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INVESTIGATION OF ILLEGAL OR IMPROPER ACTIVITIES IN CONNECTION WITH 1996 FEDERAL ELECTION CAMPAIGNS

FINAL REPORT

OF THE

COMMITTEE ON GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

TOGETHER WITH

ADDITIONAL AND MINORITY VIEWS

Volume 2 of 6

MARCH 10, 1998.—Ordered to be printed

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THE HSI LAI TEMPLE FUNDRAISER AND MARIA HSIA

The fundraiser attended by Vice President Gore on April 29, 1996 at the Hsi Lai Temple in Hacienda Heights, California, has been the focus of considerable attention and controversy ever since reports first surfaced in the national press revealing that some of the donations given to the DNC in connection with this event were unlawfully reimbursed.[1] Over the course of its investigation, the Committee has examined the various allegations of illegality and impropriety that have surfaced in connection with this event. Furthermore, the Committee has conducted a broader inquiry into the unlawful involvement of the Hsi Lai Temple in the 1995-96 election cycle and the complex chain of events that produced this involvement.

As a result of these inquiries, it has become apparent that the DNC's Hsi Lai Temple fundraiser on April 29, 1996 was merely one instance—albeit the most significant one—in an ongoing campaign of illegal Temple donation-laundering arranged by a woman named Maria L. Hsia in support of Democratic candidates. Nor was this campaign merely an aberration confined to the 1995–96 election cycle. Rather, it had roots stretching back to 1988, with the decision of James Riady, John Huang, Maria Hsia, and others to organize themselves into a political fundraising and lobbying organization in order to advance their interests through U.S. politics.

The Temple-related issue that has hitherto received the most attention in the press—Vice President Gore's knowledge (or alleged lack thereof) with regard to the status of his April 29 luncheon as a DNC fundraiser—is addressed in this section. It will be obvious from the evidence recounted herein that despite his various denials, the Vice President was well aware that the event was one designed to raise money for his party. Preoccupied by a narrow debate over the inconsequential terminology of "community outreach," "finance-related events," "donor maintenance," and "fundraisers," many observers have missed the forest for the trees. The real significance of the Temple incident lies not in the Vice President's lack of candor, but in the ongoing relationship this affair illustrates between him—and the Democratic Party—and a small but influential political clique headed by Riady, Huang, and Hsia.

As will become clear, despite the participation of Temple monastics in criminal wrongdoing in connection with the April 1996 event and in Hsia's broader campaign of Democratic Party donation-laundering, the Temple itself seems to have been only a secondary actor in this drama. Indeed, Temple officials seem to have known little—

[1] *See, e.g.,* Phil Kuntz, "Instant Karma: Cash Gets to Democrats Via Buddhist Temple," *Wall Street Journal,* Oct. 17, 1996 (recounting allegations by Buddhist nun that DNC donation for Gore event was reimbursed). This early coverage prompted the Christian Coalition to file a complaint against the DNC with the Federal Election Commission in connection with the Hsi Lai Temple fundraiser. *See generally* Colleen Sealander, letter to Master Shing Yun, Oct. 29, 1996 (Ex. 1) (forwarding complaint to Temple, with attachments).

if anything—about the political campaigns they illegally supported at Hsia's direction.[2] The real significance of the Temple incident may therefore be found in what it reveals about the activities and agenda of its key decision-makers—Maria Hsia and John Huang.

Hsia and Huang have both asserted their Fifth Amendment privilege against self-incrimination and have refused to cooperate with the Committee. Nevertheless, from documentary evidence produced pursuant to subpoena and from interviews and depositions of persons involved, the Committee has been able to develop a detailed understanding both of the events at issue and of the role of Hsia and Huang therein.

I. MARIA HSIA

Hsia Ling—better known by the Anglicized version of her name, Maria Lynn Hsia—was born in 1951 and first came to the United States on a student visa in 1973. After returning briefly to her native Taiwan in 1974, she returned to this country to become a permanent resident in 1975. Not long after her arrival, she began working as a case worker at Popkin & Shamir, a personal injury and immigration law firm.[3] She became a U.S. citizen in 1986.[4]

Though not a lawyer, Hsia took up several successive positions with various immigration law firms, leaving Popkin for a firm headed by Patrick Fleming, working as a consultant for Damrell, Damrell & Nelson, then joining Howard Hom & Associates, and working with Arnold Malter, before going into business under her own name as Hsia & Associates in 1991.[5] Throughout this period, the immigration services business generally treated Maria Hsia well. In the late 1970s and early 1980s, providing immigration services to Taiwanese citizens was an "extremely lucrative" field.[6] Hsia, it appears, profited accordingly. Her reported income in 1982, for example, was $637,000.[7]

Hsia's first contact with political fundraising came in early 1982 at a cocktail party she attended with Howard Hom. At that reception, they met briefly with March Fong-Eu, an Asian-American woman who was then California's Secretary of State, and Fong-Eu's son, Matthew Fong, who was then his mother's campaign manager and subsequently became California's state treasurer. At a subsequent meeting, Fong enlisted Hom and Hsia to help with

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[2] Since the Hsi Lai Temple received electronic alarm services from a corporation called "DNC," many of the monastics solicited to give money to the Democratic National Committee may have mistaken the party for the company. *Cf., e.g.,* IBPS check #1278, Jan. 5, 1996 (Ex. 2) ($50 payment to "DNC," apparently for alarm services).

[3] Maria Hsia, hearing transcript from Hsia v. Hom, Ca. Super. Ct., No. BC 059523, Aug. 16, 1995, pp. 16-17 (Ex. 3).

[4] James Sterngold, "Political Tangle of Taiwan Immigrant," *New York Times,* June 9, 1997.

[5] Hsia's involvement with former INS lawyer Howard Hom began in the summer of 1979, when they were both enrolled in Cantonese language classes at the University of California in Los Angeles. Deposition of Howard Hom, Aug. 27, 1997, pp. 8–9. They began living together in 1980, and when the Fleming firm split up in 1986, Hom went into business with Hsia as they took over most of Fleming's immigration clients. *See* Memorandum of Interview of Howard Hom, Aug. 10, 1997, p.1. This personal-cum-business relationship with Howard Hom lasted until late 1990. Howard Hom deposition, p.9.

[6] *See* Trial Brief of Defendant and Cross-Complainant Howard Hom in Hsia v. Hom, Ca Super. Ct., No. BC 059523, p. 6 (Ex. 4) (describing immigration law as profitable "largely due to tremendous uncertainty in Taiwan over the future of the island nation" caused by the U.S. government's abrogation of formal diplomatic relations with Taiwan).

[7] Ex. 3, p. 69. Her income in 1983 was $449,000. By 1986 it had slipped to $362,000. *Id.* According to press reports, this stream of revenue enabled her to purchase a Rolls Royce automobile and a home in Beverly Hills. Sterngold, *supra* note 4.

fundraising for his mother's re-election. As Hom later recalled it, "Maria offered to take over the fund-raising activity and, in fact, she explained to Mr. Fong that she felt that she and her friends could probably do a better fund-raiser than Howard and his lawyer friends . . . . That was the genesis of how fund-raising got started with Maria."[8]

It was her immigration work that helped propel Hsia into the political arena. Her interest in political activity was heavily mercenary: it provided her with contacts and friends in government circles in ways that she believed helped her immigration services business in at least two ways.

First, such contacts might be useful in helping her clients with specific immigration matters. When she and Hom ran into some difficulty with Immigration and Naturalization Services (INS) officials in 1983 over a series of visas they had obtained for clients through the U.S. consulate in American Samoa, for example, Hsia decided that "a political approach might be useful" to complement more conventional litigation strategies.[9] Through her political contacts, she persuaded U.S. Senator Alan Cranston and U.S. Representatives Mel Levine, Howard Berman, and Harry Reid to write letters to the INS on her behalf. Cranston was already a recipient of political contributions Hsia had raised through her contacts in California's Asian community,[10] and after their help with this immigration issue Hsia began raising money for Levine, Berman, and Reid as well.[11] Their queries forced the INS to undertake the unusual additional step of publishing a report in December 1983 on its handling of these particular cases.[12] The message was not lost on Hsia that political contacts and political fundraising could indeed pay her concrete dividends.[13]

Apart from concrete help with specific immigration cases, however, Hsia's political activity was useful to her business in a second, more general sense: it helped her cultivate an image of a "connected" political "player" who could "make things happen" for her clients. As Hom put it,

> [I]t was also good in the sense of a public relations image where the Chinese newspapers would say, Here's Howard Hom and Maria Hsia having a reception with the particular Senator or Congressman, the implication obviously being that we were well-connected and that clients

[8] Hom deposition, pp. 10–12.

[9] *Id.,* p. 18.

[10] Maria Hsia's fundraising efforts on Senator Cranston's behalf continued, in fact, at least through May 1989. *See* Handwritten note by Hsia's assistant Jeffrey Su listing attendees at Cranston fundraiser on May 23, 1989, including Maria Hsia and John Huang (Ex. 5). As a result of Hsia's longstanding contacts with Cranston, he invited her to address a field hearing of the Senate Foreign Relations Committee's Subcommittee on Asia and Pacific Affairs (which he chaired) at UCLA in February 1989. *See* Alan Cranston, letter to Maria Hsia, Jan. 23, 1989 (Ex. 6); *see generally* Hom deposition, pp. 180–82.

[11] Hom deposition, p. 20.

[12] Sterngold, *supra* note 4.

[13] *See generally* Hom deposition, p. 15 ("[E]specially on the Federal level, when Maria started to meet Congressmen and Senators, she realized that this was helpful to my immigration clients who, because of the[ir] contact with the Federal Government, might have some need of a letter from a Senator or a Congressman to get a case moving through the red tape of the bureaucracy.").

> should view that, if anything happened to their case, we had this kind of extra protection, so to speak.[14]

Her political fundraising in California politics, for example—which had begun with her involvement with Hom in March Fong-Eu's campaign in 1982—quickly proved useful in this regard. With help from fundraising beneficiaries March Fong-Eu and California Lieutenant Governor Leo McCarthy, for example, Hsia was appointed to several honorary state positions, the prestige of which benefitted her immigration work.[15]

As luck would have it, however, the synergy between Hsia's political activity and her immigration business did not flow in only one direction. Her immigration work may, in fact, have introduced her to Indonesia's Lippo Group conglomerate. Having been put in contact with the Indonesian section of Lippo Bank by one of her clients, she acquired some further clients through them.[16]

By the late 1980s, Hsia had begun to attempt on the national stage what she had by then accomplished in California: building close fundraising and political ties to prominent politicians who were in a position to help her and her friends. At least initially, however, this project—which was to culminate with her efforts to involve the Hsi Lai Temple on behalf of national Democratic candidates in the 1996 elections—could not be accomplished alone. To move more into national politics, Hsia required some new friends.

The involvement of Hsia and the Hsi Lai Temple in donation-laundering in support of the Clinton/Gore ticket in 1996 was the culmination of a relationship between Hsia and Vice President Gore that stretches back to 1988—the year that James Riady, John Huang, Maria Hsia, Eddy Yang, Howard Hom, Fred Hong, and others established the Pacific Leadership Council (PLC) as a fundraising and lobbying organization to promote their interests in U.S. politics.[17]

From the beginning, it should be noted, the PLC was in large part a vehicle for the advancement of Lippo interests. James Riady, the son of Mochtar Riady and scion of the family dynasty that ran the Lippo Group, was instrumental in the PLC's founding and served alongside Hsia and Fred Hong as one of the organization's first co-chairs.[18] Indeed, James Riady was perhaps the single most important figure in the PLC's early political activity, hosting its

---

[14] *Id.*

[15] *See, e.g.,* Ex. 3, p. 58 ("I was sitting on the California Economic [Development] Commission, which gave me a lot of exposure and [helped] to draw more [immigrant] investors [under the Immigration Act of 1990] to come into this country.") These state positions included seats on the Commission for Economic Development and the California-Taiwan Sister State Legislative Task Force, and received weighty titles as March Fong-Eu's "Honorary Deputy Secretary of State" and "Special Assistant for Asian Affairs." *See* Maria Hsia biography, p. 2 (Ex. 7) (listing positions); Hom deposition, pp. 12–13; Leo McCarthy, letter to Maria Hsia, April 8, 1991 (Ex. 8) (discussing upcoming seminar for Commission for Economic Development).

Hsia's early political activity also had national results. DNC Chairman Ronald Brown, who would later supervise Hsia's friend John Huang in his Department of Commerce, appointed Hsia to the DNC's "National Convention Site Selection Committee." *Cf.* Ronald H. Brown, letter to Maria Hsia, June 14, 1990 (Ex. 9).

[16] Maria L. Hsia, deposition in Hsia v. Hom, California Superior Court, No. BC 059523, May 18, 1994, pp. 29–31 (Ex. 10).

[17] As Hom recalled it, the purpose was to build the group into a powerful political organization; it was designed to give its charter members "the same kind of clout as, say, other organized groups . . . like the Teamsters or the National Rifle Association . . . ." Hom deposition, p. 24.

[18] *Id.*

first political fundraiser on April 22, 1988,[19] using his business contacts to facilitate the group's fundraising,[20] and employing his own money and that of Lippo employees to make up for unanticipated shortfalls in PLC fundraising efforts.[21]

A "wish list"[22] James Riady submitted to Hsia in April 1988 summarizing "issues need[ing] to be followed up,"[23] for example, suggests Riady's role in steering the PLC and interest in enlisting it, and through it the Democratic Senatorial Campaign Committee (DSCC), as a vehicle for the promotion of Lippo interests. This list, prefaced by a handwritten memorandum on Bank of Trade/Lippo Group[24] stationery, outlined Riady's plans for the group's political activity in U.S. politics on a Senator-by-Senator basis, outlining a specific "agenda" for six U.S. Senators: Daniel Inouye, Tim Wirth, Kent Conrad, James Exon, John Melcher, and Tom Daschle. More broadly, Riady suggested a number of "[o]ther issues" that the PLC should pursue, among them:

> "(i) The need for the Senators to impress upon Taiwan to allow Asian-American banks (or at least Bank of Trade) to be allowed to open a branch office in Taiwan in the very near future.
>
> (ii) Appointments of Asian-Americans to policy making positions in the Federal Government.
>
> (iii) Visit of US Senators on an ongoing and regular basis to Indonesia, Hong Kong and Taiwan at our invitation or with us as host.
>
> (iv) Participation of Senators at specific Asian-American community activities in California such as the NACAB, The Asia Society, the Indonesian Business Society and other similar bodies.
>
> (v) Funds of various Federal Government Agencies or government bodies as well as that of DSCC to be deposited at the Asian-American banks in the U.S. Perhaps the DSCC could start by making a deposit at Bank of Trade.

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[19] *Id.* p. 26; *see also* Maria Hsia, facsimile transmission to John Huang, March 30, 1988 (Ex. 11) (referring to upcoming event at "James's house on 4/22/88").

[20] One document recounting contributions made to the Democratic Senatorial Campaign Committee (apparently in 1988), for example, lists 13 persons or couples who had contributed between $5,000 and $10,000 to that organization. Beside each name is listed the name of the person who solicited that contribution. James Riady's name appears next to 11 of the 13 donations, suggesting that he was responsible for every contribution but two (the ones that were made by Hsia and Hom themselves). David Lang, memorandum to Mary Leslie, May 4, 1988 (Ex. 12); *see also* Hom deposition, p. 28 (explaining that handwritten notations next to each name indicate solicitor). Another document produced to the Committee, recounting solicitations for new membership in the "Leadership Circle/Business Round Table Circle," lists Maria Hsia and James Riady as having each solicited $55,000. List of Leadership Circle Solicitations, undated (Ex. 13).

[21] John Huang, Riady's employee, was particularly active in this regard. *See* Hom deposition, pp. 30–32 (recounting that John Huang commonly "stepped in to fill the slot" if Hsia or others "would fall short of [their] goal and would have to look for other people to bail her out . . . [by] making an extra contribution"); John Huang, note to Maria Hsia, Dec. 16, 1989 (Ex. 14) (forwarding blank check drawn on account at Lippo bank with handwritten instructions to use it for either $500 or $1,000 donation to Fund for a Democratic Majority, depending upon whether another contributor met anticipated commitment); Jeff Su, letter to "Pamela," April 15, 1991 (Ex. 15) (enclosing Huang check to "Mikulski for Senate" in order to "serve as a replacement for Phillip So's check"); Maria Hsia, letter to Rick Weiland, April 28, 1988 (Ex. 16) (forwarding check from Huang which "represents David Yeh and Ossy Tirta's contributions"); Ex. 13 (listing solicitations by Riady for "New Members Leadership Circle/Business Round Table Circle" with handwritten alterations replacing names of Ossy Tirta and David Yeh with that of John Huang).

