited the contribution. As Tom Brokaw reported, "Chung insists Mrs. Clinton's aides' Evan Ryan and Maggie Williams raised the idea of a donation to defray the cost of a White House Christmas party." Do you remember that exchange with Tom Brokaw?

Mr. CHUNG. I told the fact to Tom Brokaw. I told the fact to the government investigator.

Mr. WAXMAN. As a result of that allegation, both this committee and the Senate Governmental Affairs Committee investigated Ms. Williams. She was deposed by this committee for over 10 hours. She then testified at a public committee hearing for nearly 5 hours.

She spent hundreds of thousands of dollars on attorney's fees. Neither committee found any support for your allegation, and when you met with us in November 1997, you no longer insisted that Maggie Williams solicited the money from you. Instead you said the discussions preceding the delivery of the check were with Evan Ryan, not Maggie Williams, and you conceded that the idea of making the contribution may have originated with you.

Can you appreciate the harm you caused to both Ms. O'Leary and Ms. Williams through these erroneous allegations?

Mr. CHUNG. I told the fact to the investigator of the government. What they want to do with it, if you want to ask me one more time, Mr. Congressman, I'd be very happy to give you the detail minute by minute.

Mr. WAXMAN. Well, you gave your statements, but they were inconsistent. You said at one point that they solicited the contribution but then later backed away. That's a significant point.

I want to return to your statements in 1997 to both the Senate and the House committees. When you appeared before the committees, did you understand that it was a Federal crime under 18 U.S.C. section 1001 to provide false information to Congress?

Mr. CHUNG. I told the Congress the facts at that time at the advice of my attorney.

Mr. WAXMAN. Did you understand it was important to tell the truth and that it could be a crime not to tell the truth to members of staff and Members of Congress?

Mr. CHUNG. I told the truth at the advice of my counsel. Sometime, Mr. Congressman, I like to talk to you about I was—my attorney was under negotiation at that time.

Mr. WAXMAN. I want to review some of your statements and ask whether you stand by those answers. After your interview with the Senate, your attorney reviewed the notes from the meeting, and he indicated in a letter that they were correct. Your attorney said, "Chung could 'deflate the foreign source' by proving that he made his donations entirely out of his own money." Do you still stand by that statement, that you made the contributions out of your own money?

Mr. CHUNG. I do. I do.

Mr. WAXMAN. Your attorney also said, "Mr. Chung had not been a conduit for foreign money; The funds he donated were ones over which he had total control." Do you stand by that statement? And I think you said it as well in your statement.

Mr. CHUNG. It is in my statement.

Mr. WAXMAN. Mr. Sun, as your attorney, gave an interview, and he denied that the Beijing Government was trying to use you as an agent. Do you stand by that statement?

Mr. CHUNG. At that time, yes, I do.

Mr. WAXMAN. When you met with this committee in November 1997, you told us essentially the same thing. You said you received no money from foreign governments. You stand by that statement?

Mr. SUN. Excuse me. Congressman, when do you attribute that statement?

Mr. WAXMAN. This is November 1997.

Mr. SUN. This was the meeting where members of this committee and staff agreed that this was an off-the-record interview. We had

taken the fifth amendment because of the pendency of a criminal investigation. I did about 70 percent of the talking, as I recall, during that meeting, but I reminded both members of this committee and the staff that where there was a pending Department of Justice criminal investigation, there were certain matters that we could not get into because of that investigation, and I want to make that clear for the record. And you're referring to notes, notes that I would note for the record that I have not seen, that as I understand it were provided to the Department of Justice——

Mr. WAXMAN. I only have a limited amount of time. Let me stipulate. This was a meeting that you're referring to, and these were notes that I took and my staff took and they were all put together and all corroborated by each other. Now, the notes you had from the Senate meeting you did get a chance to review. You did not get to see these. But you, Mr. Sun, said, Senator Specter's suggestion that Chung's money was from foreign sources was not accurate. Mr. Chung, do you still hold that the statement that your money was from foreign sources was not accurate?

Mr. SUN. In the context of the donations or money that he received, Congressman? That's a clarification I would seek, because Mr. Chung in his statement said he received a lot of money from foreign sources. What he disputes is the notion, I think, raised by Senator Specter that all these donations were earmarked and that Mr. Chung was a conduit for these foreign-sourced donations. I just want to clarify that.

Mr. WAXMAN. So you stand by that statement that the sources may have been foreign sources, but the contributions were from Mr. Chung?

Mr. CHUNG. That's correct.

Mr. WAXMAN. A very important issue is what General Ji said to you, and I'm confused about this because your statement seems so unclear. On page 23 you say that, "I emphasize that except for the General, no one told me to give money to the Democrats." This seems to imply that General Ji told you to give money. But I don't see from your testimony where General Ji told you to give money to Democrats.

Let me go to page 17 and 18 of your testimony. There you describe in four sentences what General Ji told you. I want to go through each of these sentences. He said, one, "we really like your President." Is this a directive for you to give money to the President?

Mr. CHUNG. That's the way he told me; he liked your President.

Mr. WAXMAN. That's all he meant. The first full sentence is, I like your President.

Mr. CHUNG. We like your President.

Mr. WAXMAN. The second sentence, "We hope he will be reelected." Was that a directive for you to give money to the President?

Mr. CHUNG. That's the way he feel. He liked.

Mr. WAXMAN. He liked him?

Mr. CHUNG. He like—we—they like to see him be reelect.

Mr. WAXMAN. Then he said, "I will give you 300,000 U.S. dollars." What about this statement? Was that a directive to you to give that money to the President?

Mr. SUN. I think he's having trouble with the word "directive."

Mr. WAXMAN. Was he ordering you? Did he simply say you can give the money, or did he say that you had to give that money?

Mr. CHUNG. He will give me the money.

Mr. WAXMAN. He will give you money, and you can give it to the President. Did that mean you had to give it to the President, or was it your money?

Mr. CHUNG. It's my money. It's my money. At that conversation, I told you that I don't know this guy who the hell is. He called himself Mr. Xu.

Mr. WAXMAN. Why were you so insulted about that? What offended you about that statement? Why were you angry about it?

Mr. CHUNG. I been talked to these four sentences more than 50, 60 times. The sentence is there.

Mr. WAXMAN. He was telling you how to use the money?

Mr. CHUNG. That's the impression I get from him.

Mr. WAXMAN. You felt it was your money?

Mr. CHUNG. I feel the promise from Liu Chao Ying. Makes no difference what the other businessmen would mean. You see my pattern all along with the 2 years.

Mr. WAXMAN. Well, he's telling you you can make a contribution. He's not saying you shall make a contribution. And moreover, you have later in your testimony two other facts that seem to be unclear to me. First, on page 21 you say that Ms. Liu said you could use the money for your business. Why would Ms. Liu contradict an expressed directive from General Ji?

Mr. CHUNG. Speculated.

Mr. WAXMAN. You're speculating?

Mr. SUN. I think he's trying to say, Congressman, he doesn't know what she was thinking in that regard.

Mr. WAXMAN. She said you can use the money for our business, didn't she?

Mr. CHUNG. That what she told me at the Willard Hotel.

Mr. WAXMAN. It was after the conversation with General Ji?

Mr. CHUNG. Yes.

Mr. WAXMAN. General Ji said, here's \$300,000. Did he say, I want you to use all of it for the Democrats and President Clinton?

Mr. CHUNG. He didn't say—he only said, you can give—use to the President and the Democrat party. You got to translator over here to translate.

Mr. WAXMAN. I've heard the translation. If somebody says you can use the money for the President's reelection, and he knew you were already giving a lot of money to the President for his reelection, and he knew that some of the foreign money you received you used for contributions, doesn't that simply acknowledge that you were going to give some of that money?

Mr. CHUNG. In statement you can also see that I was encouraged by Liu Chao Ying when she told him how disappointed I am with the business relationship back there in Beijing early on, and later on she said—she also indicated to him about how loyal I am to the Democratic party, how loyal I am to the President of the United States, and in a sense I always talk to everybody I met. More money I make, more money I can give. Not only talk to the inves-

tors or shareholders, but I also talk to the DNC and White House official.

Mr. WAXMAN. So, in fact, you thought of it as your money. You used that money to pay your taxes. You used it to pay your mortgage. You used it to even pay the salary of General Ji's son who worked for you, and you donated—now the Senate says \$20,000 of the \$300,000; you've been saying \$35,000 of it to the Democratic Committee or President Clinton; is that right?

Mr. CHUNG. The money I received, it's my money. I can use it whatever way I want to use it.

Mr. WAXMAN. Well, you don't maintain in any way that the President or the Democratic party knew that money was coming from General Ji? You didn't tell them that, did you?

Mr. CHUNG. No, I don't.

Mr. WAXMAN. Well, it strikes me that one theory in all of this is the kind of theory that the chairman outlined, how all of this is part of a conspiracy. It seems to me a very strange conspiracy if the Chinese Government is telling you to give \$300,000 through General Ji's comments. You get \$300,000 to the Democratic party, but he doesn't care whether the Democratic party or the President knows it was his money. He doesn't seem to care that you only gave \$20,000 of it and not \$300,000 of it to the President. If that's the way they've run their conspiracy, it seems to me a very strange notion of a China plan to reelect the President. Do you think it's part of a broad conspiracy?

Mr. CHUNG. In my statement I said the people who I deal with it.

Mr. WAXMAN. If we have a conspiracy, it has to be constructed on three legs. The first leg is that you were a conduit for foreign contributions, but you told us in 1997 and again today you were never a conduit for foreign contributions. Your testimony is that you had control over the money you received and were not directed to give the money to the DNC, so that's the first leg that doesn't stick.

Mr. CHUNG. I always intend whatever time, how much, and when to go. I make this decision by myself.

Mr. WAXMAN. It's your decision because it's your money to decide.

Mr. CHUNG. It's my money.

Mr. WAXMAN. The second leg is you received the money from the Chinese Government as part of a plot to influence United States elections, but in 1997 and again today you said you never received the money from a foreign government. Is that accurate?

Mr. CHUNG. I consider it money I received—you talk about Liu Chao Ying's money. It will be sent in Liu Chao Ying's money.

Mr. WAXMAN. You don't know whether it came from the Chinese Government or from her businesses?

Mr. CHUNG. The statement over here is when she—when General Ji said to Liu Chao Ying, my statement to you, I don't know the source behind it.

Mr. WAXMAN. And the third leg would have to be that you're just one piece of a comprehensive scheme by the Chinese Government to funnel money into the American political system. Now, you made statements regarding Mr. Middleton, Mr. Young, Mr. Trie to dem-

onstrate this scheme, but you have no knowledge about the actual facts about those three individuals. You're passing on something you heard about them; is that right?

Mr. CHUNG. That's secondhand information, I know.

Mr. WAXMAN. In fact, while we couldn't corroborate a lot of what you told us because it's stuff you heard and we couldn't check it out, we were able to check out about Mark Middleton, and Mark Middleton denied the statement that was attributed to you in the press. You said Ms. Liu told you that Mark Middleton received \$500,000 from Mr. Huang of the Singapore Group to help China. We checked to see—

Mr. BARR. Excuse me. Mr. Chairman, it's our understanding that Mark Middleton has taken the fifth, and he hasn't testified as to anything. I think this is a mischaracterization of testimony.

Mr. WAXMAN. This is my time.

Mr. BARR. That doesn't mean you can mischaracterize testimony in legal proceedings, Mr. Waxman.

Mr. BURTON. The gentleman will state his point of order.

Mr. BARR. Point of order is I believe the gentleman from California has mischaracterized testimony. Would the chairman clarify whether or not Mark Middleton has taken the fifth and has, in fact, not testified as to any of this?

Mr. BURTON. Was it the—

Mr. WAXMAN. Mr. Chairman, I have a letter in my hand.

Mr. BURTON. Was it Mr. Middleton's attorney or Mr. Middleton?

Mr. WAXMAN. I have a letter from Mr. Middleton's attorney, and in it he says, as counsel for Mark Middleton, I'm writing to respond to your request—this is to Ms. Comstock—of May 6 “that Mr. Middleton agree to be interviewed by the Committee about the disgraceful and false accusations that the Committee has been leaking to the media over the last several days.” It goes on to say that he did not receive the money. In fact, we were able to check through your staff that money—

Mr. BURTON. Excuse me. I'll give you additional time, but the fact is Mr. Middleton has still taken the fifth, and this letter was from his attorney; is that correct?

Mr. WAXMAN. That's correct.