[22] The term is Howard Hom's. *See* Hom deposition, p. 36.

[23] James Riady, memorandum to Maria Hsia, April 26, 1988, p. 1 (Ex. 17).

[24] The Bank of Trade was a Lippo-owned bank that is now known simply as Lippo Bank.

(vi) Assistance for special, exceptional immigration cases when and if it arises." [25]

Riady's role in personally directing such activity, however, declined over time as it became difficult for him to reconcile the broader responsibilities of helping run his family's international business empire with day-to-day involvement in U.S. politics. As a consequence, he found it necessary to step down as co-chair of the PLC. To ensure that Lippo's interests were still advanced by the organization, however, Riady delegated his role to Huang, who was at that time a top executive with the Lippo-owned Bank of Trade and thus Riady's employee. Huang thereafter served as Riady's agent "both on the PLC, taking over Riady's position as the organization's co-chair, and more generally with regard to U.S. political activity.[26] As Maria Hsia herself[27] put it in a facsimile transmission to her PLC co-chair Fred Hong, "John Huang . . . is putting D.S.C.C. together for James." [28]

The PLC swung its weight in behind Democratic Party candidates in several of the major national races of 1988, most prominently Michael Dukakis' campaign for President and Leo McCarthy's campaign for the U.S. Senate.[29] Both of these campaigns, however, were conspicuously unsuccessful—leading the PLC to cast around for a way to rekindle its political fortunes. Ultimately, the PLC decided to try to revive the organization's political activity by organizing a high-profile trip to Asia for a group of U.S. Senators.[30] Significantly, it was this search for new political opportunities in 1988–89 that helped bring Hsia and the Riady/Huang group together, simultaneously, both with Venerable Master Hsing Yun's Fo Kuang Shan Buddhist order and with then-U.S. Senator Al Gore.

The connection between Hsia and her fellow PLC members and the Fo Kuang Shan Buddhist order [31]—the Taiwanese parent orga-

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[25] Ex. 17, p. 3.

[26] *See* Hom deposition, pp. 24–25.

[27] As suggested by Riady's April 1988 "wish list," Hsia was apparently also expected to play a role in implementing James Riady's agenda. *See* Ex. 17, p. 1 (noting that with regard to political agenda, "it may be best to coordinate through a person—*i.e.,* you.").

[28] Maria Hsia, facsimile transmission to Fred Hong, March 30, 1988 (Ex. 18).

[29] *See generally* Hom deposition, pp. 22–25, "89 for 90," *Los Angeles Times Magazine,* Jan. 1, 1989, p. 34 (identifying Hsia as "at the center of a predominantly Asian group of fund-raisers rapidly emerging as a major force in the hotly competitive Los Angeles political money scene. Last fall, the group raised substantial sums for, among others, the Dukakis and McCarthy campaigns. Throughout 1989, its' leading delegations of Senators and Congressmen on tours of the far east"). Hsia was also a "regional chair" for the 1988 Democratic Senate Dinner in Los Angeles and—along with Huang, Hom, and Fred Hong, among others—co-chaired at least one Dukakis campaign fundraising dinner in Los Angeles sponsored by the "Asian-American Friends of Dukakis." (The "general chairman" for the latter event was the now-convicted campaign-finance violator Albert Lum.) *See* 1988 Democratic Senate Dinner brochure, p. 1 (Ex. 19); Dukakis dinner program (Ex. 20).

[30] As it turned out, this trip would be among the PLC members' most important steps toward implementing the U.S. political agenda James Riady had spelled out in April 1988, *see supra* text accompanying note 25 (listing agenda item of having Asian-Americans appointed to high office), until the success in 1994 of the group's efforts to have Huang appointed to a high government position. *See* Hom deposition, p. 39; *see also* Ex. 21 (letters on behalf of John Huang: Howard Hom, letter to Doris Matsui, Dec. 14, 1992; Sen. Paul Simon, letter to Susan Brophy, Jan. 6, 1993; Sen. Thomas Daschle, letter to Richard Riley, Jan. 8, 1993; Mike Wantanabe, letter to Melinda Yee, Jan. 19, 1993; Sen. Kent Conrad, letter to Bruce Lindsey, Jan. 21, 1993; Nancy H. Au, letter to Melinda Yee, Jan. 26, 1993; Kathleen Brown, letter to Jody Franklin, Jan. 28, 1993; Maeley Tom, letter to John Emerson, Feb. 17, 1993; Leo McCarthy, letter to Bruce Lindsey, Feb. 22, 1993; Leo McCarthy, letter to John Emerson, Feb. 22, 1993).

[31] This Taiwanese-based sect was founded in 1969 by Li Kuo-Shen, who subsequently took the name Hsing Yun ("Stars and Clouds") as his "Dharma name" upon becoming a monk. By the mid-1990s, the Order had developed into a worldwide network having some 130 temples, as many as 1.5 million adherents, and over $400 million in assets. *See* Kevin Sullivan, "Monk at

nization of the International Buddhist Progress Society (IBPS) and its Hsi Lai Temple in Hacienda Heights, California—came about through Eddy Yang. Yang, also a founding member of the PLC, headed the Sunlight Corporation a furniture company and had been for many years an "advisor" to the Fo Kuang Shan order in Taiwan.[32] As Howard Hom recalled, Yang stepped in and "volunteered the temple's auspices" after Hsia had "problems lining up a corporate sponsor that she knew," making the temple available to help underwrite the cost of the PLC's trip to Asia for Senator Gore in early 1989.[33]

Involving the Fo Kuang Shan Order in the PLC's agenda was in many ways an inspired choice, as it had acquired a reputation for political activity in Taiwan.[34] Master Hsing Yun saw himself as destined to play an important role on the world stage as an unofficial advisor to political leaders both in Taiwan and elsewhere.[35] Not for nothing, therefore, was Master Hsing Yun known as "the political monk."[36]

To this end, in expanding his order to the United States,[37] Hsing Yun apparently hoped to continue "spreading the Dharma," *i.e.*, increasing popular receptivity to Buddhist ideas and culture, through political fundraising in U.S. politics.[38] As he made clear to the Committee when he was interviewed in Taiwan in June 1997,

> Speaking of political donations, I feel that, my entire life, I have been a person who enjoys doing good deeds and giving to others. . . . I give people assistance. I am grateful for the economic aid that the United States government

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Issue is an Icon in Taiwan," *Washington Post,* Oct. 25, 1996, p. A22; Geoff Spencer, "Buddhism Blossoms in Australia's Industrial Heartland." *Ap Worldstream,* Oct. 8, 1995.

[32] *See* Hom deposition, pp. 49–50.

[33] *Id.*

[34] Master Hsing Yun, for example, has since served 1988 on the Central Advisory Committee to Taiwan's ruling Kuomintang Party (KMT), supported an independent Buddhist candidate (Chen Lu-an) in Taiwan's 1995–96 presidential election campaigns, and in 1997 accepted an appointment to the Taipei government's cabinet-level Overseas Chinese Affairs Commission. Debbie Kuo, "Master Hsing Yun Appointed Commissioner of O'Seas Chinese Affairs," *Central News Agency* [Taiwan], Feb. 16, 1997; Sullivan, supra note 31, p. A22; Tsong Ching, "Master Hsing Yun and Preceptor of State Yu Lin," *Pacific Journal,* May 3, 1996 (Ex. 22) (translated by Michael Yan for the Governmental Affairs Committee). According to press reports, Hsing Yun's "pattern of influence building" has given him ties to "a number of world leaders." Sullivan, *supra* note 31; *see also generally* Stuart Chandler, *Establishing Friendly Relations: The Fokuangshan Perspective on the Hsi Lai Temple Political Donations Controversy* (unpublished monograph, June 14, 1997) (Ex. 23, p. 13).

[35] Hsing Yun once wrote a novel about a Buddhist monk named Yu Lin, who was appointed to political office as "Preceptor of State" by an emperor of the Ch'ing dynasty. This story, which was made into a movie and a television series in Taiwan, outlines Hsing Yun's "critique and expectations of a religious-leader-turned-Preceptor-of-State" and suggests that he entertains similar ambitions for himself. Ching, *supra* note 34; *cf.* Fu Chi-ying, *Handing Down the Light: The Biography of Venerable Master Hsing Yun* (Hsi Lai University Press 1996) (translated by Amy Lui-Ma) (Ex. 24, p. 106).

[36] John Mintz, "Fund-Raisers Pressured Temple After Gore Visit; 12 Donors Were Reimbursed," *Washington Post*, June 13, 1997, p. A20 (recounting that Hsing Yun has called himself "political monk"); *see also* Ching *supra* note 34.

[37] The name of the elaborate temple complex constructed by the IBPS to be the headquarters of the Fo Kuang Shan order's North American operations illustrates its intended mission of spearheading the order's expansion into the United States: Hsi Lai means "Coming to the West." Hsing Yun's biographer describes the founding of the temple in Hacienda Heights as "a milestone that mark[ed] the Dharma coming to the Western world." (Ex. 24, p. 342).

[38] *See* Ex. 23, p. 4 ("As another means to establish Hsi Lai Temple as a legitimate, fully accepted member of the [U.S.] community, Master Hsing Yün and the temple's various abbots have consistently sought to secure 'friendly relations' with local and national political leaders."); *id.,* p. 16 (describing order's political involvement in Taiwan and noting that "[i]n light of Master Hsing Yün's willingness, even eagerness, to create 'friendly relations' with government officials, both in Taiwan and abroad, the fact that he invited Gore to Fokuangshan in 1989, and subsequently honored him with a banquet as Hsi Lai Temple, no longer seems so bizarre.").

> gave to the Republic of China thirty or forty years in the past. Having established two-way communication with the United States, I feel that I ought to express my gratitude and repay the country.[39]

This penchant for political involvement helped make Hsing Yun's Fo Kuang Shan order an eager collaborator in Maria Hsia's political activity.[40] Over the next few years, Hsing Yun's organization helped Hsia and her PLC co-founders in three principal ways:

> (1) The Fo Kuang Shan order helped pay for the PLC's trip to Asia in early 1989 and hosted the PLC delegation at its temple headquarters in Kiaoshung, Taiwan;
>
> (2) The order provided Maria Hsia with a lucrative sideline in procuring "religious worker" visas and green cards for Temple monastics and devotees coming to the United States under provisions of the 1990 immigration act for the passage of which she had successfully lobbied; *and*
>
> (3) The order gave Hsia access to a deep reservoir of money for illegally laundered political donations, upon which she would draw heavily in the years to come.

In return, the Fo Kuang Shan order perceived itself as becoming increasingly influential within the Democratic Party. By late 1996, brochures prepared by the Hsi Lai Temple had come to describe Hsing Yun as an "informal liaison to the White House on Asian affairs." [41]

The PLC's trip to Asia in 1989 was organized by John Huang, James Riady, and Maria Hsia, with Huang playing the lead role. Here again, James Riady's enormous role in the PLC was visible: according to a report on the preparations Huang gave to a PLC meeting in November 1988, Riady and his employee Huang provided $10,000 in seed money to help cover the trip's costs. This money was deposited in an account controlled by Huang, Hsia, and Fred Hong at Riady's own Bank of Trade.[42] Overall sponsorship of the trip was ostensibly to be provided by a "non profit organization in Indonesia"; this was being arranged by James Riady.[43]

Originally, the plan had been to invite as many as five U.S. Senators, accompanied by 15 PLC members, on a trip to Taiwan, Indo-

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[39] Hsing Yun, "Statement to Governmental Affairs Committee Fact-finding Team" June 17, 1997 (Ex. 25, p. 2). (This document was prepared by Hsing Yun for the Committee in advance of his interview on June 17, 1997; it does not represent an account of this interview.)

[40] Ironically, however, according to Howard Hom, Maria Hsia was generally contemptuous of persons who became involved in political activity through political conviction; she believed that real political power flowed from campaign contributions rather than passion and policy activism. Hom interview, p. 3.

[41] Lena H. Sun, "Gore 'Community Outreach' Touched Wallets at Temple: April L.A. Event Raised Funds and Questions," *Washington Post,* Oct. 25, 1996, p. A1.

[42] Minutes of PLC Meeting, Nov. 10, 1988, p. 1 (Ex. 26).

[43] Riady's role as perhaps the single most important figure behind the 1989 trip is also suggested by a letter sent in July 1988 by Huang's assistant to a member of Senator Kent Conrad's staff as part of the PLC's efforts to organize the Asia trip. According to this letter, Riady had picked the "dignitaries, public officials and business leaders in Taiwan, Hong Kong, Singapore and Indonesia" who were to be visited by the PLC delegation. Interestingly, this list included a number of "PRC Related Officials," including the head of the Xinhua News Agency in Hong Kong, described as "equivalent to PRC Ambassador," and the head of China Resources, which was called "PRC's key foreign trading company." Virginia H. White, letter to Karen Frederickson, July 28, 1988 (Ex. 27). (For more about China Resources, see the sections of this report dealing with Lippo and with intelligence matters.)

The Fo Kuang Shan order also contributed an additional $4,000 toward the PLC's expenses through its U.S. subsidiary, the International Buddhist Progress Society. *See* Check #1938 from International Buddhist Progress Society for $4,000 to "Pacific Leadership," Dec. 28, 1988 (Ex. 28).

nesia, and Hong Kong.[44] All but one of the Senators invited to participate, however, turned down the Council's invitation.[45] But Senator Gore faced re-election in 1990, and had depleted his campaign funds in his failed 1988 presidential bid.[46] Having been told by Senator Gore that he "would like to know the Asian community better and would like to be closer to them,"[47] Maria Hsia explicitly promised Senator Gore her political support, as well as that of PLC co-founders such as James Riady and John Huang, if he would come join them in Asia. Indeed, Hsia advised him bluntly that "[i]f you decide to join this trip, I will persuave [sic] all my colleagues in the future to play a leader role in your future presidential race."[48] Gore thereupon accepted, becoming the only national-level U.S. politician to join the PLC in Taiwan.

Thanks to the partial financial sponsorship provided by Hsing Yun, part of the Taiwan leg of the PLC's Asia trip consisted of a visit to the Fo Kuang Shan temple in Kiaoshung. Attending with a delegation that included James Riady and his wife Aileen, John Huang and his wife Jane, Eddy Yang and his wife Jenny, Fred Hong, Howard Hom, and Maria Hsia, as well as Gore staff members Peter Knight and Leon Fuerth,[49] Senator Gore toured the Kiaoshung Monastery on January 11, 1989 and met with Hsing Yun.[50]

This was the start of an extremely close relationship between Hsia and Senator Gore. After the January 1989 trip to Taiwan, Hsia became an active fundraiser for the Senator's reelection campaign.[51] Over the next 22 months, until his reelection to the Senate in November 1990, for example, Hsia was involved with—with the help of her "political assistant" Jeffrey Su[52]—numerous fundraising events for the Gore campaign, working in conjunction with campaign officials to refer her own friends and fundraising col-

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[44] Ex. 26, p. 2.

[45] Hom deposition, p. 56.

[46] *See* Al Gore, letter to Maria Hsia, May 23, 1989 (Ex. 29).

[47] Maria Hsia, letter to Albert Gore, Nov. 22, 1988 (Ex. 30) (recounting conversation with Gore during event at home of Pamela Harriman). This Harriman event was probably not the same event referenced in a document in the handwriting of Jeff Su—Maria Hsia's political assistant—representing a fax transmission from Hsia to John Huang at Bank of Trade. This document describes a dinner party for 25–30 guests at Harriman's house costing $3,000 to $5,000 per person with proceeds going to Friends of Al Gore. *See* Maria Hsia, memorandum to John Huang (undated) (Ex. 31). According to Howard Hom, Jeff Su only began working for Hsia in 1989, suggesting that the Harriman event referenced in Hsia's November 22, 1988 letter was a prior fundraiser. *See* Hom deposition, pp. 77–78.

[48] Ex. 30. This letter is in the Committee's possession only in "draft" form, but Howard Hom recalls that it was ultimately sent as written. *See* Hom deposition, p. 59.

[49] Pacific Leadership Council, attendance list for January 1989 trip (Ex. 32). Knight was then Gore's chief of staff, while Fuerth was his foreign policy advisor. (This document was not a final list of participants, but Howard Hom recalls it being accurate apart from exceptions that are irrelevant for present purposes. *See* Hom deposition, pp. 61–62.)

[50] Indeed, during their meeting, Senator Gore and the Venerable Master discussed the Senator's hopes to win the U.S. presidency. According to Hsing Yun, when

> Senator Gore visited Fo Kuang Shan . . . I said to him, "You can become the president of the U.S." He was excited upon hearing that and said, "I will visit you when I become the president."

Hsing Yun, article in *Universal Gates Monthly* (May 1996) (Ex. 33, pp. 183–184) [translated from the Chinese by SA Becky Chan for the Governmental Affairs Committee].

[51] She and her colleagues also did fundraising for other Senators. *See, e.g.,* DSCC Tally Sheet (1989–1990) (ex. 34) (listing DSCC recipients including Senators Paul Simon, Tom Harkin, John Kerry, and Carl Levin); List of contributors to Sen. Howell Heflin dinner, Nov. 27, 1989 (Ex. 35). Gore, however, was the particular object of Maria Hsia's attentions.

[52] Jeffrey Su was hired by Hsia in early 1989—after her return from the trip to Taiwan—to help her run her various political activities and particularly to assist her in working for Senator Gore. Hom deposition, pp. 75 & 78.

leagues to Gore events in Southern California.[53] Hsia also helped organize Asian-Americans and Indo-Americans in Tennessee in support of Senator Gore's re-election, forwarding lists of affluent Chinese-Americans in Tennessee to the Senator's fundraising staff and helping publicize Indo-American events among her PLC fundraising colleagues.[54]

The PLC organized a fundraiser of its own for Senator Gore's campaign on May 21, 1989—a $250-per-person event held at the California home of PLC founding member Tina Bow and consisting of a "private reception" with the Senator for PLC members and event sponsors followed by a "general reception."[55] The event was chaired by Fo Kuangshan advisor Eddy Yang, but Hsia was one of its principal organizers, designing and mailing the invitations for the affair, helping arrange musical entertainment[56] and inviting "DSCC Members and Friends" to participate, advising them that Senator Gore was "a likely candidate for president in 1992."[57]

Nor were Hsia and her colleagues above using Fo Kuang Shan monastics in their fundraising for Senator Gore. Underlining the PLC's reciprocal commitments with the Senator, for example, Eddy Yang helped arrange for several monks and nuns from the Temple to attend the May 21, 1989 Gore fundraiser.[58] This event reportedly raised nearly $20,000 for Senator Gore; he accordingly wrote a thank-you letter afterwards to one of the monastics saying that he "deeply appreciates your support and the support of your congregation."[59] Senator Gore thereafter thanked Hsia for her support, assuring her that this assistance was vital because

> my involvement in the Presidential race over the past two years has delayed my efforts to raise money for the 1990 campaign and left our coffers empty for the upcoming race. Your contribution at the early stage of this effort has helped to replenish our account and will allow me to build a strong organization. . . .[60]

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[53] *See, e.g.,* Maria Hsia, memorandum to DSCC members, March 20, 1989 (Ex. 36) (list of upcoming Gore events); Debra Fried, memorandum to "Finance leadership and contacts/Friends of Al Gore," July 27, 1990 (Ex. 37) (forwarding list of upcoming Gore fundraisers on West Coast in August 1990); Hari Lal, letter to Debra Fried, Aug. 14, 1990 (Ex. 38) (discussing Gore visit to Los Angeles); Handwritten memorandum on "Gore Reception 3/21" chaired by Eddy Yang at home of PLC founding member Tina Bow (otherwise undated) (Ex. 39); Jeff Su, fax transmission to John Huang, Aug. 6, 1990 (Ex. 40) (discussing "the Gore reception on Thursday"); Jeff Su, fax transmission to Hari Lal, Aug. 15, 1990 (Ex. 41) (discussing upcoming Gore events).

[54] *See* Ju Hong Taur, letter to Maria Hsia, Feb. 9, 1989 (translated by SA Becky Chan for the Governmental Affairs Committee) (Ex. 42) (forwarding list of Chinese persons for fundraising solicitation and political organization); Ex. 43 (Maria Hsia, fax transmission to John Huang, March 9, 1990 [RE: Reception for Senator Gore by Indo-American community"]; Hari Lal, fax transmission to Maria Hsia, Oct. 1, 1990 [advising Hsia of Indo-American plans for Gore fundraisers in Tennessee]); *see generally* Hom deposition, pp. 78–81 (recounting Hsia's role in organizing Asian-Americans and Indian-Americans).

[55] Maria Hsia, letter to "DSCC Members and Friends," May 5, 1989 (Ex. 44) (discussing May 21 fundraiser); R.S.V.P. return and from Maria Hsia's computer file, May 3, 1989 (Ex. 45) (indicating $250 solicitation for event "sponsors").

[56] *See* Ex. 45 (draft invitations from Maria Hsia's computer file, with handwritten edits, and handwritten draft of invitation); Maria Hsia, letter to Johan Sendjaja, May 3, 1989 (Ex. 46) (discussing arrangements for band and public address system at May 21 Gore reception); Handwritten notes from Maria Hsia's file detailing preparations for May 21 reception (Ex. 47).

[57] Ex. 44.

[58] Hom deposition, p. 67 ("[T]he temple sent a team of monks and nuns to the event, and as I recall, someone spoke as the representative of that [organization], and because of that connection or linkage, Eddy Yang was an event chair because of his connection initially with the Buddhist temple that helped subsidize the trip to Taiwan.").

[59] William Rempel, Alan Miller & Henry Weinstein, "Buddhist Temple repaid some DNC Donations," *Los Angeles Times*, May 23, 1997, p. A1.

[60] Ex. 29

In addition to Gore-specific fundraising events, the DSCC's political-contribution "tally" system proved to be a valuable tool for Hsia as she swung her newfound fundraising clout behind Senator Gore, representing as it did a convenient way around limits on "hard" campaign finance contributions.[61] Rather than limit their overall support of a particular candidate to the $2,000 level specified for total individual "hard" donations, contributors to the DSCC arranged to earmark much larger "soft" money contributions for particular candidates. As Howard Hom remembered it,

> The contributor donated under the name of DSCC, and DSCC could do with it as they wished, but as the group found out during the Leo McCarthy campaign for the U.S. Senate in 1988, . . . we could request that all or a portion of any donation be tallied or allocated to use in a particular race. So we could say we want 90 percent to go to Al Gore and 10 percent to go to, say, Leo McCarthy.[62]

In other words, donors would give money to the DSCC itself in large, unregulated "soft" money contributions, so that the DSCC could funnel designated amounts of each personal total to designated candidates with exactly the same result as if the $1,000 limitations had never existed. This system was ultimately found to be illegal—with the result that the DSCC paid $75,000 in fines to the FEC[63]—but for several years this "tally" system proved an invaluable means of skirting federal election laws.

After returning from the PLC's Taiwan trip, Hsia also worked for Senator Gore's re-election campaign through this DSCC tally system.[64] As documented in files of her fundraising activity kept by Hsia and Howard Hom, for example, a donor named Michael Reyes became the frequent target of her efforts to earmark his DSCC contributions for Gore's re-election campaign.[65] In the period before the 1990 elections, the DSCC "tallied" at least $29,500 to Senator Gore's campaign.[66] Senator Gore was well aware of this work she undertook on his behalf. As he put it in a letter he wrote to Hsia in January 1989, for example,

> I wanted to thank you for your generosity in crediting by DSCC tally with the checks from Michael Reyes and Tony Hsu. I have sent letters to both thanking them and crediting you as the contact. Thanks so much; it will help a

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[61] By federal law, contributions to individual candidates for Congress are limited to $1,000 per contributor for the primary and general election campaigns, for a total of $2,000 per contributor.

[62] Hom deposition, p. 71; *see also id*., p. 88 (noting that "the DSCC soft money tally would be separately allocated" from "the individual contribution to the 2,000-per-year max[imum]").

[63] *See* Federal Elections Commission, Matter Under Review 3620, conciliation agreement, Aug. 11, 1995.

[64] Ex. 34 ("RE: DSCC tally to Senator Gore/Please check to see if the DSCC did in fact tally money to Sen. Gore per our request"); Jeff Su, fax transmission to Debra Fried, Aug. 22, 1990 (Ex. 48) ("John Huang will be attending the DSCC 1990 Fall Dinner. Maria will contact John and tell him [to] tally his $1,500 to Sen. Gore.").

[65] *See, e.g.*, Maria Hsia, fax transmission to Michael Reyes, Dec. 2, 1988 (Ex. 49) ("I would like to tally your contribution to Senator Al Gore if you have no objections since his reelection is coming.").

[66] Senator Paul Simon received even more DSCC money, being the recipient of $36,500 in DSCC "tallies." Other recipients included Senators Howell Heflin ($7,500), Carl Levin ($2,500), Max Baucus ($1,000), John Kerry ($1,000), and Tom Harkin ($4,000). *See* Ex. 34.

> great deal as we move into the 1990 Senate campaign. You are a wonderful friend.[67]

Another letter in December 1990 similarly thanked Hsia for "your generous contribution to the Democratic Senatorial Campaign Committee, which you had tallied to me."[68] Throughout the 1989–90 re-election campaign, Hsia remained in close contact about fundraising matters with Senator Gore and campaign officials such as Debra Fried of Friends for Al Gore.

All of this fundraising support was, of course, part of the rather explicit bargain Hsia had struck with Senator Gore in inviting him to visit Taiwan in November 1988. Hsia approached her political fundraising with clear objectives in mind,[69] and Senator Gore's presidential ambition appears to have been her most favored long-term prospect. As Hsia put it in a note to one DSCC contributor, whom she was at that point trying to persuade to "tally" an additional $5,000 to Friends of Al Gore, help for Senator Gore was important because he had been "willing to take the Lead role to travel [to] Asia and [was] willing to work with us on a long term relationship for his future presidency."[70]

In fact, never a woman to say with circumspection what might be put bluntly, Hsia made no secret of her expectations even when writing to the Senator himself. Four days after the PLC's first fundraiser for Al Gore on May 21, 1989, she wrote to tell him that

> We were so happy that you were able to spend some time with members of the Asian Pacific American community here in Los Angeles. . . . I appreciate your willingness to provide an opportunity for people to get to know you better. I would also like to see you become one of the senators closest to the Asian Pacific community. But for that to occur, we need time and a special commitment from each other. If you share the same sentiments, please allow my colleagues and I a role in developing this relationship.[71]

Because of her work in the immigration services business, U.S. immigration law was another area of great personal interest to Hsia. By February 1989, a major immigration reform bill was being prepared in Congress,[72] ultimately to become the Immigration Act of 1990. As this bill moved through the legislature during 1989, it became the subject of much lobbying by immigration services providers such as Hsia and Howard Hom. As finally adopted, the Act included a number of provisions of great value to such persons. First, the Act restricted deportation and provided work authoriza-

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[67] Al Gore, letter to Maria Hsia, Jan. 31, 1989 (Ex. 50); *see also* Ex. 48 ("Senator Gore should call Michael [Reyes] and ask him to tally the remaining $5,000 to his campaign once it is paid.").

[68] Albert Gore, letter to Maria Hsia, Dec. 5, 1990 (Ex. 51).

[69] Hsia advised Michael Reyes in January 1989, for instance, that $5,000 should be allocated to Senator Paul Simon, "since he sits on the immigration sub-committee [and] he will be a very helpful source on any immigration related issues." A final $5,000 should be reserved, she said, for "any [other] Senator who is responsive to our group's needs." Maria Hsia, fax transmission to Michael Reyes, Jan. 18, 1989 (Ex. 52).

[70] *Id.*

[71] Maria Hsia, letter to Albert Gore, May 25, 1989 (Ex. 53).

[72] Tom Griffith & Steve Huefner, letter to Christopher A. Ford, Aug. 18, 1997 (Ex. 54) (detailing legislative history of Immigration Act of 1990).

tion for the spouse or unmarried children of legalized aliens.[73] Second, the Act contained new provisions for what would become known as "investor immigrants" (persons who received special visa preferences by virtue of their willingness to invest and/or create jobs in the United States)[74] and "multinational executive" immigrants (persons employed by a foreign corporation seeking to work for it in the United States).[75] Third, the Act created an entirely new visa category for "religious workers" who belong to "religious denomination[s] having a bona fide nonprofit, religious organization in the United States" and who seek entry in order to work here for their denomination.[76]

All three of these visa categories were to become lucrative parts of Hsia's business, especially after her association with the Fo Kuang Shan order gave her and Howard Hom the job of handling immigration work for foreign members of the Order affiliating with its U.S. branches such as the Hsi Lai Temple in Hacienda Heights, California.[77] Hsia had long believed that her political activity provided important intangible advantages in her immigration services work, feeling that if she were "politically active," her clients would conclude that she had "more ability and more power to help them in their cases."[78] In 1989, with an immigration bill pending in Congress that could provide a vehicle for visa provisions of such value to her business, Hsia set about to use her political ties to reap more concrete benefits as an immigration law lobbyist.

One of the principal objects of Hsia's attentions—and fundraising support—in this respect was Congressman Bruce Morrison of Con-

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[73] P.L. 101–649, § 301 [104 Stat. 4978, 5029]. As a result, an immigration services provider could use one alien's legal residence in the United States as a lever with which to secure visas (and ultimately legal residency) for other members of his or her family. This often enabled immigration services companies to develop an expanding "tree" of paying customers out of a single initial client contact. Hom and Hsia did a lucrative business by such expedients; according to Hom, losing the family reunification preferences "would have wiped out a certain percentage of the client base." *See* Hom deposition, p. 120.

[74] P.L. 101–649 § 121(b)(5) [104 Stat. 4978, 4989–90].

[75] *Id.*, § 121(b)(1)(C) [104 Stat. at 4988]. By the nature of these two categories, it was difficult to be both poor and eligible for their visa preferences. Moreover, demand for such visas far exceeded their supply—necessitating the development of a lottery system and leading clients eagerly to seek any chance for a perceived special advantage. *See* Hom deposition, pp. 128–129.

[76] P.L. 101–649, § 151 [104 Stat. at 5004–05]. Similar provisions applied for temporary work visas, and these religious worker nonimmigrants were exempted from the overall visa caps established elsewhere in the legislation. *Id.* at §§ 201(b)(1)(B) & 209 [104 Stat. at 4981 & 5027]. For a discussion of the new religious worker rules, *see* Hom deposition, pp. 132–33.

[77] When Hom and Hsia stopped living together, Hsia took the Temple's immigration business with her, making it a major part of her work with Hsia & Associates. Hom deposition, pp. 160–61; Deposition of Man Ho, Aug. 6, 1997, pp. 51–54; Deposition of Yi Chu, Aug. 7, 1997, p. 24; *see also* Deposition of Matthew Gorman, Sept. 23, 1997, pp. 140–43; (Ex. 55) (collection of illustrative immigration documents and invoices for services rendered sent from Hsia & Associates to Temple in 1996); Deposition of Man Ya Shih, Aug. 20, 1997, p. 16 (recounting that she obtained green card through Hsia at Temple's expense); Deposition of Siuw Moi Lian, Aug. 20, 1997, p. 11 (same); Deposition of Huei-Tsan Huang, Aug. 20, 1997, pp. 11–12 (discussing Hsia's role in obtaining a green card for her and in performing immigration services for Temple). According to Hsia's assistant at Hsia & Associates, Matthew Gorman, work for the Temple made up somewhere between 20 and 35 percent of Hsia's immigration business. Gorman deposition, pp. 75–76. Maria Hsia even handled immigration matters for Venerable Master Hsing Yun himself. *See* Notice of Entry of Appearance as Attorney or Representative for Hsing Yun, Oct. 28, 1996 (Ex. 56).

[78] Ex. 3, p. 28. According to Hsia, political involvement occasionally could lead to help with specific cases. Congressman Howard Berman's office, she claimed, helped her develop ways to improve client's chances in certain visa lotteries. Ex. 10, p. 26. Similarly, when Hsia asked for help with a particular immigration case from DSCC "tally" recipient Senator Paul Simon, "he made a phone call in front of me to the immigration commissioner in Washington, DC." Maria Hsia, deposition in Hsia v. Hom, Ca. Super. Ct., No. BC 059523, May 10, 1994, p. 78 (Ex. 57). Senator Gore also apparently helped Hsia on at least one occasion, by referring a particular case to her. *See* Hom deposition, pp. 117–118; Leon Fuerth, memorandum to Maria Hsia, Dec. 14, 1989 (Ex. 58) (with attachments).

necticut, who was the immigration bill's sponsor in the House of Representatives and the author of the religious worker and "employment-based" immigrant provisions so important to Hsia.[79] Morrison was in the middle of a difficult (and ultimately unsuccessful) gubernatorial bid in Connecticut, and badly needed the funds with which Hsia and her PLC colleagues set out to provide him. Significantly, among other things, the PLC organized a fundraiser for Morrison at the Hsi Lai Temple in Hacienda Heights on April 22, 1990.[80] It was apparently not the first time Hsia had used the Temple for a political fundraising event,[81] and it was not to be the last.