Mr. BARR. I appreciate that proper characterization of the testimony despite the effort to mischaracterize it by the gentleman from California.

Mr. WAXMAN. There's no effort to mischaracterize anything.

Mr. BURTON. Put 2 more minutes on the clock for the gentleman from California.

Mr. WAXMAN. Mr. Sun has been able to speak in the name of Mr. Chung, his client, and Mr. Middleton's attorney is able to speak for him, and, in fact, the Department of Justice concluded that Mr. Middleton agreed to—well, this letter says Mr. Middleton agreed to cooperate fully with the Department of Justice in its investigation. He was thoroughly interviewed. The Justice Department concluded that the allegations that Mr. Middleton ever received any funds from sources in the People's Republic of China were without foundation.

My point is that what we have are these statements. There was a statement about Ambrose Young, and then I believe Mr. Sun

said, well, maybe it wasn't the right Mr. Young. What we're seeing is a lot of hearsay, a lot of statements that are made, a lot of speculation with reputations that can be ruined as a result of the speculation, just as a great deal of harm was done to Hazel O'Leary and Maggie Williams and Ambrose Young, who, by the way, is a big Republican contributor. It seems to me if this is part of a case, we ought to look at actual facts. We don't have actual facts to back up all of this.

I think there's a lesson to be learned from all of this. I think a lot of it is attributed to you, Mr. Chung. You came here as an immigrant. You worked hard as a busboy at the Holiday Inn. You became an American citizen. You had 18 computer stores. You went out and made \$3 million between 1994 and 1996. At some point you discovered that if you contribute money to politicians, you get pampered by them. You get access to them. This is not unique to the Democratic party. It's also part of what the Republicans do. It's part of this corrupting campaign finance system that we have, and in getting this access you took photos, and with these photos you impressed a lot of people that you were an insider, a player. And that meant more business came to you, and that money came from foreign businessmen who wanted to do business with you because they thought you were an important person in the United States. That seems to be what impressed Ms. Liu and General Ji. Isn't that a correct assumption?

Mr. CHUNG. Yes.

To answer your question for two things. Government, Department of Justice, and the FBI find me as a very credible witness. And the other issue is in my statement to you, Mr. Waxman, this is a system I didn't create. You guys don't like it, change it. Don't shout at each other. Let's change it.

Mr. WAXMAN. Isn't it possible that General Ji and Liu Chao Ying gave you that money because they wanted to impress you because you were an important person in the United States? They wanted to go into business with you? They wanted to impress you? They wanted you to be helpful to them in their business operations?

Mr. CHUNG. Yes, I do. I think so. I want to do business with people around you, too, because you're important, too.

Mr. WAXMAN. Well, I think your experience is helpful in illustrating not international intrigue, but how defective our system is. Thank you, Mr. Chairman.

Mr. BURTON. Thank you, Mr. Waxman.

Before I yield to Mr. LaTourette, yesterday Mr. Waxman and I received responses to interrogatories and subpoenas directed to Mr. Ambrose Young. We wanted to clear up whether the Hong Kong Boeing representative mentioned by Liu Chao Ying might have been Ambrose Young. I ask unanimous consent that Mr. Young's responses be included in the record.

[The information referred to follows:]

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Chairman Dan Burton
The Committee on Government Reform
2157 Rayburn House Office Building
Washington, DC 20515-6143

Re: May 7, 1999 Committee Subpoena Facsimiled to Young Brothers Development (USA), Inc.

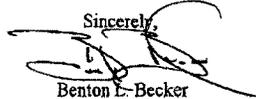
Dear Chairman Burton:

This is responsive to the Committee on Government Reform's subpoena duces tecum facsimiled to my Coral Gables law office on May 7, 1999, requesting my client, Young Brothers Development (USA) Inc., to produce certain records to the Committee by 5:00 PM on May 10, 1999. (Copy of committee subpoena enclosed for ease of reference).

A diligent search of the records of Young Brothers Development (USA), Inc. has revealed:

- 1) That Young Brothers Development (USA), Inc. has no records relating to any business relationship between Ambrous T. Young and the Boeing Company between January 1, 1992 and December 31, 1996. Further, the principals of Young Brothers Development (USA), Inc., including Ambrous T. Young, are able to categorically state that no such records exist; and
- 2) That Young Brothers Development (USA), Inc. has no records relating to contacts between Ambrous T. Young and Liu Chao-Ying or General Ji Shengde. Further, the principals of Young Brothers Development (USA) Inc., including Ambrous T. Young, are able to categorically state that no such contact or records or exist.

Sincerely,



Benton L. Becker
Counsel to Young Brothers Development (USA), Inc.
Secretary/Treasurer Young Brothers Development (USA), Inc.

cc: Ambrous T. Young
Honorable Henry A. Waxman, Ranking Minority Member
James C. Wilson, Chief Investigative Counsel-Majority
Ken Ballen, Chief Investigative Counsel-Minority

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Chairman Dan Burton
The Committee on Government Reform
2157 Rayburn House Office Building
Washington, DC 20515-6143

Re: May 7, 1999 Interrogatories Directed to Ambrous T. Young

Dear Chairman Burton:

This is responsive to your committee's facsimile of May 7, 1999 directed to my Coral Gables, Florida law office requesting my client, Ambrous T. Young, to respond to six interrogatories apparently pertaining to the forthcoming May 11, 1999 testimony of committee witness Johnny Chung.

On May 4, 1999, I was telephonically informed by the committee's Chief Investigative Counsel, Mr. James C. Wilson, that Mr. Johnny Chung was scheduled to testify before the committee on May 11, 1999. Mr. Wilson informed me that Mr. Chung will testify that in 1995 the director of Chinese military intelligence requested him to contribute three hundred thousand U.S. dollars (\$300,000.00) of P.R.C. funds to "your President and the Democratic Party." Mr. Wilson informed me that Mr. Chung will testify that he was concerned about this instruction and that he (Mr. Chung) discussed the matter with one Liu Chao-Ying, whom Mr. Wilson described as the daughter of the director of Chinese military intelligence. Mr. Wilson further advised that when Mr. Chung was interviewed by staff members of your committee, Mr. Chung stated that Liu Chao-Ying sought to quiet his concerns and that Liu Chao-Ying told Mr. Chung, "this (P.R.C. money diverted into U.S. elections) had been done by others in the past, we have given money to Boeing representative, Mr. Young." Mr. Wilson informed me that Mr. Chung was certain only "Mr. Young", (not Ambrous Young) was said to him by Liu Chao-Ying, and that Mr. Chung's counsel, (not Mr. Chung,) later volunteered the name, "Ambrous Young, the same from the Halley Barbour matter."

Mr. Wilson's description of Mr. Chung's staff interview was subsequently confirmed in all details in my May 7, 1999 telephone conversation with Mr. Ken Ballen, Minority Chief Investigative Counsel.

This past week, I must assume a committee source leaked my client's name in

connection to Mr. Chung's forthcoming testimony to the news media. As a result, false and defamatory news stories appeared in the print media wrongfully attempting to falsely link my client to Mr. Chung, and to whatever, if any, arrangement Mr. Chung had with the P.R.C.

I transmitted the committee's six questions to my client in Hong Kong and conferred telephonically with him. In the interest of providing your committee with an expeditious response to their questions, and in the hope of halting this Mc Carthy-like accusation by hearsay and embellishment, I transmit this correspondence reposing Mr. Young's response to the Committee's six questions. The information contained in Mr. Young's below answers was telephonically communicated by me to Mr. Wilson and Mr. Ballen on May 7, 1999.

1. Questions propounded :

Briefly describe any business relationship you have had with the Boeing Company.

- a. Please state the duration of such a business relationship.
- b. Please state whether your business relationship with the Boeing Company required you to contact the government of the People's Republic of China. If so, who did you contact in the government of the People's Republic of China?

Mr. Young's Answer:

In 1976 I served as a consultant to the Boeing Company for the territory of Taiwan, Republic of China. My assignment was to promote a 747 lease-purchase by China Airlines Taiwan.

a. For approximately three years, which concluded in 1975-1976

b. No, my business relationships with the Boeing Company, which concluded in 1975-1976, did not require me to contact the government of the People's Republic of China.

2. Question Propounded:

Do you know personally, or do you know of a representative of the Boeing Company in Hong Kong whose name is phonetically pronounced "Young"?

Mr. Young's Answer:

I do not know anyone in Hong Kong who represented the Boeing Company whose name is phonetically pronounced "Young", however the Boeing Company does have a representative in Taiwan, Republic of China, whose name is phonetically pronounced "Young" in the Chinese language.

a. Richard Yang

b. I have no direct knowledge of Mr. Yang's business relationship with the Boeing Company.

3. Questions Propounded:

Have you ever met a Chinese national named Liu Chao-Ying?

a. If so, describe the circumstances and substance of any such meetings.

Mr. Young's Answer:
No.

4. Questions Propounded:
Have you ever met General Ji Shengde, the director of the Chinese military intelligence?
a. If so, describe the circumstances and substance of any such meetings.

Mr. Young's Answer:
No.

5. Question Propounded:
Has the government of the People's Republic of China ever provided you with any money for the purpose of influencing political elections in the United States of America?

Mr. Young's Answer:
No.

6. Question Propounded:
Have you or your counsel been contacted by the U.S. Department of Justice with respect to the subject matter of these interrogatories?

Mr. Young's Answer:
No.

I trust that Mr. Young's above responses will be incorporated as an exhibit in the committee's official records.

Sincerely,



Benton L. Becker
Counsel to Ambrous T. Young

cc: Ambrous T. Young
Honorable Henry A. Waxman, Ranking Minority Member
James C. Wilson, Chief Investigative Counsel-Majority
Ken Ballen, Chief Investigative Counsel-Minority

Mr. BURTON. These responses make it very clear that Mr. Ambrose Young could not possibly have been the individual in question, and I'm surprised Mr. Waxman mentioned this knowing he would unfairly be slandering Mr. Young because we—

Mr. WAXMAN. Reserving the right to object. I only mentioned it for the purpose of showing how careless, reckless accusations can be made, as they were by Mr. Chung in the meeting he had with our staffs, which turned out to be inaccurate as it related to Mr. Chung, as have other statements that have been made by Mr. Chung turned out to be inaccurate. They are harmful, and it seems to me a pattern of misunderstandings and speculations that Mr. Chung is quick to say to the press and it turns out often later that they're without any factual basis.

Mr. BURTON. I understand.

Mr. WAXMAN. I have no objection to the request. I think it ought to be in the record.

Mr. SUN. Mr. Chairman—

Mr. BURTON. Mr. Chung never said it was Ambrose Young, No. 1. No. 2, Mr. Ambrose Young did cooperate with our interrogatories, as you well know, and when you were talking about Mr. Middleton, he has taken the fifth and not cooperated with this committee.

Did you have a comment?

Mr. SUN. Just briefly. Mr. Chairman, we agree with Mr. Waxman that there have been times and instances where things might be taken out of context or extrapolated. I think this has happened to Mr. Chung on a number of occasions where he was attributed to having participated in events or contacts with people such as Secretary Dalton of the Navy or the Cosco matter that he had nothing to do with. So there are instances when that sort of thing happens where people, whether it's the media or whether some members of this committee or somebody wants to spin something out of control.

Mr. Chung does have some language barrier issues that he's trying to struggle with in understanding some of the questions here today. We talked about that during the break. I think he wanted me to say that he's trying to cooperate with the members of this committee. He's not trying to say anything more than what was told him in these meetings. He's not trying to spin it into whether this was some nefarious scheme or not. He's just here to tell you what happened to him, nothing more, nothing less.

Mr. BURTON. Thank you.

Mr. LaTourette.

Mr. LATOURETTE. Thank you very much, Mr. Chairman.

Mr. Chung, I want to talk to you today about a fellow who you mentioned in your testimony, Charles Parish from the U.S. Embassy in China.

Before I do that, just three things occurred to me as a result of some recent exchanges. I think I for one and other members of the committee would love to hear from Mr. Middleton in the future if he wanted to chat about what it is you have had to say in your testimony today.

Two, I was more than interested in the observations about perjury and lying under oath before Congress, because perjury and

lying under oath have sort of received a new brushup in the recent months to those of us who have spent our time in law enforcement before coming to Congress.