Part of Hsia's lobbying effort during the summer of 1989—at the same time she and her colleagues were pushing DSCC donors to earmark their unregulated "soft" money contributions to Senators Simon and Gore—involved traveling to Washington to lobby legislators in person on the pending immigration bill. According to Hom, the delegation Hsia took to Washington even included a pair of nuns from the Hsi Lai Temple. The presence of these monastics was intended to remind members of Congress of

> the Al Gore sponsorship to the Temple in Taiwan and what the group—the Temple—did subsequently to let other Senators know that if they came on board on the immigration issue and other Asian issues, then they could expect the same reciprocation . . . [through] [t]rips to Taiwan and fundraising in the U.S.[82]

Hsia's group met with a number of U.S. Senators and Representatives on July 10 and 11, 1989.[83]

One of her contacts on this trip was with Senator Gore, who joined staff members Peter Knight and Leon Fuerth in meeting with Hsia on July 10. Her notes of the meeting recount that they discussed his trip to Taiwan with her in 1989, and that Gore "want[ed] to involve [himself] in the Asian Community more for

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[79] *See* Ex. 54, p. 2.

[80] *See* Ex. 59 (Jeffrey Su, fax transmission to Pat Andrews, April 20, 1990 [enclosing press release announcing upcoming Morrison event at Hsi Lai Temple]; Invitation to Asian-Pacific American Friends of United States Congressman Bruce Morrison event at Hsi Lai Temple [giving price as "$500 per couple/$300 per person"]). Hsia was even able to turn Morrison's Connecticut defeat to her advantage by hiring him as an immigration "consultant" immediately after the election of 1990—for a fee of $10,000 a month for six months. *See* Ex. 57 (containing as sub-exhibit Consultancy Agreement between Bruce Morrison and Maria Hsia, Jan. 22, 1991). As Hsia explained it, Morrison had written "the business provision which provides for the jo[b] creating investor category," and "[t]he definition of "new entrepreneur' will depend on Congressional intent and the implementation of the new regulations." Maria Hsia, fax transmission to Jamie Yang, Nov. 26, 1990 (Ex. 60). Who better, therefore, to have on one's masthead and payroll as an immigration consultant?

[81] Eddy Yang apparently organized a fundraiser at the Hsi Lai Temple for Leo McCarthy's campaign. *See* Debbie McConville, memorandum to Maria Hsia, undated (Ex. 61) (listing "Southern California Event Fundraising" and indicating that "Eddie Yang Event/Budhist [sic] Temple Event" raised $10,450). Howard Hom also recalled that one of Senator Paul Simon's several visits to the Hsi Lai Temple had been a fundraiser. *See* Hom deposition, pp. 87–88; *cf.* Maria Hsia, fax transmission to Floyd Fithian, June 23, 1990 (Ex. 62) (describing Simon "event" at Temple); Paul Simon, letter to Maria Hsia, Jan. 22, 1990 (Ex. 63) (thanking Hsia for "our visit to the Hsi Lai Temple"); Hom deposition, p. 172 (recalling that when Hsia described meeting with politician as "event" it was most probably a fundraiser). Other officials may also have benefited from fundraisers at the temple. *Cf.* Jeff Su, fax transmission to "Elka," Jan. 22, 1990 (Ex. 64) (discussing opportunity for California State Controller Gray Davis to meet with "Master Hsing Yun and potential supporters at Hsi Lai Temple").

[82] Hom deposition, p. 153.

[83] *See* Maria Hsia, Schedule for July 10–11, 1989 (Ex. 65). *See also, e.g.*, Ex. 7 (noting that Hsia "organized and led delegations . . . to visit Washington, DC during debate on the bill in an effort to preserve the family reunification categories").

[the] future."[84] With regard to a particular amendment to the immigration bill which had by that point been reported out of the Senate Judiciary Committee's Subcommittee on Immigration and Refugee Affairs and was rapidly approaching a full Senate vote[85] —"he said [he had] no problem for co-sponsorship."[86] The amendment they were discussing —the "family unity" provisions that were so important to Hsia's immigration practice was, in fact, adopted by the Senate two days later. Senator Gore was one of its co-sponsors.[87]

Writing to Senator Gore upon her return to Los Angeles, Hsia thanked him for "your support on the recent immigration bill," adding that "[o]n behalf of the Pacific Leadership Council and the communities we represent, I thank you for all that you have done."[88] Writing back to her in response, Senator Gore described himself as being "pleased to have been able to assist you" on the immigration bill. "Without your superb contribution," he said, "it would have been much more difficult to find my way in these matters. I continue to value your good counsel."[89] As John Huang himself later described it to then-Vice President Gore,"you worked very hard on immigration issues; you worked very hard for us."[90]

In addition to more conventional communications thanking her for her fundraising on his behalf,[91] Senator Gore sent effusive handwritten comments informing Hsia and Howard Hom, for example, that "I cannot thank you enough. You two are great friends. See you soon. Al."[92] Hsia's involvement with Senator Gore extended even to helping him prepare his book *Earth in the Balance:* as Gore Chief of Staff Peter Knight wrote to Hsia in March 1991,

> The materials you got for Al's book on the environment were perfect. Thanks so much for taking the time to do it. He would have been lost without your efforts because the

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[84] Maria Hsia, notes of meeting with Senators, July 10, 1989, p. 2 (Ex. 66); *cf*. Maria Hsia deposition in Hsia v. Hom, Ca Super. Ct., No. BC059523, apparently July 6, 1993, pp, 87–93 (Ex. 67) (discussing lobbying trip and taking handwritten notes).

[85] *See* Ex. 54, p.1.

[86] Ex. 66 p. 2.

[87] Ex. 54, pp. 1–2, On her Washington lobbying trip, Maria Hsia employed a simple system of "grading" Senators on an A-to-F scale based upon their responsiveness to her concerns; Senator Gore received an "A". Ex. 66, pp. 1–2. In fact, to some extent, Hsia apparently coordinated her lobbying on the pending immigration bill with Senator's Gore office—as well as the offices of Senator Simon and Representative Howard Berman—in promoting her favored legislative provisions. *See* Maria Hsia, fax transmission to Leon Fuerth, Jan. 24, 1989 (Ex. 68); *see also generally* Hom deposition. pp. 142–143.

[88] Maria Hsia, letter to Albert Gore, July 17, 1989 (Ex. 69).

[89] Albert Gore, letter to Maria Hsia, Aug. 28, 1989 (Ex. 70). By all accounts, Maria Hsia appears to have been a significant "player" in crafting the Immigration Act of 1990—to the point that Senator Paul Simon, one of the bill's sponsors, later presented her with the pen used to sign the bill into law. *See* Hom deposition, pp. 158–159. So important was this pen, in turn, to Hsia that she reported broke into the offices of her law "partner" Arnold Malter in July 1995 in order to retrieve it after their business relationship collapsed. *See* Monterey Park Police, Crime Report for file number 95–4822, July 15, 1995 (Ex. 1995 (Ex. 71) (describing theft of pen as recounted by Malter to police).

[90] John Huang, opening remarks at Vice Presidential event in Santa Monica, Sept. 27, 1993, *on* WHCA audiotape of Santa Monica event, Sept. 28, 1993 [transcription by Government Affairs Committee stafff]. The White House Communications Agency apparently misdated this tape: the event actually occurred on September 27. *See* John Huang, letter to Jack Quinn, Oct. 7, 1993 (Ex. 72) ("We enjoyed meeting you again on the following Monday, September 27 in Los Angeles. Vice President Gore was just super.").

[91] *See e.g.,* Ex. 51; Albert Gore, letter to Maria Hsia, Dec. 10, 1990 (Ex. 73); Ex. 29; Ex. 50; *cf* Invitation sent to Maria Hsia for reception for swearing-in-ceremony on January 3, 1991 (Ex. 74).

[92] Albert Gore, letter to Maria Hsia, Oct. 2, 1990 (Ex. 75); *see also* Albert Gore, handwritten letter to Maria Hsia, undated (Ex. 76).

chapter on religion and the environment is integral to his work.[93]

As will be described below, the close relationship between Maria Hsia and Al Gore continued at least through 1996.[94]

Considerable publicity has surrounded the illegal reimbursement of DNC donors by the Hsi Lai Temple in connection with an April 1996 fundraiser organized by Hsia and Huang for Vice President Gore. The pattern for this conduct, however, was actually set at least three years earlier. Both Hsia and Huang were involved in similar donation-laundering at least as early as 1993, when they laundered contributions in connection with a meeting they helped arrange between Vice President Gore's chief of staff and the head of a company reportedly linked with the intelligence apparatus of the People's Republic of China. On Thursday, September 23, 1993, Huang wrote two checks to the DNC—for $15,000 each—drawn against accounts at Lippo Bank held in the name of two U.S. subsidiaries of James Riady's Lippo Group, for which Huang still worked. Four days later, on September 27, he wrote a third $15,000 check on the account of a third Lippo subsidiary.[95] Two days later, Hsia arranged for three nuns from the Hsi Lai Temple to write checks to the DNC totaling $5,000.[96] All of these donations were illegal, representing money from foreign sources or money from "straw donors" illegally reimbursed by another party.

Huang's three DNC checks came from Lippo subsidiaries—Hip Hing Holdings, San Jose Holdings, and Toy Center Holdings—each of which had negative income at the time the checks were written.[97] In other words, they were losing money; the money for his three $15,000 contributions actually came from Lippo accounts overseas.[98] With regard to the $5,000 in DNC donations from Temple monastics arranged by Hsia, each nun was reimbursed that

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[93] Peter Knight, letter to Maria Hsia, March 6, 1991 (Ex. 77).

[94] Even apart from DNC fundraiser and the April 29, 1996 Gore fundraiser, for example, Maria Hsia interceded with Deputy Chief of Staff David Stauss to procure a congratulatory message for the annual conference of the Buddha's Light International Association (BLIA) in Paris in August 1996. *Compare* Maria Hsia, letter to David Strauss, July 2, 1996 (asking for help in obtaining congratulations message), *with* Albert Gore, letter to Maria Hsia, July 26, 1996 (extending congratulations) (both Ex. 78. Hsia went so far as to invite President Clinton to attend the conference, but be declined—opting instead merely to send a congratulatory message of his own. *See* Ex. 79 (Maria Hsia, letter to Bill Clinton, June 13, 1996, Stephanie Streett & Ann Hawley, letter to Maria Hsia, Sept. 25, 1996; Bill Clinton, letter to Buddha's Light International Association, Aug. 2, 1996). As recounted by Temple official Man Hua during the deposition of her colleague Man Ho, Hsia became involved in trying to arrange such favors for the BLIA after learning that Yah Lin ("Charlie") Trie was attempting to do so. Protecting her exclusive relationship with the Temple by telling Hsing Yun that Trie was "not reliable," Hsia thereupon set about arranging this herself. *See* Man Ho deposition, pp. 54–68.

[95] *See* Ex. 80 (Hip Hing Holding check #2626 for $15,000 on September 23, 1993; San Jose Holding check #1692 for $15,000 on September 27, 1993; Toy Center Holdings check #1458 for $15,000 on September 23, 1993).

[96] *See* Ex. 81 (DNC check tracking form for Pi Hsia donation of $2,000 on September 27, 1993; DNC check tracking form for Hsin Kuang Shih donation of $2,000 on September 27, 1993; DNC check tracking form for Hsiu Chu Lin donation of $1,000 on September 27, 1993). Each check tracking form lists Maria Hsia as the solicitor of the donation described. On the "memo" position of Pi Hsia Hsio's check is written "Maria Hsia."

[97] *See* Ex. 82 (Hip Hing Holdings. Ltd., Income statement for period ending December 31, 1993; San Jose Holdings, Inc., Income statement for period ending December 31, 1993; Toy Center Holdings of Ca., Inc., Income statement for period ending December 31, 1993). For more information, see the section of this report dealing with John Huang and Lippo.

[98] Since the money clearly did not come from the U.S. operations of these companies, this was a violation of federal election law. *See* FEC A.O. 1992–16, Fed. Election Camp, Fin. Guide (CCH) ¶ 6059, at 11,811, June 26, 1992.

same day for their donations, through checks written on the Temple's general expenses account by the Temple's treasurer, Yi Chu.[99]

On Friday, September 24, 1993, the day after Huang's first $30,000 in laundered Lippo donations to the DNC, Huang escorted Shen Jueren, the head of a company called China Resources,[100] to the White House for a meeting with Vice President Gore's top adviser, his then-chief of staff Jack Quinn.[101]

The involvement of Huang and Hsia with Shen Jueren and China Resources raises an interesting and possibly troubling issue. As is detailed elsewhere in this report,[102] the Committee has learned that Hsia has been an agent of the Chinese government, that she has acted knowingly in support of it, and that she has attempted to conceal her relationship with the Chinese government. In view of this information—coupled with information suggesting that Huang may have had a direct financial relationship with the Chinese government [103]—the Committee has examined carefully the longstanding efforts by Huang and Hsia [104] to develop close ties to U.S. politicians and cultivate influence in the U.S. political system. This information might raise concerns regarding Huang and Hsia's involvement with China Resources' Shen Jueren in 1993.

Public sources have for some years linked China Resources to the PRC's intelligence apparatus, describing it as an important source of what in U.S. espionage parlance is known as—non-official cover" [105] for espionage and other intelligence-related activities, *e.g.,*

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[99] *See* Ex. 83 (IBPS check #8086 for #2,000 to Pi-Hsiao on September 27, 1993; IBPS check #8087 for $2,900 to Hsing Kuang Shih on September 27, 1993; IBPS check #8088 for $1,000 to H.C. Lin on September 27, 1993). Temple treasurer Yi Chu's lay name Tsui-Hsueh Hsueh appears on the checks. (The reimbursement to Hsing Kuang Shih was apparently $900 more than her $2,000 DNC donation because she also needed to be reimbursed for $900 in unrelated expenses she had also borne on the Temple's behalf.) All three monastic "straw donors" received letters from DNC Chairman David Wilhelm thanking them for their "participation in the Los Angeles Vice Presidential Dinner on September 27." *See* Ex. 84 (David Wilhelm, letter to Pi-Hsia Hsiao, Oct. 15, 1993; David Wilhelm, letter to Ksing Kuang Shih, Oct. 15, 1993; David Wilhelm letter to Hsiu Chu Lin, Oct 15, 1993). Federal election law prohibits funneling donations through third parties. *See* 2 U.S.C. § 441f.

[100] China Resources is owned by the government of the People's Republic of China, and is a major business partner of the Riady-owned Lippo Group. For more information about China Resources, see the sections of this report on John Huang's activities at Lippo Bank.

[101] *See* Ex. 72 ("I want to thank you for having taken the time out of your busy schedule to receive myself, Chairman Shen Jueren and his assistant, Miss Liang of China Resoruces Group on September 24 at your office.") U.S. Secret Service WAVES list for June 7 through September 24, 1993 (Ex. 85) (showing Huang appointment to enter White House complex on September 24 with approval to enter both the Old Executive Office Building and the East Wing). There is a possibility that the Vice President may have also met Shen Jueren that day. The Committee has an audiotape of a September 27, 1993 meeting for Asian-Americans in Santa Monica, California, at which an individual introduced himself to the Vice President by giving his name and saying, "we met just last Friday, in your office." The Vice President responded, "Yes, of course, we just spoke." The Friday before this meeting in Santa Monica was the day Shen Jueren met with Quinn in the White House complex. The individual's name is not clearly intelligible, but prior to this brief conversation a word that may be "Shen" can be heard being spoken in the background of the audiotape. White House Communications Agency audiotape of September 27, 1993 Santa Monica event (misdated "September 28, 1993").

[102] *See* chapter of report entitled, "The China Connection."

[103] *See id.*

[104] Nor should it be forgotten that James Riady himself played a significant role in trying to put U.S. Senators in contact with the head of China Resources in connection with the PLC's Asia trip during the 1988–89 period. *See supra* note 43. As recounted more fully in the report chapter, "The China Connection," the Committee has learned from recently-acquired information that James and Mochtar Riady have had a long-term relationship with a Chinese intelligence agency.

[105] Intelligence officers operating under "non-official cover" are known as "NOCs," and if caught will not have the protection of diplomatic immunity. *See, e.g.,* Norman Polmar & Thomas B. Allen, *Spy Book: The Encyclopedia of Espionage* (New York: Random House, 1997), p. 400.

covert influence operations. As one Defense Intelligence Agency employee put it in a book published in 1994, for example,

> [Chinese] [c]ase officers make extensive use of commercial covers. For example, a vice president of the China Resources Holding Company (*Hua Ren Jituan*) in Hong Kong is traditionally a military case officer from Guangzhou. This officer coordinates the collection activities of other intelligence personnel operating under Hwa Ren [China Resources] cover.[106]

The increased prestige in commercial and political circles that could be derived from access to U.S. politicians would presumably be of no small value to such an operation.