And third, your testimony reminded me that nothing good ever happens at a karaoke bar. I will tell you that. Charles Parish, who you talked about, my understanding is that Mr. Parish was employed in our Embassy in Beijing from 1994 to 1996, that our Ambassador, who's recently been in the news, Ambassador Sasser, actually asked for him to be recalled amid allegations that he was engaged in a pattern of handing out visas, permits to visit the United States, under some suspicious circumstances. In fact, it's my understanding his office was sealed.

In interviews at least Mr. Parish reported he came back home expecting the worst, that he was going to be investigated. A little earlier in reference to Mr. Middleton, there were references to completed investigations by the Department of Justice, and I think that Mr. Parish was expecting the same.

Surprisingly he came back, and, again, rather than being investigated or given maybe the Canada desk or a desk that doesn't pose a security threat to the United States, it's my understanding he spent some time reviewing security clearances for individuals from Iraq and Iran who wanted to visit the United States, and recently he retired in 1998 in response to some questions that were asked relative to a fundraiser that I believe you and he attended in California in 1995.

I want to talk to you, first of all, about visas. I think that people in this country take for granted that visas to other countries are pretty freely given, except apparently when the investigators from this committee wanted to go to China to ask questions about campaign finance reform. Is it your experience that visas granted for Chinese nationals to visit the United States of America are as freely given? Is that an easy process?

Mr. CHUNG. Very difficult.

Mr. LATOURETTE. And I think you mentioned during your written statement and also your testimony that after you became acquainted with Mr. Parish, you, in fact, took dozens of people to Mr. Parish to assist you in getting visas to the United States of America. Is that an accurate observation?

Mr. CHUNG. That's correct.

Mr. LATOURETTE. How many dozens of people would you say that was?

Mr. CHUNG. A little bit more than 2 dozen, I believe.

Mr. LATOURETTE. More than 2,000 people?

Mr. CHUNG. No, 2 dozen; between 25 to 30 people.

Mr. LATOURETTE. Two dozen, I'm sorry, 25 to 30 people.

Was the purpose of obtaining the visas for most of those people, were they business associates that were coming hoping to conduct business in the United States?

Mr. CHUNG. Yes. It was those people that come over here to visit, including the most famous March 1995 radio address.

Mr. LATOURETTE. And did any of the individuals, these 25 to 30 individuals with whom you dealt with Mr. Parish to get a visa to visit the United States, did they wind up attending political functions of either party in 1995/1996?

Mr. CHUNG. Not all of them. Some of them.

Mr. LATOURETTE. How many of the some of them, if you know? If you don't know, that's fine.

Mr. CHUNG. I didn't calculate. I'm sorry, Mr. Congressman.

Mr. SUN. We'd be happy to provide that to the committee if you'd like at a subsequent time.

Mr. CHUNG. We're talking about 4 years ago.

Mr. LATOURETTE. Did they attend those functions as your guests?

Mr. CHUNG. Yes.

Mr. LATOURETTE. Did you pay their way, or did they make contributions to be accepted at these political fundraisers I assume that's what we're talking about?

Mr. CHUNG. I pay the way for them.

Mr. LATOURETTE. Were the political fundraising activities limited to one political party or another? Was it all Republicans or all Democrats, fundraisers that you went to?

Mr. CHUNG. They all Democrat fundraiser.

Mr. LATOURETTE. Were they all associated with the President's re-election campaign in 1996, or were there other events?

Mr. CHUNG. The answer to the question is the President was there. That's why they go.

Mr. LATOURETTE. In your testimony you indicated that you first met Mr. Parish because the head of the Haomen Beer Co. had a visa problem; is that right?

Mr. CHUNG. No. I think he have the visa, one entry visa first. He attend by himself before he meet with me here in Washington, DC, and he tried to get a second multiple entry visa. I try to help him out.

Mr. LATOURETTE. Is that when you met Mr. Parish for the first time when you went to try and help Mr. He get a multientry visa?

Mr. CHUNG. That's correct.

Mr. LATOURETTE. How is it that you came to meet Mr. Parish? Did you walk into the Embassy and say, I need to see the head guy in charge, or were you directed to see Mr. Parish?

Mr. CHUNG. I was in China first time on August 28, 1994. I was there, and I have the chance to meet with the commercial attache of the U.S. Embassy. I don't remember the gentleman's name who work in the commercial division. I certainly call him up, and I ask him is there any way he can help one of my business associates who I want to do business with; I indicate Haomen Beer, if you can help me out to get this gentleman to get appropriate way to get a visa. And he introduced Charles Parish to me at the commercial section of Embassy.

Mr. LATOURETTE. After that time you and Mr. Parish at least had a number of conversations? You took a number of people to him relative to visa applications to the United States?

Mr. CHUNG. That's correct.

Mr. LATOURETTE. You indicated in your opening statement that at one point Mr. Parish approached you and asked if you could assist in getting a computer tutor for his secretary at the United States Embassy; is that right?

Mr. CHUNG. Yes, that is—he's the secretary in the Embassy, and I have the temporary office at the Beijing, and then they came to my office for tutoring on the computer, yes, sir.

Mr. LATOURETTE. You paid for the expense of that tutor, and it was about \$500; is that right?

Mr. CHUNG. \$500 U.S. dollars, but in Chinese currency.

Mr. LATOURETTE. You also indicated that Mr. Parish came to you and wanted you to pay some school expenses for seven students, and you did that to the tune of \$7- or \$8,000; is that correct?

Mr. CHUNG. That's correct. I give a copy to the FBI already.

Mr. LATOURETTE. Is there any question in your mind that Mr. Parish knew that you were, in fact—that there was going to be an expense involved with the students' training and also the computer tutor? Somebody had to be paying the bill; is that right?

Mr. CHUNG. That's correct.

Mr. LATOURETTE. Was that discussed between you and Mr. Parish? Is there any question in your mind that he knew that it was you that was paying the bill?

Mr. CHUNG. He knew I was paying the bill.

Mr. LATOURETTE. During this time while you're paying for student expenses for seven students that he brings to you and a computer tutor to train on the computer, you were still going to him to try and get your friends and business associates admitted through the visa process to the United States of America, and he's granting 25 or 30 of those; is that right?

Mr. CHUNG. That's correct.

Mr. LATOURETTE. I want to talk to you a little bit about Mr. He and the Haomen Beer Co. for a minute. During your testimony you made a correction about this grocery bag of money. I think your written testimony said on at least one occasion you witnessed this. Then you went back. Was it only one occasion that you saw a grocery bag of money with 10 Chinese passports delivered by you to Mr. Parish? Was that just one time?

Mr. CHUNG. That was a late night and the one at my apartment at Beijing. Mr. He and one of his associates come to my apartment in which I and Mr. Parish have dinner together. And then they was in my apartment, and somebody knock the door. In come is Mr. He and one associate with a shopping bag.

Mr. LATOURETTE. And in the shopping bag, it is my understanding, is cash and also some passports of Chinese nationals?

Mr. CHUNG. I said to the government is the Chinese money one bundle and a half.

Mr. LATOURETTE. But still it's money in Chinese national passports? Is that correct?

Mr. CHUNG. That's correct.

Mr. LATOURETTE. Mr. He asked if you would take it to Mr. Parish for the purpose of obtaining visas for these individuals to enter the United States of America; is that right?

Mr. CHUNG. He didn't say the kind of question, but impression is that he give it to me. I open it. I say, I don't want to do anything with it. I hand it over to Mr. Parish.

Mr. LATOURETTE. But you gave the shopping bag full of money and passports to Mr. Parish?

Mr. CHUNG. I say I don't want to do anything with that.

Mr. LATOURETTE. Is the Haomen Beer Co. a state-owned and operated beer company? Is it run by the Chinese Government? Is it a shareholder of the Communist Chinese Government?

Mr. CHUNG. Mr. Congressman, up to today I still want to find it out. Is it state-owned or private-owned because what I know they sold to the French company, and after that they have a picture on Christmas warehouse, an advertisement on the street of Beijing and make them sell to French company very well.

Mr. LATOURETTE. Is what you're saying that the Haomen Beer Co. to promote beer sales was putting up a picture of Mr. He and the President and the First Lady of the United States saying, drink Haomen Beer because I'm here with the President and First Lady of the United States? Is that what the advertisement looked like?

Mr. CHUNG. I didn't see it, but I see it on CNN. It's a picture there with the two giant bottle of beer. That's what I see. I didn't see it exactly.

Mr. LATOURETTE. You also had the opportunity to take Mr. Parish to a fundraising event called the Southern California Presidential Gala on September 21, 1995; did you not?

Mr. CHUNG. That's correct.

Mr. LATOURETTE. If we have the technology, you faxed a letter to someone named Karen Sternfeld of Clinton-Gore 1996 indicating that you were going to have a group of people that you were bringing to this function. Do you recognize this fax?

Mr. SUN. Do you have the date of that letter?

Mr. LATOURETTE. It's September 19, 1995, fax from AISI to Karen Sternfeld.

Mr. CHUNG. I seen this one before, yes.

Mr. LATOURETTE. Regardless, table 2, guest No. 8 is Mr. Charles Parish. You took Mr. Charles Parish, a Foreign Service officer, to a Clinton-Gore 1996 event on September 21, 1995?

Mr. CHUNG. That's correct.

Mr. LATOURETTE. You also took him on a tour of the White House and First Lady's office; is that right?

Mr. CHUNG. That's correct.

Mr. LATOURETTE. Can you explain to the committee why it is you took an employee of United States State Department, a Foreign Service officer charged with issuing visas to permit Chinese nationals into the United States of America, to a Presidential campaign event in 1995? How did that happen?

Mr. CHUNG. Well, in one way it is a party. I want everybody to be there, and I want to say thank you to the gentleman who been helping my business associate to come to United States and to impress him, too.

Mr. LATOURETTE. You eventually stopped having dealings with Mr. Parish after the shopping bag full of money incident when you determined, though, that perhaps he and Mr. He were up to things that you didn't want to be a part of; is that right? You stopped doing business with Mr. Parish in late 1995 because you didn't like the way the things smelled or looked; is that a fair observation?

Mr. CHUNG. That's correct.

Mr. LATOURETTE. Thank you very much, Mr. Chung.
Thank you, Mr. Chairman.

Mr. BURTON. Thank you, Mr. LaTourette. We'll be revisiting the Parish issue in the future.

Mr. Lantos.

Mr. LANTOS. Thank you very much, Mr. Chairman.

Mr. Chung, we've been spending over 3 years on you. I'd like to spend a few minutes I have on China because I think the subject is a bit more interesting. You have had your 15 minutes of fame, and it's sort of obvious that you are a very minor and insignificant puppet in a vast global drama orchestrated by the Communist regime in Beijing. This drama is played on multiple stages simultaneously. It's a 10-ring circus and you are just a tiny sideshow. So let me deal with the main issue.

It's obvious that Communist China is using whatever mechanism is at its disposal to advance its interests, and your small part in it fits into the picture perfectly.

Mr. CHUNG. I'm sorry, Mr. Lantos. I have the same problem with you with the ear—hearing problem, I'm sorry. Thank you very much.

Mr. LANTOS. I will come closer. Occasionally the Chinese engage in a charm offensive, and occasionally they engage in a fury offensive. Six years ago they were engaged in a charm offensive when they were trying to get the 2000 Olympics for Beijing. I introduced the resolution opposing that, which the House passed on July 26 overwhelmingly by a vote of 287 to 99. Imagine how bad it would be if we would now be looking at the prospect of holding the year 2000 Olympics in Beijing where the United States Embassy has been treated so abominably in the last few days.

We occasionally go through a fury phase. We are in one of those fury phases. It, of course, to a very large extent is a phony fury. The Beijing leadership did not show much empathy for the deliberately killed hundreds of Chinese citizens at Tiananmen Square whom this regime killed, but the regime is suddenly profoundly exorcised over the accidental killing, which we all regret, of four Chinese citizens in Belgrade.

So I think it's important to keep our eyes on the ball. This ruthless Communist dictatorship is using all the means at its disposal, military, economic, political, cultural, financial, you name it, to advance its interests. And you with your financial dealings were a tiny part of a very complex mosaic, and while some may be fascinated by the nuances of what you did, what you didn't, some of us are more interested in the broad picture.

It seems to me you have testified that no one in the administration knew that any of the funds that you provided came from Chinese sources; is that correct?

Mr. CHUNG. To put it in the record, I told the people in the White House, I told the people in the DNC, more money I can make doing business with the Chinese people, more people I can donate to the DNC. That's all I said. To answer your question, I did not tell them face to face the money from Chinese source.

Mr. LANTOS. At no time did you tell anyone that the funds you were providing came from the Chinese Government; is that correct?

Mr. CHUNG. That's correct.

Mr. LANTOS. Thank you.

Since you didn't tell them this, they clearly did not know that.

Is it also true that when this thing emerged, every dime that you gave was returned; is that correct?

Mr. SUN. Are you asking him a question, sir?

Mr. CHUNG. Is that a statement or is that a question? I'm sorry.

Mr. LANTOS. I'm asking you to confirm what I'm saying. Did the DNC return all the funds that you gave them?

Mr. CHUNG. They returned the money to me.

Mr. LANTOS. All right. So, A, they did not know what the source was; and, B, since there was a question mark concerning it, they returned it. That's all we have concerning this item.

I tell you what I think is happening at the moment in terms of the Chinese fury offensive because it's not a naive offensive. It is just 3 weeks before the 10th anniversary of Tiananmen Square; Tiananmen Square, which has indelibly labeled this despicable Communist regime as one of the worst violators of human rights on the face of this planet, and what they are about is changing the subject. They are changing the subject, which they will not succeed in doing so because my distinguished Republican colleague Congressman Wolf and I later this week are introducing a resolution commemorating the martyrs of Tiananmen Square, the hundreds of Chinese citizens, students, and others who passionately believe along with all of us here in a free and open and democratic society. They killed those people, and they killed them deliberately. They killed them purposefully. They were not killed like the four Chinese citizens who were killed in Belgrade by a tragic accident. They were murdered by this regime, and the current fury offensive is designed to divert attention to what is really going to happen in 3 weeks. The whole world will commemorate Tiananmen Square, and they would like people to talk about other things.

Now, this will be a very expensive exercise for China. Foreign investment in China will plummet. Travel from the West to China will vanish, and the Chinese people will play an enormous price for this Communist regime overreaching. They could not gracefully accept the public apology of the President of the United States. They could not gracefully accept the public apology of all the American people. We profoundly regret the death of the four people who were killed in Belgrade, but we reject, resent, and repudiate the outrageous practice of this government of pretending that this action, so clearly a mistake, was deliberate and of holding back from the Chinese people the knowledge, A, that this was an accident, and, B, that the whole campaign against Milosevic is designed to protect and preserve the human rights of 1,800,000 people, 90 percent of whom have been driven out of their homes, thousands of whom have been massacred by Communist thugs, vast numbers of women mass raped by them, hundreds of communities torched to prevent these people from returning to Kosovo. Your role in this whole thing is a terribly minor little role.

You may or may not have been used to funnel funds to political parties. You claim that the funds were yours, so you were not a conduit. People will debate this for a long time.

But I think it is extremely important before we get fixated on the importance of your activities, which if in fact you feel that you were used as a tool were despicable, were despicable, they are just part and parcel of a communist regime's broad offensive against demo-

cratic societies. To them, the end justifies any means, whether it is political contributions or mass murder, and it is in this context, I believe, that your testimony needs to be understood.

I yield back the balance of my time.

Mr. CHUNG. Mr. Chairman, I want to respond to the distinguished Congressman.

Mr. BURTON. Mr. Chung.

Mr. CHUNG. Mr. Lantos, I will remember your question to me for my lifetime, for sure. For the Harry Wu issue, I know there are so many people tried to rescue him, including him. I congratulated you, I applaud you.

For me, to participate, to get Harry Wu out, as a part of the American citizen that is inside me, if I have to do it again, I will. Even he say that I will try to do the self-serving. No, if it happened again, I will do whatever I can. That is why I applaud you.

Thank you.

Mr. LANTOS. Mr. Chairman, let me just say anybody who participated, however marginally, in saving this true and courageous man, deserves some credit, and to whatever extent you contributed to that, you deserve some credit.

Mr. CHUNG. Thank you.

Mr. BURTON. Thank you. Mr. Barr.

Mr. BARR. Thank you, Mr. Chairman.

Mr. Chung, focusing for just a few moments back on some previous questions by Mr. Waxman with regard to your initial meeting with General Ji, at which time, as you have testified under oath, General Ji made essentially four statements to you: One, we really like your President; two, we hope he will be reelected; three, I will give you \$300,000; and four, you can give it to your President and the Democrat party.

It seems to me a reasonable presumption that when General Ji made those statements, they reflected a certain intent on his part; not necessarily on yours, but on his part. And it seems to me that a reasonable person could conclude from those statements and the fact that he did come through with the \$300,000, that he had an intent that at least part of that money would be used to influence American politics in the reelection of the President. That would be reasonable presumption of his intent, correct?

Mr. CHUNG. That is correct.

Mr. BARR. And in fact, is it also reasonable to conclude that the reason that you felt that your life was endangered and the reason that the FBI provided protective custody for you was because that was General Ji's intent and he was concerned that you would be disclosing that to U.S. authorities as part of your plea agreement? Would that also be a reasonable conclusion?

Mr. CHUNG. That is correct.

Mr. BARR. Do you consider that your life was in danger in 1998 because of the leaked story that appeared in the New York Times?

Mr. CHUNG. That is correct, and I am still looking out my back every day.

Mr. BARR. Did you leak that information in any way, shape or form to the New York Times?

Mr. CHUNG. No. I don't leak that information to the New York Times.

Mr. BARR. And would it also be accurate that your attorneys didn't leak that information to the New York Times?

Mr. CHUNG. We tried to stop them.

Mr. BARR. Exactly. Where do you think the information might have come from that was leaked to the New York Times?

Mr. CHUNG. Mr. Congressman, if you find it out, would you let me know?

Mr. BARR. Well, we would like the Department of Justice to find that out. It would be very interesting to find out, one, if they are concerned about it, because this is a very damaging leak that endangered a very important witness, yourself; and it may very well have come from the Department of Justice. So we would be very interested in that, as I am sure you would be.

Mr. CHUNG. Mr. Congressman, that night I had to go to a meeting with those people. My attorney told me, don't go. Maybe you are in trouble, in danger. I talked to my wife, I talked to my attorney again, and I talked to the FBI. I want to go forward because I want the truth to come out.

Mr. BARR. Thank you. During your conversations that you had with Mr. Luu, did he ask you about your family?

Mr. CHUNG. In the Chinese way, yes.

Mr. BARR. Was it in a way that relayed to you that he wasn't really concerned about your family, he was telling you something, that you ought to be concerned about your family?

Mr. CHUNG. That is correct.

Mr. BARR. And did he ask you about your family in the context of hoping that you would not disclose information?

Mr. CHUNG. If you keep your mouth shut, you will be safe. If you are talking, the thing is out of control. That is all I recall.

Mr. BARR. You also mentioned an attorney that is connected with Mr. Luu. Would that be Mr. Brockway, an attorney in Los Angeles?

Mr. CHUNG. Mr. Luu gave me the business cards of Mr. David Brockway in Los Angeles.

Mr. BARR. Did you have any meetings with Mr. Luu at which Mr. Brockway was there?

Mr. CHUNG. That is the meeting, yes, with the FBI agents around in that private club, with a body wire.

Mr. BARR. And did Mr. Luu also suggest to you that you should use Mr. Brockway as your attorney?

Mr. CHUNG. Yes. Not only that, he also said my attorney, Mr. Sun, is also the earphone for the President, so don't hire him. Get rid of him. Personally, I don't think so.

Mr. BARR. And did Mr. Luu also say if you hired Mr. Brockway, the attorney's fees would be taken care of?

Mr. CHUNG. That is one of the questions I asked. He said, well, it has been taken care of. Don't worry.

Mr. BARR. And did Mr. Luu also tell you that he received money from Beijing?

Mr. CHUNG. In the conversation, yes.

Mr. BARR. In your discussion with Mr. Brockway, the attorney from Los Angeles, did Mr. Luu tell you that Mr. Brockway had contacts at the Department of Justice?

Mr. CHUNG. That Mr. Brockway told me, he had the contact with the Department of Justice.

Mr. BARR. OK. Mr. Brockway told you he had contacts high up at the Department of Justice?

Mr. CHUNG. No. 3 at the Department of Justice.

Mr. BARR. The third senior position?

Mr. CHUNG. That is all I can recall, yes.

Mr. BARR. And did Mr. Brockway also tell you that he knew the judge who would be sentencing you?

Mr. CHUNG. That is correct.

Mr. BARR. Was there also—

Mr. CHUNG. Mr. Congressman, which I don't believe.

Mr. BARR. But he made those representations to you.

Mr. CHUNG. Yes, that is correct.

Mr. BARR. Did he also mention to you, either Mr. Brockway or Mr. Luu, a pardon, a possible pardon?

Mr. CHUNG. A Presidential pardon, if I keep my mouth shut.

Mr. BARR. And did Mr. Luu also mention the name of General Ji, who was behind him?

Mr. CHUNG. It was under meetings, video and also the wiretap, he mentioned that.

Mr. BARR. Did this Mr. Brockway also talk about having been an attorney with the Watergate case or cases?

Mr. CHUNG. He mentioned to me he was an attorney for the Watergate.

Mr. BARR. Did he mention anything more specifically than that?

Mr. CHUNG. No. But maybe he think I don't know too much about Watergate.

Mr. BARR. Excuse me just a moment, Mr. Chung.

During your meetings after the entry of your plea in early 1998, during those meetings that you had with Mr. Luu and with Mr. Brockway, the FBI was aware of what was going on; is that correct?

Mr. CHUNG. Yes, that is correct. Every move, every word I said was under the instruction of the FBI.

Mr. BARR. So when you testified that Mr. Luu mentioned that he was receiving money from Beijing and that General Ji was behind him, the FBI knew that those conversations had taken place, correct?

Mr. CHUNG. Yes. That is all on the videotape or audiotape.

Mr. BARR. So if somebody characterized to you the position that the Department of Justice did not know that there was evidence that money was coming from Beijing, that would be incorrect, would it not?

Mr. CHUNG. Can you reframe your question a little bit more?

Mr. SUN. He is having a little trouble, Congressman.

Mr. BARR. If somebody said to you, "Mr. Chung, the Department of Justice didn't have any idea money was coming from Beijing, did they?" that would be an inaccurate characterization. That wouldn't be true, would it? Because they, through the FBI at least here, they knew there was evidence money was coming from Beijing?

Mr. CHUNG. I did not know there was money coming from Beijing for this issue or not, because I was under protection at that time. If somebody told me it did come, the money go to Mr. Luu, then the Department of Justice, they should know.

Mr. SUN. Were you asking about the money that Liu Chao Ying gave to him? I think he is confusing the money that Mr. Luu suggested to him that he could receive if he kept his mouth shut, so there is a little confusion in his mind. During the course of the conversations with Mr. Luu, that subject came up, he could get some money if he kept his mouth quiet.

Mr. BARR. We do know, there is no confusion at least here today in our discussion, that there was \$300,000 that came from overseas. We know that; is that correct?

Mr. CHUNG. Yes. Yes.

Mr. BARR. And we also know through your sworn testimony that Mr. Luu told you that he was getting money from Beijing in his discussions with you about providing an attorney, for example?

Mr. CHUNG. That is correct.

Mr. BARR. So the fact of the matter is that since all of this information has been relayed to the FBI, the Department of Justice did know that money was probably coming from China?

Mr. CHUNG. That is correct.

Mr. BARR. I think so. Thank you very much, Mr. Chung.

Mr. BURTON. The gentleman yields back the balance of his time?

Mr. BARR. The chairman is correct.

Mr. BURTON. Mr. Waxman, you have 10 minutes.

Mr. WAXMAN. I yield to Mrs. Mink.

Mrs. MINK. Thank you very much, Mr. Chairman.

As an Asian-American, I appreciate very much your forthright statements today, and understand the difficulty of having all of these questions fired at you, sometimes with double negatives and so forth, it is very difficult to respond.

I wanted to start off my portion of the questioning by underscoring what you said in your original testimony, and that is, with the furor that arose out of the contributions that were made to the Democratic National Committee following the 1996 elections, indeed Chinese Americans throughout the country suffered gravely from false accusations, false intimidations, false assumptions that their motives in participating in political campaigns were somehow colored or connected to devious arrangements, and the actions by the political parties in giving weight to such inferences I found very, very disconcerting.

For instance, their immediate reaction was to not accept any contributions from any person that had an Asian sounding name. Many people called my office very indignant about the inferences that were being left by the people who were calling them. So I can understand your great concern about what all this scandal has meant for Asian Americans throughout this country.