The link between Hsia and the Chinese government might also cast into a different light certain other episodes in Hsia's history of political activity in the United States.[107] Among these would be her ties to Ted Sioeng, who as described elsewhere, has worked, and perhaps still works, on behalf of the Chinese government.[108] Sioeng sat at the head table next to Vice President Gore and Hsia at the April 29, 1996 Hsi Lai Temple fundraiser. The Committee has received information that Hsia worked with Sioeng and Huang to solicit contributions from Chinese nationals in the United States and abroad for Democratic causes.[109]

Quite apart from these individuals' ties to the Chinese government, however, it should be clear by now that if one is to understand the Hsi Lai Temple's involvement in the 1995–96 election cycle, and even the issue of Vice President Gore's knowledge with regard to the Temple fundraiser of April 29, 1996, one must first understand the breadth and depth of the relationship between Maria Hsia and Vice President Gore. What the Vice President knew and when he knew it is not a question, in other words, that may be understood in isolation from the past. Rather, it must be placed in context, as the outgrowth of the long history of Vice President Gore's dealings with Maria Hsia, John Huang, James Riady, and Hsing Yun's Fo Kuang Shan Buddhist order.

As the preceding pages indicate, the relationship between these five key figures was complex, but it was one firmly grounded in mutual advantage and revolving around political fundraising. Understood from the perspective of its participants, therefore, this history places the events of 1996 in a new light. Ultimately, given the elaborate system of reciprocal assistance among them and the considerable financial investments the PLC's founding members had

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[106] Nicholas Eftimiades, *Chinese Intelligence Operations* (Naval Institute Press, 1994), p. 80.

[107] For example, Hsia apparently considered lobbying for the People's Republic of China on a commercial basis after the end of her relationship with Howard Hom, and claimed to have become increasingly involved with the PRC in immigration matters after 1992. *See* Ex 57 (containing as sub-exhibit Bruce Morrison, memorandum to Maria Hsia, April 14, 1991); Ex. 3, p. 58; *see also* Hom deposition, p. 184. Though she claimed in a November 1997 interview that "I have never had a single conversation with any Chinese government official about U.S. politics," Hsia also invited four Chinese consular officials to a reception in honor or Senator Tim Wirth in 1991, and hosted delegation of Chinese government officials on a trip to Washington during the summer of 1996. *Compare* David Johnston, "Files on China Embarrass F.B.I. and Reno, and Miff Subject," *New York Times,* Nov. 15, 1997, p. A12 (quoting Hsia), *with* Jeff Su, memorandum to Paul DeNino, May 8, 1991 (Ex. 86) (listing consular officials at Wirth event), *and* Gorman deposition, pp. 119–23; Matthew Gorman, sworn statement to Governmental Affairs Committee, Aug. 27, 1997 (Ex. 87, p. 3, ¶ 17) (discussing visit to Washington).

[108] *See* chapter, "The China Connection."

[109] *See* the section of this report entitled "The China Connection."

made in Vice President Gore's political career, the Vice President had to have understood that any DNC event organized at the Temple by Maria Hsia and John Huang could only really be for one purpose.

Despite the political salience of this "knowledge" issue, however, the Temple incident involves much more than simply a single fundraiser unwisely attended by the Vice President and unlawfully supported by Hsia and Temple monastics who had become accustomed to relying upon Hsia to steer their illegal financial support to U.S. politicians. The DNC donation-laundering arranged by Huang and Hsia in April 1996 was part of a broader pattern dating back at least to their collaboration in the Shen Jueren affair of September 1993. In some sense, the Temple episode of 1996 may even be understood as the product of a mutually-reinforcing relationship between Huang and Hsia that began in the late 1980s with their involvement in the PLC and their fundraising for the DSCC.

Huang's appointment as a DNC fundraiser in early 1996 brought Huang and Hsia back together in ways familiar to both of them, and with higher stakes than ever. As we have seen, Huang had used Lippo resources to help Hsia make up for unanticipated financial shortfalls in her political fundraising.[110] By early 1996, the tables had turned, and Hsia had an opportunity to return the favor by greatly expanding what had hitherto been a relatively small-scale Hsi Lai Temple donation-laundering scheme into a potent fundraising machine for the Clinton/Gore campaign. The infamous Hsi Lai Temple fundraiser of April 1996 is thus only part of this story; over the course of 1996, Hsia and Huang would raise over $100,000 in laundered Temple donations to help keep Bill Clinton and Al Gore in the White House.

II. A PATTERN OF DONATION-LAUNDERING: 1993–1996

Hsia's involvement with illegally laundering money from the Hsi Lai Temple to U.S. politicians began at least as early as June 1993, with a donation made by Hsia herself to a longtime Hsia fundraising beneficiary, California Secretary of State March Fong-Eu. Hsia wrote a $500 check to March Fong-Eu's campaign in June 1993, having been earlier given $500 for that purpose by the Temple's treasurer.[111] In September 1993, as indicated previously, Hsia also arranged to launder $5,000 of the Temple's money through three monastic "straw donors" to the DNC for an event with Vice President Al Gore.[112]

The September 1993 episode involving the Vice President set a pattern for Temple donation-laundering that would persist until the 1996 elections: Hsia would telephone a nun at the Temple named Man Ho,[113] who served as the Temple's chief administrative officer during this period, to inform her that she needed a certain

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[110] *See supra* text accompanying footnote 24.

[111] *See* Ex. 88 (Form 490, List of Contributions Received by March Fong Eu Campaign Committee '94 recording $500 contribution by Maria L. Hsia in June 1993; IBPS check #7562 for $500 to Maria Hsia on June 4, 1993); Man Ho deposition, p. 214 (testifying that Temple supported March Fong-Eu).

[112] *See supra* text accompanying notes 96–99.

[113] Because Temple officials and monastics invoked their Fifth Amendment privilege against self-incrimination when asked about their involvement in DNC fundraising, the Committee granted immunity to five nuns in exchange for their testimony: Man Ho, Yi Chu, Man Ya Shih, Hueitsan Huang, and Siuw Moi Lian.

sum of money in connection with a particular political fundraising event or political campaign. Man Ho would then pass along this request to the Temple's Abbess or Abbot of the time. The Abbot or Abbess would, in turn, approve a check request form prepared by Man Ho, who would give this completed form to Yi Chu, the Temple's treasurer.[114]

Unbeknownst to Man Ho until late in 1996,[115] upon receiving the check request for political contributions, Yi Chu would then approach Temple monastics or devotees and ask them to write personal checks.[116] The total amount raised by means of these checks would be the total figure Hsia had requested and the amount that Man Ho had indicated on the check request form approved by the Abbot or Abbess.[117] Either the person who wrote the check or Yi Chu would place the name of the political recipient on the payee line of the check.[118]

At about the same time she received each personal check from the monastics whom she had solicited, Yi Chu would write a check for the identical amount, drawn on the Temple's general expenses account and made payable to the ostensible political contributors.[119] Hsia typically stopped by the Temple to pick up the monastics' donation checks from Yi Chu or Man Ho, while Yi Chu gave the Temple's reimbursement checks to the donors so that they could cover the cost.[120]

The money used for these laundering transactions belonged to the Hsi Lai Temple as a whole: the reimbursement checks were all drawn upon the Temple's "general expenses" account, which was in turn filled exclusively from an account into which flowed donations made to the Temple and the Fo Kuang Shan order by faithful Buddhist devotees in all walks of life.[121]

The general pattern was simple: Hsia would select the recipient politician, ask the Temple for money, and the Temple would funnel its own institutional funds through monastic straw donors to that politician's campaign. This scheme served Hsia and a number of U.S. politicians quite well until the 1996 elections, by which point Hsia was using it so frequently that Yi Chu complained to Man Ho that the requests left her too little time to find monastic donors who could be reimbursed.[122]

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[114] *See* Testimony of Man Ho, Sept. 4, 1997, pp. 48–49; Man Ho deposition, pp. 85–86 (testifying that September 1993 was first time Hsia asked Man Ho for political donations); *id.,* p. 92 (affirming repetition of same pattern with other contributions); *id.,* pp. 199 & 211–13 (discussing pattern of calls from Hsia).

[115] Man Ho deposition, pp. 199–201.

[116] Yi Chu deposition, pp. 69, 79, 84, & 92 (discussing pattern). The reimbursement was not, however, unknown to Hsia: as noted above, she herself was reimbursed for a donation to March Fong-Eu in June 1993.

[117] Man Ho deposition, pp. 196–97.

[118] Yi Chu testified that she did not know what "DNC" stood for until the scandal broke in the press; she believed that few, if any, of the individual reimbursed donors had a much understanding of to whom, or for what purpose, their checks were being written. Yi Chu deposition, pp. 77–79; Testimony of Chu, Sept. 4, 1997, pp. 46–47.

[119] Yi Chu deposition, pp. 86–87.

[120] *See, e.g., id.,* pp. 39–42 & 46 (recounting that reimbursement checks were needed because monastics often could not afford contributions otherwise).

[121] *Id.,* pp. 86–88; Yi Chu testimony, p. 47. Though some monastics did keep so-called "Futien accounts" at the Temple, their money being held by the institution in a form of private banking and segregated for each monastic's own use, these Futien accounts were not used to reimburse political donations. *See generally* Yi Chu deposition, pp. 16–19; Yi Chu testimony, pp. 50–51.

[122] *See* Man Ho testimony, p. 48; Yi Chu deposition, p. 84. As a result, for the last known Temple reimbursement—in October 1996—Yi Chu simply gave Man Ho five blank Temple checks and left it for Man Ho to solicit the donors/reimbursees herself.

Hsia's laundering of Temple donations to U.S. politicians continued in 1994 with two separate episodes in which money was funneled to Julia Wu, a local school board candidate. In the first such instance, a monastic named Jou Sheng donated $2,000 to Wu's campaign in March 1994 and was reimbursed the next day by Yi Chu.[123] According to the Temple's attorneys, another $3,000 was also laundered to Julia Wu at this time, being passed through Pi-Hsia Hsiao and Nancy Mao, who were also reimbursed with checks numbered sequentially with that written to Jou Sheng.[124] The Temple laundered money to Wu's campaign again in May 1994, with at least $2,000 passing through Temple Abbess Hsing Kuang Shih, as well as an additional $3,000 through Pi-Hsia Hsiao and Hsiu Chu Lin.[125] In July 1994, Pi-Hsia Hsiao gave $900 to the campaign of another local California official, Los Angeles County Tax Assessor Kenneth Hahn, and was reimbursed by Yi Chu for her efforts.[126] Hsia and the Temple returned to national-level fundraising in September 1994 by laundering $5,000 to the campaign of Senator Edward Kennedy.[127]

The first recipient of laundered Hsi Lai Temple money arranged by Maria Hsia in 1995, was apparently the DNC itself, in connection with a Clinton/Gore event in September for which Hsia reportedly raised $5,000 in unlawful Temple donations.[128] Los Angeles County Supervisor Don Knabe and Senator Edward Kennedy also each received $3,000 in laundered Temple donations arranged by Hsia in 1995.[129]

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[123] *See* Ex. 89 (Jou Sheng check #187 for $2,000 to Friends of Julia Wu on March 2, 1994; IBPS check #8880 for $2,000 to cash on March 3, 1994, endorsed on reverse by Jou Sheng).

[124] *See* Ex. 90 (IBPS check #8881 for $2,000 to cash on March 3, 1994, endorsed on reverse by Pi-Hsia Hsiao; IBPS check #8882 for $1,000 to "cash NANCY MAO" on March 3, 1994, endorsed on reverse by Nancy Mao). Interestingly, Man Ho—normally the conduit for Hsia's requests—claimed not to have been involved in the Julia Wu donations, leaving open the question of which other present or former Temple officials have been involved in Hsia's donation-laundering schemes.

[125] *See* Ex. 91 (Hsing Kuang Shih check #587 for $2,000 to Julia L. Wu on May 4, 1994; IBPS check #9167 for $2,000 to Hsing Kuang Shih on May 6, 1994); *see also* Ex. 92 (IBPS check #9168 for $2,000 to Pi-Hsia Hsiao on May 6, 1994; IBPS check #9169 for $1,000 to Hsiu Chu Lin on May 6, 1994).

[126] Ex. 93 (Ph Hsia Hsiao check #174 for $900 to Committee to Re-elect Assessor Kenneth Hahn on June 15, 1994; IBPS check #9397 for $900 to Pi-Hsia Hsiao on July 1, 1994).

[127] *See* FEC Info database printout of individual contributor data (Ex. 94) (listing total of $2,000 in contributions by Pi-Hsia Hsiao to Kennedy for Senate, recorded by campaign on September 15, 1994); *Id.* (listing $2,000 to Kennedy for Senate from Ling-Tzen Huang, recorded on same date); *id.* (listing $1,000 to Kennedy for Senate from Hsiu-Chu Lin, recorded on same date); Ex. 95 (Pi-Hsia Hsiao check #179 for $2,000 to Kennedy for Senate on September 6, 1994; Hsiu Chu Lin check #365 for $1,000 to Kennedy for Senate on September 6, 1994; IBPS check #1034 for $2,000 to Pi-Hsia Hsiao on September 6, 1994; IBPS check #1035 for $2,000 to Ling-Tzen Huang on September 6, 1994; IBPS check #1036 for $1,000 to cash, endorsed on reverse by Hsiu Chu Lin).

[128] *See* Ex. 96 (IBPS check #2727 for $2,500 to Hsiu Chu Lin on September 20, 1995; IBPS check #2729 for $2,500 to cash, endorsed on reverse by what appears to be the name "Tong Sew Long"; Jou Sheng bank records for 09/09/95 through 10/10/95 showing deposit of $2,500 on September 22, 1995 and debit of $2,500 on September 28 with cashing of check #215). (On their "memo" lines, the IBPS check to Tong Sew Long bears the Chinese characters for "public relations"—the term Maria Hsia used for political fundraising. *See* Yi Chu deposition, p. 106. The check to Hsiu Chu Lin is strangely annotated with Chineses characters and the English phrase "birthday gift.") According to the Temple's attorneys, at least two additional $2,500 checks were filled out by Fo Kuang Shan monastics in connection with this event—but the payee line was left blank and Maria Hsia subsequently diverted it for her own purposes, filling it out not to the originally-intended political recipient but to a company called Shen He International, Inc. *See* Ex. 97 (Gin F.J. Chen check #405 for $2,500 on September 20, 1995; Jou Sheng check #215 for $2,500 on September 20, 1995; IBPS check #2728 for $2,500 to Jou Sheng on September 20, 1995).

[129] *See* Ex. 98 (Shiwen W. Teh a.k.a. Shiwen Wang check #1772 for $1,500 to Kanabe for Supervisor on October 25, 1995; Knabe for Supervisor, list of Monetary Contributions Received for

Continued

As noted, however, Hsia's fundraising scheme for funneling Temple money through "straw donors" expanded dramatically in 1996 after John Huang went to work at the DNC and began to organize Democratic fundraisers among California's Asian community. It was not by coincidence, therefore, that Hsia's biggest foray yet into Temple donation-laundering occurred in conjunction with the first significant event Huang organized for the DNC: a fundraiser with President Clinton at the Hay-Adams Hotel in Washington in February 1996. For this event, Hsia telephoned Man Ho at the Temple to ask for $25,000 in contributions,[130] an amount which was duly collected from nine monastic straw donors who were thereafter reimbursed.[131] Don Knabe also continued to receive the Temple's support during 1996. At the end of February, Hsia made a $1,500 donation to Don Knabe's campaign, being duly reimbursed by the Temple for her pains.[132]

At least four additional episodes of donation-laundering, occurred between the April 1996 event and the general elections in November 1996. In July 1996, Hsia contacted Man Ho at the Temple, informing the nun that Hsia would need $50,000 in order to purchase two tickets to an upcoming fundraising luncheon with President Clinton at a private home. Hsia subsequently changed her plans, however, deciding instead upon a less expensive $5,000-per-person dinner at the Century Plaza Hotel.[133] In the end, two Temple monastics donated $5,000 each for the Century Plaza event,—thereby making it possible for Hsia to become one of its co-chairs, a status

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10/01/95 through 12/31/95 period, indicating $1,500 contributions from Hsiu Chu Lin and Shiwen Teh, both recorded on November 11, 1995; IBPS check #2846 for $1,500 to cash, endorsed on reverse by Melissa Wang [a.k.a. Shiwen Teh] on October 24, 1995; IBPS check #2847 for $1,500 to Hsiu Chu Lin on October 24, 1995; Federal Election Commission, Selected Receipts & Expenditures (95–96), showing $1,500 in contributions on December 1, 1995 from Hsiu-Chu Lin and Shiwen W. Teh; Hsiu Chu Lin check #623 for $1,500 to Edward M. Kennedy; Shiwen W. Teh a.k.a. Shiwen Wang check #1776 for $1,500 to Edward M. Kennedy on November 13, 1995; IBPS check #2923 for $1,500 to Melissa Wang [a.k.a. Shiwen Teh] on November 10, 1995; IBPS check #2924 for $1,500 to Hsiu Chu Lin on November 10, 1995).

[130] Man Ho deposition, pp. 196–97; Yi Chu deposition, pp. 69–73.

[131] *See* Ex. 99 (DNC Check Tracking Form for Hsiu Chu Lin check #667 for $3,000 to DNC on February 17, 1996; IBPS check #3286 for $3,000 to Hsiu Chu Lin on February 14, 1996; DNC Check Tracking Form for Jou Sheng check #223 for $3,000 to DNC on February 16, 1996; IBPS check #3294 for $3,000 to Jou Sheng on February 16, 1996; DNC Check Tracking Form for Pi-Hsia Hsiao check #194 for $2,500 to DNC on February 16, 1996; IBPS check #3300 for $2,500 to Pi-Hsia Hsiao on February 16, 1996; DNC Check Tracking Form for Suh-Jen Wu check #107 for $3,000 to DNC on February 16, 1996; IBPS check #3298 for $3,000 to Suh-Jen Wu on February 16, 1996; DNC Check Tracking Form for Hsing Kuang Shih check #600 for $3,000 to DNC on February 16, 1996; IBPS check #3295 for $3,000 to Hsin Kuang Shih on February 16, 1996; DNC Check Tracking Form for Gin F.J. Chen check #486 for $3,000 to DNC on February 17, 1996; IBPS check #3299 for $3,000 to Gin F.J. Chen on February 16, 1996; DNC Check Tracking Form for Hsin Cheng Shih check #137 for $3,000 to DNC on February 19, 1996; IBPS check #3297 for $3,000 to Hsing Cheng Shih on February 16, 1996; DNC Finance Executive Summary of $2,500 contribution from Hsiao Jie Su on February 19, 1996; IBPS check #3301 for $2,500 to Hsiao Jie Su on February 16, 1996; Hsiao Jie Su check #304 for $2,500 to DNC; DNC Check Tracking Form for Jen Chin Hsueh a.k.a. Gary Hsueh check #269 for $2,000 to DNC on February 16, 1996; IBPS check #3296 for $2,000 to Jen-Chin Hsueh on February 16, 1996. The Temple's computerized accounting records list this series of payments by consecutively numbered checks as "No Name" payments. *See* Hsi Lai Temple, Transaction Detail by Account (February 1996) (Ex. 100).

[132] Ex. 101 (IBPS check #3318 for $1,500 to Maria Hsia on February 29, 1996 with "memo" notation apparently reading "re: contribution of Don Knabe" [sic]; Knabe for Supervisor, List of Monetary Contributions Received for period 02/11/96 through 03/09/96, indicating $1,500 contribution recorded on March 7, 1996).

[133] Man Ho deposition, pp. 202–06; Yi Chu deposition, pp. 75–76.

contingent upon raising $10,000[134]—and were reimbursed by the Temple.[135]

In September 1996, two Temple monastics donated a total of some $6,500 to the DNC and were reimbursed by the Temple.[136] Also that month, Hsia and her assistant, Matthew Gorman, arranged for the nun Pi-Hsia Hsiao to donate $1,000 to Don Knabe's re-election campaign,[137] a donation which was reimbursed by the Temple on the same day it was made.[138] Finally, Hsia arranged for $5,000 in Temple funds to be laundered to the campaign of Representative Patrick Kennedy for a fundraiser held in Los Angeles on October 5, 1996. For this event, the occasion on which an exasperated Yi Chu finally refused to arrange to funnel the money through monastic "straw donors"[139]—Hsia used blank Temple checks to reimburse herself and four friends for their $1,000 contributions to Kennedy's campaign.[140] These laundered donations—along with another $100 check from Hsia's friend Richard Choi—were handed to Rep. Kennedy and a campaign aide as they emerged back onto the street at the end of a visit to the Hsi Lai Temple on October 5.[141]

Counting the Temple fundraiser in April 1996, which yielded at least $65,000 in unlawful Temple donations, this elaborate system of donation-laundering, in which Temple officials marshaled funds to political candidates and causes chosen by Maria Hsia, may ultimately have funneled $146,400 to various U.S. political candidates.

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[134] *See* Invitation to July 22, 1996 Presidential Gala (undated) (Ex. 102) (noting that status of "Co-Chair for the Presidential Gala" requires one personally to contribute $5,000 or to raise $10,000).

[135] Ex. 103 (Bih-Yueh Jeng check #158 for $5,00 to DNC on July 22, 1996; Wang Chi Rung check #135 for $5,000 to DNC on July 22, 1996; IBPS check #3894 for $5,000 to Wang Chi Rung on July 17, 1996; IBPS check #3890 for $5,000 to Bih-Yueh Jeng on July 17, 1996).

[136] Ex. 104 (FECInfo database printout of individual contributor data,showing $1,500 contribution to DNC from Hsiu Chu Lin on October 2, 1996; IBPS check #4119 for $1,500 to Hsiu Chu Lin). According to Yi Chu, Chee Kien Koh (a.k.a the Rev. Hai Kai) also donated to the DNC at this time, being reimbursed in cash ($3,000) and with a check made out to cash ($2,000). *See* Yi Chu deposition, pp. 79–82; IBPS check #4118 for $2,000 to cash, with "memo" notation reading "Chee Kien Koh" (Ex. 105). It may be, however, that Koh failed to pass the $2,000 on to its intended political recipient; he returned $2,000 to the Temple in two $1,000 payments in December 1996 and January 1997. *See* IBPS, Chee Kien Koh deposit check records (Ex. 106).

[137] Ex. 107 Matthew Gorman, letter to Peter Kelly, Sept. 18, 1996 [forwarding Pi-Hsia Hsiao check #197 for $1,000 to Don Knabe for L.A. County Supervisor dated September 18, 1996]; Knabe for Supervisor, List of Monetary Contributions received for period 10/01/96 through 10/19/96 listing $1,000 contribution from Pi-Hsia Hsiao). Pi-Hsia Hsiao's check was filled out improperly, however, and had to be reissued. *See* Matthew Gorman, letter to Dardy Chen, Oct. 8, 1996 (Ex. 108) (forwarding reissued check, also dated September 18, 1996).

[138] IBPS check #4120 to Pi-Hsia Hsiao for $1,000 on September 18, 1996 (Ex. 109).

[139] *See* Yi Chu testimony, p. 48.

[140] The other reimbursees were Hilary Goldstone and Donald Burns, two Los Angeles attorneys and longtime Kennedy family fundraisers, as well as Hsia's business colleague Stephen Zhou and his wife May Lin Zhou. *See* Ex. 110 (Federal Election Commission, Selected List of Receipts & Expenditures [95–96], listing $1,000 contributions on October 5, 1996 by Burns, Goldstone, Hsia, and the Zhous; IBPS check #4193 for $1,000 to Hilary Goldstone on October 5, 1996; IBPS check #4194 for $1,000 to Donald Burns on October 5, 1996; IBPS check #4195 for $1,000 to Maria Hsia on October 5, 1996; IBPS check #4196 for $1,000 to May Lin Zhou on October 5, 1996; IBPS check #4197 for $1,000 to Stephen Zhou on October 5, 1996).

Stephen Zhou was the head of Zarks International, a company located in the same office spaces as Hsia & Associates. Zhou also leased office space to T&W Arts & Crafts—the U.S. subsidiary of a company from Hangzhou, China, called Yalong Economics & Trade Corporation—as well as apparently serving as an officer of T&W. *See* Ex. 111 (Commercial Lease between Zarks International, Inc. and T&W Arts & Crafts dated Feb. 14, 1996; Projected Organizational Chart of T&W Arts & Crafts (USA), Inc. (undated), listing Stephen Zhou as vice president).

[141] Having received this money just outside the door of the Temple apparently enabled Representative Kennedy to claim later that "our story could not be compared to the vice president's because we never did a fundraiser at the temple." *See* John Mulligan, "Grand Jury probes Buddhist temple fundraising," *Providence Journal-Bulletin,* Oct. 20, 1997, pp. A1 & A6; John Mulligan, "Kennedy explains his rationale in returning money raised at temple," *Providence Journal-Bulletin,* Sept. 9, 1997, p. A4. All of these funds have apparently been returned.

Of this total, some $116,500 went to the DNC in support of the Clinton/Gore ticket.

III. THE HSI LAI TEMPLE FUNDRAISER OF APRIL 29, 1996

The idea to hold a DNC fundraising event at the Hsi Lai Temple appears to have had its beginnings in March 1996, when Hsia persuaded Venerable Master Hsing Yun to meet with Vice President Gore by visiting the White House. Although Temple officials apparently understood ahead of time that some White House trip was in the offing, arrangements for this visit seem to have been hastily concluded at the last minute while Hsing Yun and a delegation of Temple monastics were in New York City on other business.[142] On March 14, 1996, Hsing Yun received a telephone call from Hsia in California, informing him that the White House meeting had finally been arranged. Temple administrator Man Ho thereupon made flight arrangements to take Hsing Yun's delegation to Washington the next day, and obtained for the White House the social security numbers of those who would meet with the Vice President.[143] The Master was reportedly initially reluctant to rearrange his schedule in order to accommodate this last-minute change, but he was ultimately persuaded by Hsia's entreaties and by those of former Temple abbess Hsing Kuang Shih enlisted by Hsia to help in this regard.[144]

John Huang played the central role in setting up the March 15 meeting with Vice President Gore. Even before Hsing Yun's delegation left for New York on March 10, Huang had telephoned Man Ho in order to obtain the Master's social security number for the anticipated White House visit.[145] It was Huang who requested the Hsing Yun meeting,[146] and he both worked with Gore scheduler Kim Tilley in arranging it[147] and wrote the Vice President's briefing notes.[148]

On the morning before the March 15 meeting, Hsia spoke personally with Vice President Gore by telephone from the delegation's room at the Hay-Adams Hotel. Although the Vice President had already agreed to the meeting, and the Temple delegation was at that point waiting at their hotel, the Vice President's staff had become concerned over the potential political implications of a visit from Hsing Yun. Taiwan was then in the midst of its 1996 presidential election campaign, which involved, among others, an inde-

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[142] Man Ho deposition, pp. 94–95 & 101.

[143] *Id.,* pp. 88–96 & 110.

[144] Man Ho deposition, p. 96; *see also* Transcript of Hsing Yun interview by Governmental Affairs Committee Staff, June 17, 1997, p. 2 (Ex. 112) (recounting that Hsia had called him in New York to urge that he meet with Gore, and that although "reluctant to go" Hsing Yun has "said, 'O.K., I'll go.' "). (This transcription of the Committee staff's interview with Hsing Yun was transcribed by Stuart Chandler, who attended the meeting apparently on behalf of the Temple's attorneys.)

[145] Man Ho deposition, p. 99. Maria Hsia called Man Ho later—when the Temple delegation was in New York—to obtain social security numbers from the other members of the delegation who would be visiting. *Id.,* p. 110.

[146] John Huang, memorandum to Albert Gore, March 15, 1996 (describing meeting as having been "requested by John Huang"). Hsing Yun suggested that the meeting had been the idea of John Huang and Maria Hsia. *See* Transcription of Hsing Yun interview, p. 2.

[147] *See* John Huang, memorandum to Kim Tilley, April 11, 1996 (Ex. 113) ("You know we have together arranged Master Hsing Yun to visit the Vice President Gore [sic] in the White House in March of this year."). The Vice President's schedule also listed John Huang as the staff contact for the Hsing Yun meeting. Gore schedule for March 15, 1996 (Ex. 114).

[148] John Huang, fax transmission to Eric Anderson, March 15, 1996 (Ex. 115) (forwarding briefing notes for Vice President "prepared by John Huang").

pendent Buddhist candidate named Lian Chien, who had been endorsed by Venerable Master Hsing Yun. Vice President Gore's foreign policy advisors worried that meeting Hsing Yun could be seen as an implicit endorsement of Dr. Chien, and feared that the Master would somehow interject Taiwanese politics into the White House meeting.[149] As Gore national security staffer John Norris later recalled,

> After we became aware of the scheduling proposal [for the Hsing Yun meeting], I checked with State and NSC (Taiwan Coordination Staff) to get information on Hsing Yun's background. Neither office thought there was a high risk that the meeting would lead to an incident in our relations with either China or Taiwan.[150]

So concerned was Vice President Gore that despite having received such a sanguine assessment from the State Department and the NSC, he called Hsia personally at the Hay-Adams for additional reassurances. As recounted by Man Ho, who was in the room as Hsia spoke with him, the Vice President "was afraid that [M]aster might talk to him about political issues or [M]aster might bring some message [from] Lian Chen [sic]." Hsia assured Gore that Hsing Yun "was not going to talk [about] any political issue with the Vice President."[151] The group then went to the White House to meet with Vice President Gore, leaving Man Ho and one Temple devotee behind at the hotel.[152]

The meeting involved little more than exchanges of greetings and pleasantries and a "photo op" with the Vice President. Hsing Yun, accompanied by three other Temple monastics[153] as well as both Hsia and Huang, met with the Vice President for approximately ten minutes.[154] At the end of this brief meeting, the Master invited Gore to visit the Hsi Lai Temple.[155] As to when this visit might occur, Hsing Yun told the Committee staff that Gore had indicated that he would be in Los Angeles at some point within the next six or seven weeks, *i.e.* in late April 1996.[156]

Within a week of the White House meeting, Maria Hsia sent a letter to Leon Fuerth at the White House, advising him that "Master Hsing Yun . . . could be very helpful for Vice President Gore's

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[149] Man Ho deposition, pp. 106–07; Deposition of Kimberly Tilley, June 23, 1997, p. 138.

[150] John Norris, memorandum, Oct. 16, 1996 (Ex. 116) (recounting "my recollection of the two VP events involving Hsing Yun, the Taiwan Buddhist leader, and the DNC").

[151] Man Ho deposition, pp. 105–07; *see also* Ex. 116 ("[Y]ou or (Bill [Wise]) expressed concern about the sensitivities to Scheduling. As a result of those conversations, Hsia called the VP and assured him the meeting would be nothing more than a courtesy call."). Tilley deposition, pp. 139–40 (recalling hearing about a talk between Gore and Maria Hsia).

[152] Man Ho deposition, p. 111. As used in this report, "devotees" of the Hsi Lai Temple are lay persons who nonetheless worship there regularly and who take part in various Temple activities. By contrast, Temple "monastics" are those who formally take religious vows and join the Fo Kuang Shan order itself (*i.e.,* monks and nuns)—shaving their heads, adopting distinctive monastic clothing, and usually living in the Temple complex.

[153] Yumei Yang, Ke-Chun Hong, and Abbess Suh-Jen Wu (a.k.a. Tzu Jung).

[154] Ex. 113; Ex. 114.

[155] Ex. 112, pp. 4–5; *see also* Ex. 113.

[156] Memorandum of Interview of Hsing Yun, June 17, 1997, p. 2 ("At the close of this meeting the Master invited Gore to visit the Hsi Lai temple in California. In reply, Gore indicated that he would be traveling to California 'in the near future' and would be glad to accept the invitation. No specific date was discussed but the Master recalled that Gore indicated he would be in LA within 6–7 weeks—that is, late April."). (In contrast to the document prepared by Chandler purporting to be a near-verbatim transcription of the interview, this memorandum was prepared by Governmental Affairs Committee Staff.)

re-election."[157] The next day, Hsia wrote the Vice President himself, informing him that

> John Huang has asked me to help with organizing a fund-raising lunch event, with your anticipated presence, on behalf of the local Chinese community. After the lunch, we will attend a rally at the Hsi Lai Temple where you will have the opportunity to meet representatives from the Asian-American community to visit again with Master Hsing Yun. The even is tentatively scheduled for April 29. . . .[158]

Though this letter did not make clear whether the "fund-raising lunch event" being organized by Huang and Hsia would take place at the Temple or at some other unspecified location, unambiguous arrangements were worked out over the next few days to have both the fundraising luncheon and the rally at the Temple. By April 4, the DNC has apparently prepared invitations to a Vice Presidential luncheon at the Hsi Lai Temple,[159] and Hsia's assistant Gorman had opened a file specifically identifying April 29, 1996 as the date of the Vice President's anticipated visit. This file was entitled "Vice President Gore Hsi Lai event April 29, 1996—DNC Fundraiser."[160] By April 8, the Vice Presidential Protective Division of the U.S. Secret Service had begun planning for Gore's April 29 luncheon in Los Angeles.[161]

In late March 1996, Hsia notified the Master and others at the Temple that the Vice President would visit on April 29, 1996. Immediately, Hsia set up meetings to plan the event. Hsia requested, and it was accordingly decided that a luncheon would be served in the Temple's dining hall.[162] Both Man Ho and Yi Chu testified that in one of these early planning meetings at the Temple, the Abbess told to the monastics in attendance that it would be "acceptable" or "appropriate" for the monastics to contact devotees of the Temple to indicate that they could attend the luncheon with the Vice President and, for $5,000, have their photograph taken with him.[163]

After one or two early planning meetings at the Temple, and early in the month of April, both the Abbess and Hsia left the U.S. for Taiwan, where they remained until very shortly before the April 29 event. In their stead, Hsia and the Abbess left Matt

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[157] Maria Hsia, letter to Leon Forth [sic], March 22, 1996 (and earlier drafts dated March 20 & 22) (Ex. 117); *see also* Progress Sheet from Hsia & Associates (Ex. 118) (indicating "sent final draft letters to Gore & Forth [sic]" on March 24, 1996).