That carried forward during the debate of the campaign reform measure which I strongly supported. But in the last hours of our deliberations on the floor, they added a provision in the House which said that the burden fell upon the candidate to assure that there were no contributions being made by legal residents. People who were legally admitted to the United States were being forbidden to make campaign contributions. That is how far the hysteria went.

So I can fully understand your concern about what all of this has meant to all Chinese Americans, all Asian Americans, throughout

the United States. I wanted to concur very vehemently with your views in that regard.

The personal difficulties that you and your family have endured is also something which I think we have to share. The reason for my making this statement is that I am confused with all that has been said about your involvement in the 1996 period. What was it that the government finally, after all of the investigations, all of the inquiries that were made with regard to your participation, what was it that they finally asked you to plead to, charge you with and find you convicted and guilty of? Could you explain that to this committee? Because I think that is important for the record.

Mr. CHUNG. There is two counts of campaign finance violation. To use misdemeanor, to use my employee to give the money to the DNC. I reimbursed them.

The other issue is the tax issue of 1995. I still try to figure it out. I am not good in the money account. I still try to figure out the tax violation.

And the other one is the bank fraud, for the mortgage, and I tried to protect my family. And there is one Chinese Mafia come after me for the money, after this all come out. And he asked me to give that \$200,000 to him. The gentleman is named Peter K-H-E-N. If I don't give it to him, he will give my family and will kill me, even put out a threat to my employee.

I made a mistake, because my name is too big on the news, so I asked my wife. My wife is under my instruction to get a loan. The house is already—get a loan, the house is already paid off, and try to get the money as soon as I can to give to this gentleman who tried to kill my whole family. That is all I plead.

Mrs. MINK. Any of those charges that you were asked to plead to, do they have anything to do with serving as a conduit for foreign contributions to the Democratic National Committee or any Democratic candidate?

Mr. CHUNG. No.

Mrs. MINK. Was there any allegation in any of these charges to which you pleaded that had anything to do with any foreign contribution coming from these officials that you met with in Beijing, Hong Kong, wherever?

Mr. CHUNG. No.

Mrs. MINK. None of the allegations that you have finally now been convicted of, and serving a probation, have anything to do with all this that has been out in the press about your connections with high-placed military people who gave you money to give to the Democratic party and to the Democratic candidates?

Mr. CHUNG. No.

Mrs. MINK. Was there, in any of the testimony that you have given, to this committee or any other committee or the Department of Justice, does it conflict in any way with the testimony that you have given to us today that as far as you were concerned, the \$300,000 that you received was your money, that you could do whatever you wished with it?

Mr. CHUNG. Yes.

Mrs. MINK. So you took that \$300,000 and considered it a business investment, is that correct?

Mr. CHUNG. That is correct.

Mrs. MINK. That was what the conversation—

Mr. CHUNG. Yes.

Mrs. MINK. That is what the conversation was between you and Liu Chao Ying?

Mr. CHUNG. That is correct.

Mrs. MINK. So when the money was deposited in your bank, you considered it a contribution from Liu Chao Ying or from General Ji?

Mr. CHUNG. She told me that at the hotel. She is going to invest in my company for the amount of \$300,000.

Mrs. MINK. So your testimony is—

Mr. CHUNG. She wired to me, from her account to my account. I consider that her money to me.

Mrs. MINK. There is proof and evidence that the funds that were deposited in your account came from her.

Mr. CHUNG. That is correct.

Mrs. MINK. Now, the Senate committee report indicates that based upon their review of contributions that you made—now, I understand that this deposit was made in August 1996; is that correct?

Mr. CHUNG. Ma'am, at that time I commingle a lot of money. At that time I have two major—two big sums of money coming to my account almost simultaneously, at the same time.

Mrs. MINK. It is about August 1996, is that correct?

Mr. CHUNG. That is correct.

Mrs. MINK. From the evidence that seems to be available, there was no contribution that you made, that could be attributed to you, to the DNC after August 1996 in the sum of \$300,000; is that correct?

Mr. SUN. Are you asking Mr. Chung about the amount after August?

Mrs. MINK. Yes.

Mr. SUN. I think in his statement we have told the members of both the majority and the minority there was \$35,000 given to the DNC on two separate occasions following the receipt of the money from Liu Chao Ying. I think the bank records reflect Mr. Chung received money from other business consulting clients right in and around that same timeframe. So it is all sort of mixed together. Although the money that was used for the two events I just referred to, I think could be traced back to the Liu Chao Ying money in Hong Kong. And then there was, I believe, the John Kerry event in September 1996 as well. But that was not to the DNC, that was Senator Kerry's reelection.

Mrs. MINK. The Senate report, which I have a page reference, says that the FBI can only trace \$20,000 of the \$300,000 to the Democratic National Committee. Do you say that that statement in the report is incorrect?

Mr. SUN. Traced back to Liu Chao Ying's money?

Mrs. MINK. No, traced back to Mr. Chung as a contribution after August 1996. We have already been told in this committee that as far as he was concerned, the \$300,000 was his to spend in any way that he wished.

The report now indicates that only \$20,000 of that money, if any, went to the Democratic National Committee. In other words, he did

take \$280,000 for the business investment purposes which he understood that money was for. I am trying to find out if that is accurate or not.

Mr. SUN. I am sorry to interject for Mr. Chung, because he is not as familiar with the records. I believe we can clarify that.

Following his receipt of money from Ms. Liu, Mr. Chung attended the President's 50th birthday party in New York. I believe on that occasion the records would reflect he donated about \$20,000, I believe. Then later on that month he attended some events at the Democratic National Convention where I believe there were two checks for \$10,000 and \$5,000 respectively.

It is during that same timeframe that Mr. Chung received about a total of I think about \$300,000 from other business consulting clients, between August 14th and August 28th. So it is in that timeframe that he makes these \$35,000 and subsequent donations. But I believe the records reflect it is \$35,000 in three separate checks.

Mrs. MINK. I think that what the report is trying to link up is that specific \$300,000 which he received from Liu Chao Ying, and their assumption is they can only trace \$20,000 of that. What you have said is that there were other moneys coming in to his account, some up to \$300,000, out of which other kinds of contributions could have been made.

I am simply trying to find some corroborative evidence, since there has been some question as to the differing testimonies that appear for Mr. Chung, trying to find corroborative evidence somewhere to emphasize that none of the contributions from Liu Chao Ying specifically went to the Democratic National Committee because of instructions that he had received in China.

Mr. CHUNG. That is correct.

Mrs. MINK. So your answer to my question is that none of it went directly to the DNC because you felt you had been instructed to do so?

Mr. SUN. I think I understand the question. I will try to explain it to Mr. Chung.

[Discussion off the record.]

Mrs. MINK. I didn't think, Mr. Chairman, I asked such a difficult question. I might have to withdraw it.

Mr. SUN. Congresswoman, actually it is a good question because the bank records, which we only recently were able to get ahold of, sort of answer your question. I was trying to remind Mr. Chung, who is not as familiar with these records, the lawyers and the investigators and the staffers are intimately familiar with them, we sort of try to articulate it.

Mrs. MINK. If the Chair would allow the attorney to respond to my question, if that is all right?

Mr. BURTON. You are out of time. I think it is important we clarify this. We have a chart that I think we can put up on the screen that might help you with your question. Would you put this chart up on the screen for Mrs. Mink?

If you look at the chart, I will let him answer this question, it shows the \$300,000 going, and then the money was given to Mr. Chung on August 14th. On August 15th he wired \$80,000 to his account in California Federal Bank, account in Los Angeles, and then on the 19th there was—19th and 27th there was \$30,000

transferred to another account. On the 18th, 28th and 29th there were three separate contributions totaling \$30,000. If you like, I can give you a copy of this so you can get a close look at it.

[The information referred to follows:]

Mrs. MINK. I would like to have my question answered. The chart doesn't really refer to the essence of the question that I felt should be answered.

Mr. CHUNG. I would like to answer your question. I also took Mr. Li and Mr. He and the other people, at that time I received some money from them. I took those two different people, go to the New York Radio City President's 50 years old birthday. I donate the money, which is I donate Ms. Liu Chao Ying's money for different people, and I also received money from them. I also took those people to the DNC Convention, which I donate Liu Chao Ying's money to that event, which I also received from a lot of people.

It is very confused for me at that time. I was really commingling all of the money together. I am not taking Liu Chao Ying's money to go to an event, I am taking Liu Chao Ying's, I am using Liu Chao Ying's money with other people. But I also receive a consulting fee from those people. That is what I tried to explain to you. It was really commingled together.

Mrs. MINK. I guess my time is up.

Mr. BURTON. If you like, we can go back. I think your side has another 10 minutes in just a minute. Maybe Mr. Waxman can yield to you.

Mr. Hutchinson.

Mr. HUTCHINSON. I thank the Chair, and I am grateful for you holding these hearings. I believe this is certainly an important issue, and I appreciate Mr. Chung's testimony today.

Also, I want to comment that I thought Mr. Waxman's comments at the very outset were certainly appropriate, that any time we have a witness that is making serious statements, accusations, after pleading guilty to an offense, credibility should always be an issue. I think we should listen very openly to the testimony. I think the most important thing is not pointing fingers as to who is right or who is wrong, but as to what we can do from a legislative standpoint to correct any abuses in the system.

For that reason, I am very grateful to the chairman for sponsoring the Conduit Contribution Prevention Act, addressing a serious loophole allowing foreign contributions into our political system. I am delighted to express my appreciation to the chairman for that effort.

I think that the testimony that I have heard today raises a number of concerns. Certainly the first one is whether our national security has been compromised in any way by covert efforts of a foreign government or groups to influence our political process. I think there is a legitimate question as to whether the flow of soft money into parties affects national policy, particularly critical decisions by the Commerce Department that approves the transfer of technology. That is a serious question that we need to address as the Congress.

Then I think we have to look at it from a legislative standpoint as to whether there are additional areas that need to be plugged, improvements in the law, to make sure that the system works appropriately. I noticed that Mr. Chung, you indicated in your testimony that the system is set up so that if you donate money, you can participate.

I understand that you as an Asian-American have seen that part of the system, which is not very pretty. But I want you to know also there is another system in America that works, and if you go to my State, you will see Asian-Americans there coming to political functions, knocking on doors for candidates, that are participating, perhaps not the level that you sought to participate, but there is active, open participation at the grassroots level.

The problem we are seeing is not at the grassroots of American politics, but the problem is at the high dollar level of American politics. You have certainly shed some light on that. But there is another way you can enter politics. Perhaps it might be a little bit more rewarding to you.

Now, I wanted to ask the first question. Mr. Chung, has the Department of Justice discouraged you in any way from testifying today?

Mr. CHUNG. No.

Mr. HUTCHINSON. Have they put any restrictions on your testimony that would affect your ability to tell the truth completely?

Mr. CHUNG. The only very minor limitation of a few people, the name cannot come out, or an ongoing investigation.

Mr. HUTCHINSON. Certain names you have to be careful not to say that might be classified?

Mr. CHUNG. That is correct.

Mr. HUTCHINSON. Other than that, you have all the incentives to tell the truth today?

Mr. CHUNG. That is correct.

Mr. HUTCHINSON. Now—

Mr. CHUNG. I intend to do that.

Mr. HUTCHINSON [continuing]. During the timeframe that you are engaged in high-level politics, contributing hundreds of thousands of dollars, did anyone ever mention to you the difference between hard money contributions and soft money contributions?

Mr. CHUNG. No. The very last day after the campaign finance scandal broke out, I learned it from the newspaper.

Mr. HUTCHINSON. So were you aware that there were contribution limits as to how much you could give a Federal candidate?

Mr. CHUNG. I did not really read those at all. As the chairman of my company, I don't open the mail. I only know what the meetings I go, where should I go.

Mr. HUTCHINSON. So if someone asked you for \$50,000, you assumed it was all right?

Mr. CHUNG. That is correct.

Mr. HUTCHINSON. Now, you painted a picture that you were receiving this money from your foreign business contacts, and some of them were interested in your assistance in getting a visa; is that correct?

Mr. CHUNG. If they want to come over here to the United States, they need a visa, yes.

Mr. HUTCHINSON. They were asking your assistance in getting a visa?

Mr. CHUNG. That is correct.

Mr. HUTCHINSON. They would give you money with the understanding that you would contribute to politics in America, with the hope that that would be of some assistance in them getting a visa?

Mr. CHUNG. Not only to help them to obtain the visa, but also to provide them—let me make it an easy way, a tour guide. Transportation, expense in the United States, translator service, and set up business with them. More important to attract me to do business with them here in the United States. That all my goal.