[158] Maria Hsia, letter to Albert Gore, dated March 23, 1996 (and earlier drafts dated March 20 & 23) (Ex. 119). It should be noted, however, that neither Hsia's March 22 letter to Feurth nor her March 23 letter to the Vice President was produced to the Committee by the White House in the voluminous Temple-related records delivered to the Committee pursuant to subpoena.

[159] Maria Hsia, fax transmission to Ted Marino, April 4, 1996 (Ex. 120) (forwarding invitation on DNC letterhead for Vice Presidential event at Hsi Lai Temple).

[160] Ex. 121 (Photocopy of file header opened on April 4, 1996; Maria Hsia, memorandum to Matthew Gorman of April 4, 1996 instructing him to "open file under V.P. Gore Hsi Lai Temple Visit 4/29/96"); Gorman deposition, pp. 20–22 (confirming opening file on April 4, 1996).

[161] U.S. Secret Service, VPPD Scheduling Document, April 8, 1996 (Ex. 122) (including William Pickle, letter to Sen. Fred Thompson, Sept. 2, 1997 [explaining document]).

[162] Man Ho deposition, pp. 117–119.

[163] Man Ho testimony, pp. 27–28; *see also* Man Ho deposition, pp. 125–31. In her deposition testimony, Man Ho recalled that the Abbess might perhaps have said that the price for a photograph was $5,000 *per couple.* Nor is it clear who suggested to the Abbess that she encourage contributions in connection with the event, or how she arrived at this $5,000 figure.

Gorman and Man Ho, their respective assistants, to take care of the day-to-day planning and preparation for the event.[164] Most of Gorman's responsibilities consisted of arranging for the invitation of special VIP guests, who did not have to pay to attend the DNC fundraiser—at Hsia's direction.[165] Among the nonpaying guests Hsia invited to the event were two senior officials from the INS, Joseph Thomas and Daniel Hesse, and a federal judge from Los Angeles, Robert Tagasuki.[166] The VIP guest list also included Monte Perez, chairman of the "Nationwide Citizenship Association," and Tom Byun, who headed the "Radio Korea Citizenship Nationwide Program."[167]

At some point in mid- or late-April, Hsia telephoned Gorman in order to request that he solicit money from a number of individuals for the Gore luncheon. Many of these individuals apparently did not speak English well, if at all, and Gorman left the solicitation of these persons to another Hsia & Associates employee, Betty Luk, because he did not speak Chinese particularly well.[168] Among these persons were Huang Guang Miao, president of the U.S. subsidiary of a Chinese company, and Joseph Chen,[169] the head of a Taoist religious organization called the Great Tao Foundation of America and secretary-general of the World I-Kuan Tao Headquarters in Taiwan.[170]

Gorman was not the only person soliciting funds for the Vice President's Temple fundraiser, however. In addition to funds solicited independently by Huang and perhaps Hsia,[171] Temple monastics, acting on the suggestion by Abbess Tzu Jung that it would be "appropriate" for them to do so, solicited a number of donations to

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[164] Man Ho testimony, pp. 29–30; Man Ho deposition, pp. 132–33; *see also* Gorman deposition, pp. 23 & 25.

[165] Gorman deposition, pp. 22–25.

[166] These three men were to have their invitations specially hand-delivered. *See* Ex. 123 (Matthew Gorman, fax transmission to Richard Choi, April 22, 1996 (forwarding to Choi copies of invitations that were to be hand delivered to Thomas, Hesse, and Tagasuki); Matthew Gorman, fax transmission to Man Ho, April 12, 1996 (advising Man Ho that Thomas, Hesse, and Tagasuki will attend as "V.I.P. guests"). It is not clear, however, that Judge Tagasuki actually attended. Senator Daniel Inouye and Congressman Matthew Martinez were also invited, but neither official attended. *See* Ex. 124 (Matthew Gorman, fax transmission to Mary Lou, April 12, 1996 [inviting Inouye]; Matthew Gorman, fax transmission to Rev. Man Ho, April 12, 1996 [containing invitation for Martinez]).

[167] *See* Ex. 125 (Richard J. Soon Choi, letter to Matthew Gorman, April 24, 1996 [responding to confirm acceptance of invitation by Perez and Byun]; Matthew Gorman, fax transmission to Richard Choi, April 24, 1996 [advising Man Ho of attendance of Byun and Perez)].

[168] Gorman deposition, pp. 47–48; Matthew Gorman, memorandum to Betty Luk (Ex. 126) (giving list of names for solicitation: "Professor Lo," Jennifer Tsai, Huang Guang Miao, Celia Wu, Joseph Chen, Zhou Buo, Chan Ya Shery, & Jeffrey Lin).

[169] Chan had written John Huang earlier in April to ask if Vice President Gore could visit the anniversary celebrations of the Great Tao Foundation after stopping at the Hsi Lai Temple on April 29. "If you could make arrangements so that the vice-president after the luncheon at the Hsi Lai Temple could say a few congratulatory remarks at our ceremony between 2:00 and 2:30 P.M., and pose for photos with all attending Taoists," Chen wrote, "the Great Tao Foundation will respectfully donate $25,000 toward the campaign funds." Joseph Chen, letter to John Huang, April 10, 1996 (Ex. 127) [translated by Michael Yan for the Governmental Affairs Committee]. The Vice President did not ultimately attend Chen's event on April 29, 1996, but Maria Hsia did arrange to bring Chen to an event with President Clinton and Vice President Gore in Los Angeles in September 1995. *See* Maria Hsia, letter to Joseph Chen, Sept. 19, 1995 (Ex. 128) (forwarding details of event to Chen, with handwritten note "Thank you very much for everything that you've done!").

[170] *See generally* Gorman deposition, pp. 49–52.

[171] *See infra* note 202.

the DNC from Temple devotees in advance of the Vice President's visit. The checks thereby obtained totaled $32,500.[172]

In addition to money openly raised from Temple devotees, Man Ho and Yi Chu also helped arrange for two devotees anonymously to give a total of $10,000 in cash to the DNC. This money was deposited by the two anonymous donors into the Temple's bank account, and three Temple monastics were chosen to make corresponding contributions to the DNC.[173] These three nuns were thereupon reimbursed by Yi Chu out of the Temple's general expenses account.[174]

Also as part of the preparations for the Vice President's fundraiser, Huang visited the Hsi Lai Temple on three different occasions during April 1996 prior to Gore's arrival. On the last of these pre-event visits, on April 28, the day before the luncheon, Huang, Hsia, and DNC fundraiser Maeley Tom worked together in a room at the Temple, using their cellular telephones to call guests and potential guests for the next day's event. As Gorman recalled it, they spoke to these persons in Chinese, and though he was far from fluent,

> My impression was that they were kind of soliciting contributions, soliciting guests maybe. I got the feeling they were kind of—they were kind of urgent in trying to get like as many people as possible. Maybe they had not gotten as much—raised as much contributions [sic] as they'd wanted. . . .[175]

At one point, Huang's telephone ran out of battery power, and he began to pick up a nearby wired telephone—only to be stopped by Maeley Tom, who admonished him that he should not use the Temple's telephones.[176]

During this last-minute telephone effort by Huang, Hsia, and Tom, Man Ho delivered to Huang a list of those guests Temple officials expected to attend the fundraiser. Next to each name was a notation of the amount of money each person had, or was expected to, contribute to the DNC. When Huang saw the list, he asked Man Ho if she knew of anyone else who would like to attend the luncheon for $2,500. In response, Man Ho called a friend, Catherine

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[172] *See* Ex. 129 (Photocopied checks from files of Hsia & Associates, reproducing, *inter alia*: $5,000 check from K-Stone Industries, Ltd.; $5,000 check from Micro International U.S.A., Inc.; $7,500 check from Ying-Chiu Tien; and $2,500 check from Min Hsiang Teng; $5,000 check from Shu Woei Huang and Jan Yueh Lian Huang; $5,000 check from Henry J. Chen & Jessie F. Chen; $2,500 check from Marina Chiu); *see also* Man Ho deposition, pp. 159–60 (recalling that "Chiu Tien" and Marina Chu were on list summarizing Temple-solicited pre-event donations).

[173] These persons were Jou Sheng, Shiwen The (a.k.a. Melissa Wang), and Hsin Cheng Shih. *See* Yi Chu deposition, pp. 94–95 & 96–98; Man Ho deposition, pp. 149–50. At least two of them, Jou Sheng and Hsin Cheng Shih, are Fo Kuang Shan nuns.

[174] *See* Ex. 130 (DNC Check Tracking Form for Jou Sheng check #227 for $5,000 to DNC on April 16, 1996; IBPS check #3523 for $5,000 to Jou Sheng on April 16, 1996; DNC Check Tracking Form for Shiwen Teh check #1808 for $2,800 to DNC on April 16, 1996; IBPS check $3521 for $2,800 to Melissa Wang [a.k.a. Shiwen Teh] on April 15, 1996; DNC Check Tracking Form for Hsin Cheng Shih check $141 for $2,200 to DNC on April 18, 1996; Hsing Cheng Shih bank records for period 03/21/96 through 04/19/96 [indicating cash deposit of $3,000 on April 18, 1966]); Yi Chu deposition, pp. 100–01 (confirming reimbursement of these three individuals). Each of the DNC check tracking forms for these straw donations credit Hsia with having solicited the contribution.

[175] Gorman deposition, pp. 77–78; *see also* Ex. 87, p. 2, ¶12.

[176] Gorman deposition, pp. 78–79. Hsia had previously warned that "the telephones at the Hsi Lai Temple were not to be used for 'political purposes' because this would jeopardize the Temple's non-profit (tax exempt) status." Ex. 87, p. 2, ¶ 11; *cf. infra* text accompanying note 212 (discussing tax exempt status of Temple).

Chen, who agreed to contribute $2,500.[177] On top of the donations solicited by monastics from Temple devotees, and the illegally laundered $10,000 in anonymous contributions described above, Chen's donation brought the total raised at the Temple prior to Gore's visit to $45,000.[178]

The Vice President arrived at the Temple at approximately 12:30 p.m. on April 29. A throng of invitees and a local high school band were outside to meet him. Inside the entrance hall, Hsia, Huang, Congressman Bob Matsui, and Donald Fowler were among the official greeters. After meeting briefly in a holding room with Master Hsing Yun, the Vice President walked up the Temple's courtyard, between a phalanx of monastics, to the Temple's Buddha shrine, to which the Vice President made a flower offering. From there, the Vice President was escorted downstairs to have his photograph taken with VIP attendees and those who had contributed in connection with the event.[179]

At lunch in the Temple's dining hall, the Vice President sat at the head table with Master Hsing Yun, Hsia, and Ted Sioeng, among others.[180] John Huang apparently did not sit at one of the tables, instead circulating amongst the tables working with Temple officials and Gore's "advance" team to ensure that things ran smoothly.[181] As part of a brief series of speeches after lunch that included remarks by Hsing Yun, Huang and Fowler, Congressman Matsui, who then also served as the DNC's treasurer, introduced Vice President Gore—who spoke for a few minutes to the assembled guests as Hsia interpreted his comments into Chinese.[182] Immediately following his speech, the Vice President posed outside with all Temple monastics, and left the Temple at about 2:00 p.m. From there, the Vice President departed for the airport, flying on Air Force Two to San Jose, and ending up at a DNC fundraising dinner that evening at a private home in Los Altos Hills, California.[183]

At around 3:00 p.m., following the Vice President's departure, the Master and Hsia held a press conference at the Temple. A number of reporters were angry because they had not been permitted to attend the event itself; some also questioned the propriety of holding a political event at the Temple. According to Man Ho,

> some reporters say that it was not proper to have this type of luncheon at the temple, but Maria told them that some-

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[177] Man Ho deposition, pp. 143–47 (discussing giving list to Huang and identifying solicitation of Catherine Chen, "Bill Chen's wife," as the subsequent $2,500 donor); Yuh How Bill Chen and Nancy Kainan Mao check #959 (Ex. 131). Catherine Chen's $2,500 check bore the name of her husband, Bill Chen, as well as that of "Nancy Kainan Mao." This suggests that Catherine Chen is the same "Nancy Mao" who was apparently reimbursed by the Temple for a donation made in early 1994. *See supra* Note 124.

[178] Man Ho deposition, p. 148.

[179] *See generally* Man Ho deposition, pp. 176–82; Ex. 122, pp. 11–13.

[180] According to the seating chart, at Gore's table were seated Maria Hsia, Ted Sioeng, Don Knabe, Joseph Thomas, Yvonne Burke, and Gary Shaw, among others. Dining Hall Guest List—April 29th Vice President Gore Event (Ex. 132).

[181] *See, e.g.,* Photograph of Vice President Gore at lunch, April 29, 1996 [produced by Temple to the Committee] (seated with Hsing Yun, Maria Hsia, and Ted Sioeng, with Huang in background talking to Bain Ennis of the Vice President's advance staff).

[182] Ex. 122.

[183] *Id.,* pp. 12–17. There were several other quick stops after the Vice President flew to San Jose before his motorcade arrived at the home of George and Judy Marcus in Los Altos Hills for this event.

> one has checked with the White House and [they] say that it's okay to have luncheon at the temple.[184]

Even on April 29, it had become apparent that the Hsi Lai Temple fundraiser had not raised as much money as Huang and Hsia had hoped. That evening, after the Vice President's departure, Gorman spoke briefly with Hsia at the Temple while she awaited an audience with Venerable Master Hsing Yun. Hsia "seemed disappointed not so much as to how the event itself went, but that they had not been able to raise the amount of money that they wanted to raise." [185] As Gorman recalled,

> After the event, I asked Ms. Hsia how she felt the Vice Presidential visit had gone. She responded to the effect that they didn't raise as much [money] as they wanted, but she had talked to the Master and he had said "he would take care of it." [186]

This need for more DNC donations, however, became an urgent priority the next day when DNC officials in Washington began to pressure Huang for more money.

As DNC Finance Director Richard Sullivan later recalled it, he telephoned Huang the day after the Gore luncheon as part of his "general practice" of trying to "rally the troops at the end of the month and ask them to get in money." He "remember[ed] having a conversation with John" in which he told Huang that "we need you to get some money in." [187] According to Sullivan,

> I remember being disappointed . . . I remember just fine, being somewhat personally disappointed—you know, between San Jose and the fact that it [had been] so important to somebody out there that the event be at the temple, that . . . you would have thought . . . we would get a big contribution out of somebody.[188]

Sullivan had "expected that they were going to make some big contributions." "I was expecting . . . maybe some 15s and 20s" [189]—*i.e.,* individual contributions of $15,000 or $20,000 each. Since this had not occurred, Sullivan asked Huang

> Can you get some [more] funds in? Can you send some money in? Don't you have some outstanding money out? . . . I may have said, John, get some money in from your people in Los Angeles, get some money . . . . I probably did say, John, get some California money in.[190]

Huang apparently wasted little time in passing this message on to Hsia and to the Temple, for during a break in a seminar program being conducted for the assembled monastics by Hsing Yun, Man Ho received a telephone call from Hsia informing her that Huang needed to raise more money. Huang, Hsia told her, needed another $55,000, enough to bring the total raised at the Temple to

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[184] Man Ho deposition, pp. 182–83.

[185] Gorman deposition, p. 86.
[186] Ex. 87, p. 3, ¶ 14.
[187] Deposition of Richard Sullivan, June 25, 1997, pp. 41–42.
[188] *Id.,* pp. 46–47.
[189] *Id.,* pp. 50–51.
[190] *Id.,* pp. 45–46.