Mr. HUTCHINSON. So the visa was a small part of that?

Mr. CHUNG. Part of it.

Mr. HUTCHINSON. So whatever you had to do to get that influence, were you having to use any improper influence, to pay any money to get that visa?

Mr. CHUNG. I did give my testimony here, talked to Mr. Parish. I stay with that statement I said to you.

Mr. HUTCHINSON. That was part of the money you were getting from your business contacts. Some of it was flowing to Mr. Parish?

Mr. CHUNG. That is correct.

Mr. HUTCHINSON. Did you have to utilize any other political contacts in order to assist your business clients in getting visas, other than Mr. Parish?

Mr. CHUNG. I used to ask Mr. Richard Sullivan of DNC to try to help me with this. He said he will, but he never did.

Mr. HUTCHINSON. That was with Mr. Sullivan?

Mr. CHUNG. Of the DNC, but he never did. I did mention to him, but he never did anything for me.

Mr. HUTCHINSON. As you brought these people over, many times they were interested in an issue, for example, developing business or a trade issue, is that true?

Mr. CHUNG. That is correct.

Mr. HUTCHINSON. Whenever you would bring them to a high-level contact in government, would you all discuss an issue?

Mr. CHUNG. The only issue I remember, everyone, they also ask the President of the United States, come to visit China. That is all I know.

Mr. HUTCHINSON. Now, give me a flavor as to some agencies. Did you meet with any agencies?

Mr. CHUNG. What agency you talk about?

Mr. HUTCHINSON. Pardon?

Mr. CHUNG. What agency you talk about?

Mr. HUTCHINSON. You said the only issue you talked about was inviting people to come back to China. You never had any specific issues or help that you needed from the U.S. Government?

Mr. CHUNG. No.

Mr. BURTON. Would the gentleman yield? I think he indicated that he took somebody to the Security and Exchange Commission.

Mr. CHUNG. Yes.

Mr. BURTON. What was the other one? And the Energy Department?

Mr. CHUNG. Yes.

Mr. HUTCHINSON. Thank you, Mr. Chairman.

The Securities and Exchange Commission, you took someone there?

Mr. CHUNG. Yes.

Mr. HUTCHINSON. What was the issue to be discussed there?

Mr. CHUNG. There is an issue of Mr. Yao would like to have the Chinese company to be listed on the New York Stock Exchange,

and then he would like to know the regulations, and we had been talking about the regulation inside. We did that with two government officers.

Mr. HUTCHINSON. Is this the meeting that Mr. Kerry or someone, Senator Kerry's staff helped set up?

Mr. CHUNG. That is correct.

Mr. HUTCHINSON. Your testimony was in reference to this, about the John Kerry contribution, that you had already obligated yourself to contribute to Mr. Kerry back in July when his people arranged a meeting at the SEC for Liu Chao Ying?

Mr. CHUNG. That is correct.

Mr. HUTCHINSON. Why did you believe you were obligated to contribute?

Mr. CHUNG. In my Chinese cultural background, somebody did something good for you and you had to do something back to them. I think it is the American way too. That is why I told to Senator John Kerry's staff, back at the DNC Convention center in Chicago, I said I will try to hold a fundraiser party for him.

Mr. HUTCHINSON. So it was nothing said by Senator Kerry or his staff that gave you that feeling, it was just your own sense that you ought to contribute?

Mr. CHUNG. Yes.

Mr. HUTCHINSON. Now, you indicated that you tried to talk with the DNC chairman, Don Fowler, at one particular point, and you testified that Mr. Fowler scolded you for not meeting your fundraising obligations. Do you recall that?

Mr. CHUNG. I will. It was the October 1996, on the "Back to the Future" event in Los Angeles at Hollywood, and we—I gave my testimony here already. They took my driver and my secretary to meet with the President. That was the event. We was in the parking lot, and "Mr. Chairman," I said, "Well, Mr. Chairman, can I take a picture with you?" He said, "I don't want to take a picture with you. You didn't give what you said to me. I don't want to be your friend. I don't want to take a picture with you."

Mr. HUTCHINSON. That was a picture. Did you ever talk to Mr. Fowler about any issues?

Mr. CHUNG. I tried to rescue Harry Wu. That was one of the issues.

Mr. HUTCHINSON. You talked to him about that?

Mr. CHUNG. He also wrote a letter to me raising about that issue.

Mr. HUTCHINSON. Did you feel like any of your contributions related in any way to any assistance he might give in reference to Mr. Wu?

Mr. CHUNG. I don't understand.

[Discussion off the record.]

Mr. CHUNG. I don't think so.

Mr. HUTCHINSON. Do you recall during this 2 or 3 year period ever having any discussions about issues, and when I say issue, do you know what I am talking about? Whether it is a meeting with the Securities and Exchange Commission or a meeting with the Energy Department, was there ever any matter that was raised by you or your business clients in which the response was closely tied to any contribution that you would make?

Mr. CHUNG. Not with the people, no—

Mr. SUN. Excuse me 1 second.

[Discussion off the record.]

Mr. CHUNG. At one incident on March 9, 1995, regarding a Presidential radio address, I did mention to Mr. Don Fowler and Mr. Richard Sullivan about I want to bring these important people to go to the radio address, and I show them my wish list. And I did mention to them I would like to donate \$50,000 if I can get all of this issue, which is my wish list, to be granted. I did mention to them at the DNC. Except this one.

Mr. HUTCHINSON. Mr. Chairman, I have not finished, but my time is up.

Mr. BURTON. We will give everybody some more time after we finish this round.

Mr. Waxman, you have 10 minutes.

Mr. WAXMAN. I yield to Ms. Schakowsky.

Ms. SCHAKOWSKY. Thank you very much. If I could just begin by saying that I have more Asian-Americans in my Illinois district than any other district in the State, and they have acutely felt that the path to their rightful political empowerment has been impeded as fallout from this situation. They feel unfairly targeted as perpetrators somehow of campaign finance abuses.

I deeply regret this and believe that Chinese-Americans and Asian-Americans should be encouraged to participate fully, even in a system that is as deeply flawed as ours and that cries out for reform, but not because it is uniquely abused by Chinese-Americans or the Chinese Government, but because it fosters the analogy that you raised that somehow access to power is like paying for a ride in the subway.

Let me just tell you what I see. I see a prominent U.S. businessman that has established himself, is very well connected, so connected that he even is often with the President of the United States, that you have been able to barter that for more business, to help other businesses like a beer company, that you have established yourself as a go-to guy, someone who can get things done.

So it would seem logical to me that Ms. Liu, General Ji, or anyone else might see that giving money to you, not giving money through you to someone but giving money to you, would be advantageous for them, and that that is essentially the nature of a contribution to you. Do you see it that way?

Mr. CHUNG. Yes. Yes, ma'am.

Ms. SCHAKOWSKY. So it would seem to me, then, at the time you got that money, this is money that is being given to you, that you felt, and this has been asked many times, but when you gave \$20,000 and not \$300,000 to the DNC, were you worried about that? Were you worried that you had broken some sort of commitment? Were you in fear for your life? Or did you feel that this was money that you could spend and that you were spending it as you thought?

Mr. CHUNG. This is my money. I spend it the way I want to spend it.

Ms. SCHAKOWSKY. So at that point there was no fear of retribution, that somehow you had violated an order or even an understanding?

Mr. CHUNG. No.

Ms. SCHAKOWSKY. I wanted to ask you about these fears for your life. In your written testimony you said you thought your family was threatened by Robert Luu. But in your answers to questions about your bank fraud that Representative Mink had asked, you said that you thought that your life and your family's life was threatened by Peter Khen. I wanted to just clarify that this was a completely separate death threat; is that correct?

Mr. CHUNG. That is correct. That depends on what the FBI has been told.

Ms. SCHAKOWSKY. How many times has your life or your family's life been threatened, in your view?

Mr. CHUNG. Incidents, these two.

Ms. SCHAKOWSKY. Well, I thank you. I have no further questions. I would yield back my time.

Mr. WAXMAN. I will take the time.

Ms. SCHAKOWSKY. I am sorry. I would yield back my time to Mr. Waxman.

Mr. CHUNG. Mr. Waxman, can I just say a little bit more statement? I feel so sorry for my family. My wife, I love deeply. My 17 year old daughter, who is a top student in the high school, the top 10 graduate, she almost request not attend the graduation. The last 2 weeks of high school she have to go back to school with an FBI escort. I feel so sorry for my 2-year-old daughter and 5-year-old son. They have to, under the government protection for 24 hours a day, and they cannot do whatever they want to do.

I love my family so much. I want to say I am so sorry, I am so sorry to my family. They should not deserve this. But they are all behind me to come out and tell the truth, because my daughter told me that—she is a college student now—she said, “Dad, no matter whether you like it or not, this is part of American history. What do you want to do with it?” I said to her I want to set the record straight.

Mr. WAXMAN. Mr. Chung, I appreciate what you have to say. It is clearly coming from your heart. You had a threat to your life by somebody that had to do with a mortgage. That has nothing to do with the Chinese Government? Or is this something else?

Mr. CHUNG. That—

Mr. WAXMAN. Is that organized crime you are fearful of, or has that something to do—

Mr. CHUNG. Peter Khen, what he said to me, he is organized crime and he was asked to come ask me for that \$200,000. If I don't give it to him, he will kill my family.

Mr. WAXMAN. That is the mortgage money.

Mr. CHUNG. That is the mortgage. I tried to get it out.

Mr. WAXMAN. Is it related in any way to General Ji or anybody else in China that you have been dealing with on the political contributions issue?

Mr. CHUNG. Well, as I told you, I got the money from, the money I put into my account, a portion of them I pay for mortgage. And then the house is already paid off, and then this gentleman come out to ask for the money. So I take a mortgage and pay for it.

Mr. WAXMAN. Mr. Sun—

Mr. SUN. I think I can help a little bit, Congressman. The reason why it is a complicated answer is because I believe there is some

information suggesting that Mr. Khen knows some of the other people that Mr. Chung dealt with in China. So you could draw all kinds of circles and links to each other. I don't know if he should speculate beyond that, but there is some information suggesting that Mr. Khen knows some of the people that Mr. Chung dealt with in China.

Mr. WAXMAN. Basically it sounds like you owed some money and they were after you to get some money back, and were threatening him. Is that the situation?

Mr. CHUNG. Basically they want to get their investment back.

Mr. SUN. It was in connection with the \$200,000 investment by the Great Wall Cultural Association and some of those individuals, one of whom introduced Mr. Chung to Robert Luu.

Mr. WAXMAN. You have been here for hours and you have been asked these questions over and over again, and you have given your testimony, I think in a forthright way. You might be surprised to know that on one of the media outlets there is a report that says Johnny Chung testified today that he was directed by the Chinese Government and gave that \$300,000 at their direction to the Democratic party.

Is that an accurate statement for a reporter to make of what your testimony is all about?

Mr. CHUNG. I tell the whole truth to the government. No.

Mr. WAXMAN. You've been telling the truth here today, is that right?

Mr. CHUNG. Yes, I am.

Mr. WAXMAN. The truth of the matter was that you received money from a woman who was going into business with you, and you considered it your money. You didn't give contributions to the Democratic party from money from the Chinese Government. As far as you know, the money was from her to you as part of an investment, and then you used part of that money for contributions and most of it for your own personal business?

Mr. CHUNG. I give the money clearly thinking that is my own money. I donate it.

Mr. WAXMAN. Well, you have answered it at so many different times. It just amazes me how the press can keep on repeating wrong information.

Mr. Chairman, I am going to yield back the balance of our time on this 10 minute round.

Mr. BURTON. Thank you, Mr. Waxman. Mr. Horn.

Mr. HORN. Thank you, Mr. Chairman.

Just a few questions, sir to clarify the testimony. Did anybody within the Department of Justice or the administration tell you what you could or could not tell in committee? Did you have any people that sought to instruct you?

Mr. CHUNG. I am sorry, I can't hear. I have a hearing problem.

Mr. HORN. Did any people in Justice or the administration tell you what you could say or could not say to this committee? Did anyone give you any advice?

Mr. CHUNG. No.

Mr. HORN. OK. So this is all from you, with perhaps your lawyers cautioning you one way or another, I take it. In August 1996, you note that you had a lot of money commingled in your accounts

and you regarded this basically as your money. Do you know of any money that came to you a year before the November 1996 election, that might have had its origin in China and simply in the Chinese Government, and simply put it in your accounts because you are the one connected with the Democratic National Committee and other political parties?

[Discussion off the record.]

Mr. SUN. I think he is having trouble understanding the question, Congressman. Is the question—

Mr. HORN. The question is, you had a number, you had really several million dollars, didn't you, in those accounts made up of different investments, in quotes, and the question is this: If you had that money, did any of it come in your mind from the Chinese Government or agents of the Chinese Government?

Mr. CHUNG. No.

Mr. HORN. OK. So all of that other money was simply to give it to you to invest, even though all of the people probably knew that you were very active in fundraising for the Democratic party and the Presidential campaign?

Mr. CHUNG. Basically I know they are all businessmen who I deal with, except I already give my testimony, at the abalone restaurant in Hong Kong I deal with General Ji, what I know that information. Besides that one, I know all of them. They are businessmen.

Mr. HORN. You cite a judge on page 12. Is that Judge Real, Federal District Judge?

Mr. CHUNG. That is correct.

Mr. HORN. Having known Judge Real, I must say if we had him in Washington, DC, this investigation would have been over 2 years ago and a lot of people would be confessing, not enjoying the sunshine hither and yon with the 121 that are somewhere else, that we can't get our hands on. He is one tough judge, like Judge Sirica was in the Nixon Watergate thing. But, unfortunately, he is 3,000 miles away, so we don't have the benefit of his services here in the judicial group in the District of Columbia.

Now, I am curious on the Boeing representative that you mention. Was he Chinese or was he an American, to your knowledge, the Boeing representative that you had in Hong Kong, that you talked to in Hong Kong?

Mr. CHUNG. Liu Chao Ying tried to ask me to get in touch with the Boeing Co. for the reason of buying commercial parts, Boeing commercial parts. I give my order to my former general manager, Irene Wu, I said write some letters to Boeing Co. and see what we can find, who we can talk. But she didn't make it, the trip. That was there, nothing else.

Mr. HORN. Now, you note here you had limited dealings with Mark Middleton. Could you sum up that—

Mr. CHUNG. And to answer your question, Mr. Yao—

[Discussion off the record.]

Mr. CHUNG. I do not know Mr. Yung is a Chinese-American or what.

Mr. HORN. You noted you had limited dealings with Mark Middleton. Could you sum up for the committee exactly what those dealings were and what you know about Mark Middleton?

Mr. CHUNG. I know him 1994 on Christmas party when I brought Haomen Beer people there. I stand out because I am the only one with host Haomen Beer people without tuxedo. He was one without tuxedo. Later on I went to try to get a fax broadcasting service to be used for the White House, and I have a chance to talk to his staff at his office.

As my statement here today says, I was also talking about later, about Ruth Lin, about Swiss bank. I talked to Mark Middleton about this.

Back there when Liu Chao Ying tried to talk to me, I raised my little bit concern about it, and she give me the example, and she said Mark Middleton through the Singapore group, Mr. W-I-N, we give Mark Middleton half a million dollars. That is all I know.

Mr. HORN. Was that overseas Chinese or was that the Chinese Government coming in through Singapore?

Mr. CHUNG. I do not know that.

Mr. HORN. Did Mr. Fowler, or anyone with whom you had a close relationship and were giving thousands of dollars, did any of them have any knowledge in any conversation they had with you that it came from the Chinese Government?

Mr. CHUNG. No.

Mr. HORN. So you didn't see anybody in those you contributed to that had the slightest idea that any of that money would come from the Chinese Government?

Mr. CHUNG. No.

Mr. HORN. OK, just one more—

Mr. CHUNG. Mr. Congressman, I want to make it truly for the official records. I did talk to you last time. I know you come from Long Beach, which you are my neighbor. I told you that the only official in Long Beach is you I know. I do not know the mayor, I do not know the Long Beach harbor commissioner. The only reason I went to Long Beach, I take my children for fishing.

Mr. HORN. Well, you picked the right town. You could take them to the aquarium now.

Mr. CHUNG. I want to clear the record, I have nothing to do with Cosco. Difficult talk to you last time.

Mr. HORN. Thank you Mr. Chairman.

Thank you for coming here and having 4 hours of this interrogation. We appreciate it.

Mr. CHUNG. Thank you for your encouragement.

Mr. BURTON. Mrs. Biggert.

Mrs. BIGGERT. Thank you, Mr. Chairman. I know, Mr. Chung, that this has been a long hearing, so I won't ask too many questions. You talked about how you started your business, how you needed to expand capital, and from there you went to targeting government agencies to increase your business.

How then did you get so involved in the political process as far as supporting candidates? Because most people, I know you stated that you had been with your family, and you went to meet the President and the First Lady at his birthday party. There are not too many Americans who really do have the opportunity to do that. But from the startup of a company, then to being so involved with so many events like that, how did that translate from doing business to hobnobbing with a lot of the politicians?

Mr. CHUNG. I was doing my fax broadcasting business, tried to market my fax broadcasting service, State after State. And then I came to Washington, DC, for the National Governors Association meeting. That would be the easiest way you can meet all the Governors' staffs at the same time.

You know, we are a great country. It is a big country. If you want to travel State after State, it will take a lot of time. And that is the only time I can meet all of them together.

At that time I got a lady named Ms. Rita Lewis. She is a special assistant to the President, political affairs, at the White House. She invited me to go to the White House, and what my motivator is, is I am going to do business with my fax broadcasting.

Later on, because as you know, I am also a Taiwanese-American, and the Taiwanese-American Association here in the United States, we are talking about all American citizens here, they raise about the issue of American passports. We are talking about American passport, and that the birthplace, they also write down China. They would like to change it to Taiwan, which they really were born in Taiwan.

I tried to help them up and tried to set up the meeting. Finally the meeting was set up by Ms. Rita Lewis and also we was invited to go to 48 U.S.—the birthday for President Clinton. Let me repeat, we are all American citizens, we all agreed to go to that one. Then I begin to realize if you donate, you got access.

Mrs. BIGGERT. Well, was there ever anybody that told you, or did you ask anyone about our Federal election laws when you make a donation? Did you ask anybody how you do that, how much money you can donate, or did anybody suggest to you—

Mr. CHUNG. I never asked. Nobody told me.

Mrs. BIGGERT. So there was no conversation about, well, how much I am expected to give?

Mr. CHUNG. I don't know the law. I never asked, and they never told me.

Mrs. BIGGERT. OK. Regardless of whether it was a Governor or whether it was Federal?

Mr. CHUNG. I learn all of this after the campaign finance scandal broke out. Believe me, I got 2½ years, a lot of time alone. I read a lot and I begin to realize. Before that I don't understand. Big, big thank you. Thank you, Mr. Chairman.

Mr. BURTON. Mr. Souder.

Mr. SOUDER. First off let me state for the record that it's been stated several times that the Justice Department didn't find any case of laundering money in this situation. I'm just—I'm shocked. I'm just astounded that our Justice Department didn't find any laundering of money; that's sarcastic.

Let me ask a couple of questions. Did you view the contributions you personally made to the Democratic party as business investments, as part of your doing business?

Mr. CHUNG. Yes.

Mr. SOUDER. And when you got the \$300,000, would you not have viewed some of that as a business investment to impress people by giving it to different political parties?

Mr. CHUNG. As I said in my statement today, I always said that, those people who give me the money as an investment or con-

sulting fee, they all know that part of it, it's going to give it to the political donation for the access. And, again, I always say that that's my money and I give it to. If I didn't give the money, I don't think get access.

Mr. SOUDER. In fact, it's impossible to separate the money because you've said that part of the reason you were drawn to their attention was the pictures. You've talked about the radio address. You've talked about the birthday party. And if that's kind of your business investments, aren't the politics of this inseparable from your business investments? Aren't they the same thing roughly; not all of your money, but a big portion of it was getting pictures, radio addresses and different things, so those are business investments; what you're calling business investments, other people may call political contributions?

Mr. CHUNG. Business investment.

Mr. SOUDER. Because you've got very upset—

Mr. CHUNG. I'm a businessman, I call it business investment.

Mr. SOUDER. In fact, in your testimony you said you got very upset. It was a funny story about your secretary and your driver. When, in fact, the general's wife and son didn't get their picture, presumably, wouldn't that have been because some of the general's money had helped buy the tickets?

Mr. CHUNG. If they did take pictures, the general's wife and the general's son, I will give \$25,000 to the DNC.

Mr. SOUDER. And the general—

Mr. CHUNG. And that money, whatever I had in my account, I will give it to.

Mr. SOUDER. Wouldn't the general have been pretty upset if his wife had called him and his son and said, I gave \$300,000 to Mr. Chung?

Mr. CHUNG. I don't know that. But—well, did you remember I said it's—I charter all the way to the—I mean I am in a group of people there, and I introduced them with the President, and they did indeed take the pictures.

Mr. SOUDER. He probably would have been pretty upset if his son and wife were there, and he would have not thought much he was a businessman, if anything else?

Mr. CHUNG. He never told me. I never asked him.

Mr. SOUDER. You said you were uncomfortable when you first—even before you knew who he was, you were told in the car or after that first dinner that you were uncomfortable about the relationship, when it was changing from what Liu had told you. Why were you uncomfortable? Did you view this as changing from a business investment to a political operation? Were you afraid that there were some other implications here, because you saw his power relationship; you didn't know at that point that he was director of intelligence?

Mr. CHUNG. I think any American businessman who gets a chance to encounter with the equal to CIA Director, everybody feel uncomfortable with them. I do feel—

Mr. SOUDER. You didn't know that, I thought.

Mr. CHUNG. I'm sorry.

Mr. SOUDER. When you first were at the dinner, you didn't know—

Mr. CHUNG. He didn't tell me, he said he was Mr. Xu. He used a different name.

Mr. SOUDER. When you found out in the car that he was, in effect, the director of the CIA, why didn't you break it off then?

Mr. CHUNG. I did bring the issue to the general's daughter. But remember, Congressman, I have two teenagers back there in China with me on this vacation, and now I know this gentleman who is the military director. I want to make sure my two teenagers are brought over there back.

Mr. SOUDER. So when he said—

Mr. CHUNG. I do raise the issue—I want to tell you that I do raise the issue uncomfortable. But I have to keep quiet and go back over there and bring them back over.

Mr. BURTON. So when he said, I would like you to hire my son, or they said he would like you to hire him, you didn't feel like you had much choice?

Mr. CHUNG. That was a second meeting back there at the hotel by the bar. When Mrs. Ji come down to join us, the whole entire conversation turned out to be a mama's and papa's—that is exactly my statement, mama's and papa's talk. And she didn't say it, but I have to take it this one as the—excuse me, the way a Chinese, very polite to say it, but my son is going to be still in over there at UCLA. My son is going to live outside the campus. What do you think about it? I said, let go. I also got a teenager. You've got to let go. Someday you have to face an empty nest, and why he talked to me a lot about this, obviously, he want me to take care of the son. That's the only interpretation I can take.

Mr. SOUDER. Did his son do a lot of work for you?

Mr. CHUNG. Some. Some, not a lot.

Mr. SOUDER. Do you know what his son was doing? Did he seem to be just a student? Did General Ji suggest any other employees to you?

Mr. CHUNG. No, only the son. He didn't even suggest son, but Ms. Liu Chao Ying suggested taking care of the son.

Mr. SOUDER. While his son was on the payroll, do you know if he made any calls back and forth?

Mr. CHUNG. I'm sorry, I didn't get it.

Mr. SOUDER. Do you know if his son made any calls back and forth to his father while he was on your payroll? Did he ever use your business phone for that, or—

Mr. CHUNG. I do not know, because I have so many employees in my office, I don't trace their phone call. But I do—in one encounter he said he was going back for Christmas party, Christmastime, going back to China to be with the father. That's all I know.

Mr. SOUDER. Could they have been using your office as a conduit at any point since you said you weren't tracing it, and they clearly had \$300,000 invested in your office?

Mr. CHUNG. I'm sorry, I don't get the last question.

Mr. SOUDER. In other words, you had the CIA Director's son on your payroll working out of your office, and what you just said is that you didn't know what he was necessarily doing there, and I'm wondering whether he could have been any sort of a conduit in your office since you didn't know what he was doing, and yet he

was a son of the CIA Director. Many Americans may get investments—

Mr. CHUNG. I don't know, but I also want to point out Alex, as I know, what he said to me, he came to the United States when he was 11 year old, so he had been here for more than—he's more like an American boy, speak much more better English like my daughters, OK? He's been here for 11 years. And then he's working in my office, what I tried to ask him to, doing a lot of research on one of the projects we are going to with the fax broadcasting, and then he was working with one of my secretaries, OK?

A lot of times is spent at the laboratory—I mean, at the laboratory to try to find those fax broadcasting information. That's all I tried to give him instruction to do. That's all I know.

Mr. SOUDER. Thank you.

Mr. BURTON. Thank you, Mr. Souder.

I guess now we will wrap up—

Mr. CHUNG. Mr. Chairman, can I have—

Mr. BURTON [continuing]. With Mr. Waxman first. Then I will surmise. Then if you have some comments, we will let you comment.

Did you have something you want to say right this minute?

Mr. CHUNG. Can I have 5-minute break for restroom.

Mr. BURTON. Sure. We will recess for 5 minutes, and then we will wrap up.

[Recess.]

Mr. BURTON. The committee will be recalled to order, and we will now yield to Mr. Waxman for wrap-up.

Mr. WAXMAN. I thank you, Mr. Chairman.

Mr. Chung, I'm just trying to get one little piece that is still not clear in my mind. The time that General Ji told you that he wanted \$300,000 to go to the President because he wanted him to be reelected, or at least that's the impression we get that he wanted that money to go to the President's reelection, you didn't know who he was; you didn't know he was the head of intelligence at that point, is that right?

Mr. CHUNG. I don't.

Mr. WAXMAN. So what did you think, that here's some fellow trying to renegotiate the deal that you had already worked out with Liu?

Mr. CHUNG. I told this committee, I said, who the hell this guy is, Xu.

Mr. WAXMAN. He was trying to tell you what to do with the money that you were expecting already for business purposes?

Mr. CHUNG. That's correct.

Mr. WAXMAN. And then later you found out he was the head of intelligence, and that made you uncomfortable because you thought he was trying to—

Mr. CHUNG. I rest the—I answered that question over and over. It is, as with American businessman, anyone with the CIA type, it was uncomfortable, yes.

Mr. WAXMAN. So you went to Liu and you said, I don't feel comfortable with this, and then she told you, well, go ahead and use the money for contributions, for taking care of the business, for everything that you had originally agreed to with her?

Mr. CHUNG. Yes, sir.

Mr. WAXMAN. General Ji at one time said that he was going to wire the money to her, but you don't know, in fact, whether he did wire the money to her?

Mr. CHUNG. I don't. But I heard what he said. I don't.

Mr. WAXMAN. You just heard what he said?

Mr. CHUNG. Yeah.

Mr. WAXMAN. As far as you know, you got the money from her?

Mr. CHUNG. From her.

Mr. WAXMAN. Well, I have to tell you, we've been here all this time for almost 5 hours, and we started the hearing with statements about this huge Chinese plot tying everything in together, people in Los Alamos, and national security being jeopardized. It may well be jeopardized, we don't know, but it seems to me that to tie that into the story you have to say to us is a big reach.

What I've heard from you and what I know about you is that you found a system where if you put in money, you got access, and if you got access, it helped you get business, and you used that system, and it's a shame that we have a system like that, but that was the system.

Mr. CHUNG. Can I call American way, that's American way.

Mr. WAXMAN. It was the American way. And you impressed a lot of people, including Liu and General Ji and others, with the fact that you were a person who had influence and could get things done?

Mr. CHUNG. That's correct.

Mr. WAXMAN. And they wanted to have influence with you, they wanted to do business with you; isn't that right?

Mr. CHUNG. Maybe they thought I'm important.

Mr. WAXMAN. I think they did. And one theory could be they were just using you to give money to President Clinton, but that seems hard to accept when it turned out you only gave maybe \$35,000, maybe \$20,000, but, you know, less than 10 percent, or around 10 percent of the total amount of money to the Democrats. It doesn't—

Mr. CHUNG. Mr. Congressman, I always told you that the money always commingled together.

Mr. WAXMAN. That's right. But if they were trying to get \$300,000 to the President, if that's what General Ji was trying to do, he didn't succeed, did he?

Mr. CHUNG. He didn't. It's my money, I'm to let it, to commingle all of the money together, is my business money.

Mr. WAXMAN. Well, I think that what you're saying is an accurate statement. I think if others want to make a deal out of this that the Chinese were directing a scheme and a conspiracy, it seems to me that's a pretty far reach from your testimony and what we've heard today. They may be right, but that's a conclusion that is fully speculative without enough factual basis.

All we know is that you received money from foreign business people, including Liu and Ji; you had many connections with this general who suggested to you he would like you to help, but really said you can give money to your President. When somebody says you can do this, it doesn't make you have to do, it means you can do it.

Mr. CHUNG. You can do it. You can do it.

Mr. WAXMAN. Well, I'm amazed at the press, because the press, I think, has continued to report this hearing as a hearing where it was clear that the Chinese Government gave money to you, and you, in turn, gave that \$300,000 in money that you received to the President, and this showed that the Chinese Government was trying to reelect the President, for whatever reasons. And it just seems to be a conclusion that is it's hard to come to—

Mr. CHUNG. Mr. Waxman—

Mr. WAXMAN [continuing]. From this testimony.

Mr. CHUNG [continuing]. The press also destroyed my reputation, my business, also destroyed everything I own. I'm broke. I'm worse than broke.

Mr. WAXMAN. It was a pretty sad commentary, because as a result of all of this, you've been hurt, Maggie Williams has been hurt, Secretary O'Leary's reputation was hurt. All of these people had to incur legal fees in the hundreds of thousands of dollars over, as I'm sure you have, and when all is said and done, nothing that is substantial in establishing any kind of criminal actions is proved. I just think it has been a huge waste of taxpayers' money, and a lot of harm has been done to a lot of individuals including you.

Mr. CHUNG. I want to use this as a good time to make my own statement here is I'm broke. No matter who want to try to harass me, I am broke. Don't come to me. Go to someone richer.

Mr. WAXMAN. You've said it. I yield back the balance of my time because you can't say anything more than that.

Mr. BURTON. Do you want me to yield to you, Mr. Barr?

Mr. BARR. Thank you, Mr. Chairman.

Mr. Chairman, apparently there's more of a gulf between the Seventh District of Georgia and Mr. Waxman's district in California than just geography. In the Seventh District of Georgia, when you go to meet somebody at a restaurant, if it's an up-and-up transaction, you don't go down to the basement, you don't have somebody sneak in through a kitchen door, you don't have them give you a pseudonym, you don't have a discussion that talks about funneling foreign money into this country, you don't have a discussion about \$300,000 possibly being used to influence the U.S. election and then have these people leave the same way they came in.

And in the Seventh District, you don't then get into a car and be advised by your companion who set up the meeting not to discuss the transaction or the discussion in the presence of a third party. And then you don't then have a continuing discussion about this person. You then don't find out and do nothing about it that this person, by all appearances, is the head of a foreign military intelligence service, and so on and so forth.

Now, this may be the way that the gentleman from California meets people in restaurants and has dinners and has discussions, but it isn't in Georgia. And these sorts of things raise very reasonable questions in the mind of many Americans.

Thankfully the gentleman from California is not a U.S. attorney. If he were, then very, very few cases would ever be prosecuted for the benefit of the people of the United States, because frequently U.S. attorneys are called upon to look at accounts in which funds have been commingled, look at the intent of the parties to the

transactions, look at their words, draw reasonable inferences therefrom. And the reasonable inference that I think Mr. Chung and myself and others have drawn from this, but the subtleties of which escape the gentleman from California, clearly indicate that there was, at least with regard to this—one can characterize it as the gentleman from—the other gentleman from California Mr. Lantos did, is one very small part of a much larger scheme, or one can say that this was very important in and of its own right.

But I think a reasonable inference clearly for purposes of pursuing this matter further, if one is indeed concerned about—which some may not be—about the integrity of our electoral system, and business as usual may be in California to take money from foreign sources, it is not business as usual in the Seventh District of Georgia. And when we see in the Seventh District of Georgia or when we see as former U.S. attorneys that people meet under these circumstances, talk about funneling \$300,000 and possibly using it for the reelection of the President very likely coming from a foreign source, then further efforts made to obstruct justice, to intimidate witnesses, these things set off red lights. One hopes that, unlike the gentleman from California, these red lights have registered at our Department of Justice and that these matters will be followed up on.

Mr. Chairman, I appreciate that you understand the subtleties of these matters much better than others do, that you are concerned about the integrity of our electoral system, that you see this as very strong evidence of foreign money coming in, that you focus on the intent of people like General Ji, and that you draw reasonable inferences from the circumstances and the language that was used, as well as the evidence of foreign money coming in from different accounts, than others do.

I think this has been a very important hearing. I appreciate Mr. Chung being here, and I also appreciate his frankness and indicating to us, very truthfully, when certain things were apparent to him. And he's drawn a very clear line between his intentions and what he viewed as something—as opposed to reasonable inferences about the intentions of others, such as General Ji. And I think this has been a very important hearing for the American people, and I appreciate the chairman holding it. I hope that the Department of Justice pays a little bit more attention than some on the other side seem to be willing to indicate.

Mr. WAXMAN. Will the gentleman yield? Will the gentleman yield to me?

Mr. BURTON. Evidently the gentleman doesn't yield.

Mr. WAXMAN. Will the chairman allow me to make a statement since the gentleman referred to me?

Mr. BURTON. I was going to make my final statement. Go ahead, we will let you.

Mr. WAXMAN. I thank you.

Certainly what we've had described is pretty suspicious circumstances, when, as Mr. Chung related, someone would enter through the kitchen and talk about how he should use the money and all of that. But when you look at the facts, I don't think that anybody is able to establish that any of those nefarious plots ever actually took place. And we don't know what people intended, but

I certainly wouldn't give General Ji the benefit of the doubt, because all we know is what Mr. Chung has told us, and what he has told us is pretty damning.

But what he's also told us is that the reality was that he doesn't know that he got the money from any foreign government. He can't establish that. He got the money as part of a business transaction. He gave a small part of it in donations as he saw fit, and there's nothing illegal about that. Thank you.

Mr. BURTON. Let me just end up by saying that I share the gentleman from Georgia's conclusions. But I would like to just add a little bit to that, and I understand the position that Mr. Chung is in. I mean, I think that anybody who has followed these hearings today understands the whole situation and how there has to be some concern about how he addresses some of these questions.

General Ji did come in through the kitchen; General Ji did use an alternative name; General Ji did suggest that \$300,000 be given to the President. The inference was definitely there. But even more than that, Mr. Liu used the name that Mr. Chung gave to Liu Chao Ying, the country girl. How did he know that? He only knew it because somebody in the Chinese Government let him know that name. And so Mr. Liu conveyed that name, the country girl, to Mr. Chung to let him know that he better keep his mouth shut.

That is pretty important. I'm not a lawyer, but it's pretty important, because it says very clearly, that, yeah, the head of the military intelligence met with you, and, yeah, they wired \$300,000 through Liu Chao Ying to you, and the country girl, a term he gave to that woman, said, you know, you better keep your mouth shut, and the FBI thought it was severe enough that they put him, on a number of occasions, into a secure environment.

And so I think that anybody who has followed this hearing has to come to the conclusion that the intent, not of Mr. Chung necessarily, but the intent of the Chinese Government, was through Liu Chao Ying from the head of the Chinese military intelligence to some way influence American policy.

Now, we don't know where the end is, but we do know that espionage is taking place at Livermore, at Los Alamos, and that we've had some severe problems; that the man who was involved in the espionage has been kept on over there for 3 years; that four times there was wire taps denied, and all of these questions need to be answered for the American people.

And, Mr. Chung, although it has been said here today by Mr. Lantos that you are a very small person in this overall mosaic, the fact of the matter is I think you are pretty significant in figuring out what the Chinese were trying to do. We haven't come to any conclusions yet. That's why I'm a little disappointed that Justice hasn't taken more of an interest in this. Hopefully they will after this hearing.

We're going to continue to look into these things. And I want to thank you, and I want to thank Mr. Sun, and I want to thank Mr. Murphy and the young lady back there, Ms. Cohen. And, Mr. Yan, we absolutely didn't need you as much as we thought we would today, but we do appreciate your patience in being with us. And with that, thank you once again.

I want to ask unanimous consent that Members be allowed to submit written questions to Mr. Chung, hopefully you will answer those for us, and that both questions and Mr. Chung's answers will be included in the record. And without objection, so ordered.

And with that, we stand adjourned. Thank you.

[Whereupon, at 5 p.m., the committee was adjourned.]