$100,000. Hsia also told Man Ho that Huang needed this money before he returned to Washington that very evening.[191]

Man Ho then contacted Yi Chu, telling her that "we were a certain number [of donations] short, and she wanted me to make it up." What was needed, Man Ho informed her, was to add another $55,000 to the $45,000 the Temple had collected already.[192] Accordingly, given the need for haste, Yi Chu approached the first monastics she saw, soliciting donations from the first 11 monks or nuns she encountered who happened to have their checkbooks with them.[193] Because many of them did not have enough money to cover the $5,000 sum Yi Chu asked of them[194]—and because after 1993 it was the Temple's standard practice to reimburse monastics who made donations to political causes[195]—Yi Chu reimbursed every one of these eleven monastics.[196]

Hsing Yun was among those solicited and reimbursed in this fashion. By his own admission, in fact, the Master appears to have been well aware that in assuring Hsia that "he would take care of" Huang's cash shortfall, he was authorizing monastics' reimbursement for their DNC contributions. As Hsing Yun put it to Committee staff who met with him at his temple in Kiaoshung in June 1997,

> In [the] Hsi Lai Temple there were some monastic and lay disciples who, influenced by my own conduct, also wanted to help Mr. Gore. In truth, they had only limited funds since they ordinarily donate all of their money to Hsi Lai Temple. However, when they want to use some of it, Hsi Lai Temple ought to give it to them. Therefore, when they did not have enough money to cover the checks they were donating, I thought Hsi Lai Temple could help these disciples.[197]

"Some devotees did not have enough money," he said, "so the temple, due their past good service, when they need money the temple will give them the money they want."[198] "Influenced by [the Master's] own conduct" in making a contribution that day,[199] ten other monastics joined Hsing Yun in writing $5,000 checks to the DNC—and in being reimbursed by Yi Chu for the cost of these donations.[200]

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[191] Man Ho deposition, p. 183; Man Ho testimony, p. 41; Yi Chu testimony, pp. 42 & 47 48. When Man Ho went to inform Hsing Yun and Abbess Tzu Jung of this sudden need for more money, she discovered that they had already been told. Man Ho deposition, p. 185.

[192] Yi Chu deposition, p. 51; Yi Chu testimony p. 43.

[193] Yi Chu deposition, pp. 55–56; Yi Chu testimony, p. 43.

[194] *See, e.g.,* Yi Chu deposition, p. 60; Yi Chu testimony, pp. 45–46; Siuw Moi Lian deposition, pp. 31–32; Huei-Tsan Huang deposition, pp. 21 & 25.

[195] Yi Chu deposition, pp. 56–57.

[196] *See id.,* pp. 61–65; Yi Chu testimony, pp. 43–44 & 47–48. Some of the donors even postdated their checks to the DNC so that the check Yi Chu wrote them from the Temple's general expenses account would clear first. *See e.g.,* Yi Chu deposition, pp. 46–47 (discussing postdated check from Siuw Moi Lian); Yi Chu testimony, pp. 45–46.

[197] Ex. 25, p. 4.

[198] *Id.,* p. 8.

[199] *Id.,* p. 4.

[200] Ex. 133 (DNC Check Tracking Form for Shing Yun check #102 for $5,000 to DNC on April 30, 1996; IBPS check #3573 for $5,000 to Shing Yun on May 1, 1996; DNC Check Tracking Form for Man Ya Shih check #509 for $5,000 to DNC on April 30, 1996; IBPS check #3576 for $5,000 to Man Ya Shih on April 30, 1996; DNC Check Tracking Form for Hsiu Chu Lin check #702 for $5,000 to DNC on April 30, 1996; IBPS check #3581 for $5,000 to Hsiu Chu Lin on May 1, 1996; DNC Check Tracking Form for Suh-Jen Wu check #121 for $5,000 to DNC on May 1,

Continued

Hsia was at the Temple later that evening when Huang stopped by briefly to pick up the checks, before leaving for Washington.[201] With this money, the amount of money raised by the Temple for the DNC by the April 29 event now totaled $100,000: $35,000 in donations solicited ahead of time by Temple monastics, $10,000 in laundered donations by anonymous devotees before the Vice Presidential luncheon, and $55,000 in laundered donations in response to Huang's request for more funds just after the event. Added to the sum Huang and perhaps others apparently solicited independently of the Temple, the Vice Presidential fundraiser raised $166,750 for the DNC.[202]

The repeated donation-laundering in which Hsia and Temple officials, and perhaps Huang, engaged clearly violated federal elections laws barring political contributions made through "straw donors"[203] and meets the legal definition of a "criminal conspiracy."[204] Moreover, Temple officials have admitted that at least two of the monastics who gave money in connection with the Gore event, Chia-Hui Ho and Seow Fong Ooi, were foreign nationals prohibited from making political contributions[205] at the time they

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1996; IBPS check #3574 for $5,000 to Suh-Jen Wu on May 1, 1996; DNC Check Tracking Form for Pi-Hsia Hsiao check #195 for $5,000 to DNC on April 30, 1996; IBPS check #3571 for $5,000 to Pi-Hsia Hsiao on May 1, 1996; DNC Check Tracking Form for Siuw Moi Lian check #1016 for $5,000 to DNC dated May 6, 1996; IBPS check #3577 for $5,000 to Man Ya Shih on May 1, 1996; DNC Check Tracking Form for Hueitsan Huang check #243 for $5,000 to DNC on April 30, 1996; IBPS check #3575 for $5,000 to Hueitsan Huang on April 30, 1996; DNC Check Tracking Form for Hsiu Luan Tseng check #140 for $5,000 to DNC dated May 6, 1996; IBPS check #3572 for $5,000 to Hsiu Luan Tseng on May 1, 1996; DNC Check Tracking Form for Bor Yun Jeng check #221 for $5,000 to DNC on April 30, 1996; IBPS check #3570 for $5,000 to Bor Yun Jeng on May 1, 1996; DNC Check Tracking Form for Seow Fong Ooi check #497 for $5,000 to DNC on April 30, 1996; IBPS check #3578 for $5,000 to Seow Fong Ooi on May 1, 1996).

According to Yi Chu, Seow Fong Ooi actually contributed $10,000 to the DNC. Yi Chu deposition, pp. 63–64. Thus, according to the Temple's attorneys, Seow Fong Ooi's second $5,000 was actually paid to another Fo Kuang Shan nun named Chia-Hui Ho. *See* DNC Check Tracking Form for Chia-Hui Ho donation of $5,000 on May 1, 1996 (Ex. 134); Ex. 133, p. 19 7284 (IBPS check #3579 providing second Temple payment of $5,000 to Seow Foing Ooi on April 30, 1996). The Temple's accounting records show this series of payments in sequentially-numbered checks as "No Name" payments. *See* Hsi Lai Temple, Transaction Detail by Account, May 1996 (Ex. 135).

[201] Man Ho deposition, pp. 183–84 & 187.

[202] Democratic National Committee, DNC Contribution Review, Feb. 1997 (Ex. 136) (excerpts), p. 4 (listing "[t]otal raised in connection with event" for "Hsi Lai Temple Event" as $166,750); *cf.* Man Ho deposition, p. 149 (remarks of Man Hua) (explaining that Man Ho "doesn't know what others contribute[d]" beyond DNC donations solicited by Temple officials). As described earlier, the Hsi Lai Temple raised at least $146,400 in illegal reimbursed contributions for local, state, and national political campaigns from 1993 through the elections of 1996. Some $116,500 of this total went directly to the DNC for events involving Bill Clinton, Hillary Clinton, and Al Gore; other recipients included Senator Ted Kennedy and Representative Patrick Kennedy. Sections 441e and 441f of Title 2 of the U.S. Code prohibit knowingly accepting such unlawful donations, and therefore presumably prohibit keeping donations that one discovers have been raised illegally. *See* 2 U.S.C. § 441c ("It shall be unlawful . . . for any person to solicit, accept, or receive any such contribution from a foreign national."); *id.* at § 441f ("No person shall . . . knowingly accept a contribution made by one person in the name of another.").

Although the reimbursed monastic donations with regard to the April 29 event have been the subject of media reporting for months, the Committee's depositions of actual straw donors who gave money to the DNC suggests the DNC has not yet paid back all of the donations it claims to have returned. Man Ya Shih and Siuw Moi Lian, for example, testified in their depositions in August 1997 that although they each gave $5,000 to the DNC, they have yet to receive their donations back. Siuw Moi Lian deposition, p. 36; Man Ya Shih deposition, p. 44.

[203] *2 U.S.C. § 441f* ("No person shall make a contribution in the name of another person or knowingly permit his 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.").

[204] *United States* v. *Hopkins,* 916 F.2d 207 (5th Cir. 1990) (holding that conducting donation-laundering scheme can amount to criminal conspiracy to defraud the United States and to make fraudulent statements to Federal Elections Commission in violation of 18 U.S.C. §§ 371 & 1001); *id.* at 212 (describing elements of conspiracy, and citing *United States* v. *Medrano,* 836 F.2d 861, 863–64 (5th Cir. 1988); *United States* v. *Colwell,* 764 F.2d 1070, 1072 (5th Cir. 1985)).

[205] *See* 2 *U.S.C. § 441e(1)* ("It shall be unlawful for a foreign national directly or through any other person to make any contribution of money or other thing of value, or to promise expressly

made their donations.[206] Nor were these two individuals the only foreign nationals reimbursed by the Temple after making contributions to the DNC. According to her responses to a DNC telephone survey, reimbursed Temple donor Bih-Yueh Jeng was neither a U.S. citizen nor a permanent U.S. resident at the time she made her $5,000 contribution to the DNC in connection with the Presidential event in Los Angeles in July 1996.[207] Since Temple officials made no efforts to ascertain the immigration status of monastics or devotees solicited for political contributions, or those selected to participate in "straw donor" reimbursement schemes, it may have been no more than blind luck that prevented even more foreign nationals from making donations.[208]

Richard Sullivan and the DNC clearly knew that it was inappropriate to have a fundraiser at the Temple. As he told John Huang when Huang first described his Temple plan, for example, "you know, . . . you can't do a fund-raiser at a temple."[209] Nevertheless, faced with huge pressures to raise money for the re-election of Bill Clinton and Al Gore, Sullivan let Huang continue with the event even though Huang admitted that "he'd get money out of it" and "he'd get some money out of them."[210] But the impropriety could not be erased simply because Huang promised that he would not solicit *all* attendees for money.[211] As one of the DNC's own auditors noted after the Temple affair had begun to appear in the national press, contributions from the Temple should be returned because "[i]t was a temple, you idiot!"[212]

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or impliedly to make any such contribution, in connection with an election to any political office or in connection with any primary election, convention, or caucus held to select candidates for any political office; or for any person to solicit, accept, or receive any such contribution from a foreign national."). The term "foreign national" is defined to mean persons who are neither U.S. citizens nor permanent resident aliens *See 2 U.S.C. §441e(b)* (defining "foreign national" to exclude "any individual who is a citizen of the United States" and any person "lawfully admitted for permanent residence").

[206] Man Ho deposition, pp. 232–33 (identifying Chia Hui-Ho and Seow Fong Ooi as having been neither U.S. citizens nor permanent residents at time of DNC donations); Yi Chu deposition, p. 96 (similarly identifying Seow Fong Ooi); Ex. 137 (Peter Kelly, letter to Joseph Sandler, Nov. 15, 1996 [discussing Chia Hui-Ho's $5,000 contribution to DNC and noting that "this individual's application for legal permanent residence is still pending before the Immigration and Naturalization Service"]; Immigration and Naturalization Service, approval notice for § 101(a)(27)(C)(ii) special immigration [religious worker] status for Chia Hui-Ho, Oct. 7, 1996; James Robinson, letter to INS, Nov. 7, 1996 [enclosing Chia-Hui Ho's application for permanent resident status]).

[207] Ex. 138 (Bih-Yueh Jeng, Debevoise & Plimpton survey response via telephone interview, Dec. 17, 1996, p. DNC 1803698 [answering "No" to question "Are you a United States citizen?" and "No" to question "Are you a permanent resident of the United States?"]. Immigration and Naturalization Service, Petition for a Nonimmigrant Worker, Sept. 27, 1996 [granting Bih-Yueh Jeng's petition for nonimmigrant religious worker status several months *after* the Temple event]).

[208] *See* Yi Chu deposition, p. 95 ("Well, I didn't know whether contributions were prohibited from the noncitizens or nonpermanent residents. All I did was to encourage people to make donations."). Moreover, the Temple's donation-laundering scheme raises questions as to the ultimate source of the monies that flowed into the DNC's coffers over the 1993–96 period. As noted previously, the reimbursements were all made out of the Temple's general expenses account, which in turn got its money from the account into which Buddhist devotees made donations to the Temple. Because Temple officials never screened Buddhist contributors to the Temple for U.S. citizenship or permanent resident alien status, there is no way of knowing whether or not the money that ended up being funneled to the DNC by Hsia and Huang ultimately came from foreign nationals. *See id.* (stating that "[n]o attempt was ever made" to determine whether devotees were citizens or permanent residents).

[209] Sullivan deposition, June 25, 1997, p. 23.

[210] *Id.,* p. 24.

[211] *Id.,* pp. 24 & 26.

[212] Democratic National Committee, list of contributions returned since September 1996, Nov. 22, 1996 (Ex. 139) (listing $5,000 donation from "Buddhist Temple" and noting as reason for refund that "It was a temple, you idiot!").

One reason why it was wrong to hold the fundraiser there is that the Hsi Lai Temple—in its corporate incarnation as the International Buddhist Progress Society (IBPS)—is a § 501(c)(3) organization for federal income tax purposes.[213] Like all churches, therefore, it is prohibited by law, not to mention its own organizational charter, from engaging in political activity. As the Temple's own articles of incorporation state, "the corporation shall not participate or intervene in any political campaign . . . on behalf of any candidate for public office."[214] Political activity of the sort in which Temple officials engaged, *e.g.,* donating Temple money to political campaigns and soliciting funds for such campaigns, is impermissible. Moreover, contributions made by faithful Buddhists to the Temple are tax deductible. On top of the various legal concerns already discussed herein, this raises at least two additional troubling issues.

First, the checks laundered through Temple monastics to the DNC—over $100,000 worth in 1996 alone—apparently consisted of money derived directly from tax-exempt charitable contributions made to the Temple. In essence, therefore, this amounts to taxpayer funding for political contributions to the DNC, which is clearly prohibited.

Second, this use of Temple funds perpetuated a fraud upon faithful Buddhists who donated to the Temple upon the assumption that their money would be used to advance the Temple's legitimate religious purposes and not be given to a political party. Through the Temple's donation-laundering and willingness to host political fundraisers for various candidates, however, money given by faithful devotees to the Temple was illegally diverted without their knowledge to support the re-election of Bill Clinton and Al Gore.[215]

It is also worth noting that there is a problem here even apart from the Temple's reimbursements of DNC donors. As the Committee learned from Maura McManimon, the DNC's event coordinator for the Temple luncheon, the DNC had no expenses in organizing the Temple event apart from Huang's airfare to Los Angeles. The DNC apparently did not even give McManimon a budget for this event, and had absolutely no idea what the Temple luncheon cost because the Temple paid for everything.[216] These expenditures alone amounted to a large, in-kind contribution to the DNC by the Temple.

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[213] *See, e.g.,* Internal Revenue Service, *Cumulative List of Organizations,* vol. 1, Sept. 30, 1995, p. 1049 (Ex. 140) (listing "International Buddhist Progress Society, Hacienda Heights, Ca." as tax-exempt organization). The IBPS was also exempt from California taxes as a nonprofit organization. *See* International Buddhist Progress Society, Statement by Domestic Nonprofit Corporation, March 15, 1996 (Ex. 141) (document signed by Hsing Huang Shin, Liang Yueh Fang, and Tsui-Hsueh Hsueh [a.k.a. Yi Chu], listing Hsia as agent for service of progress).

[214] International Buddhist Progress Society, Articles of Incorporation, Aug. 4, 1978, p. 1 (Ex. 142). This document was signed by three Temple officials, two of whom were Hsing Yun himself and former Temple Abbess Hsing Kuang Shih, *id.,* p.3—both of whom were subsequently involved in unlawful Temple donation-laundering in support of various political causes.

[215] Another potential consequence to the Temple from this violation of its Section 501(c)(3) status relates to the validity of visas and green cards Hsia obtained for Fo Kuang Shan religious workers under the terms of the Immigration Act of 1990. Because the Temple had apparently been engaged in unlawful political activity through hsia since at least 1993, it is open to question as to whether the Hsi Lai Temple qualifies as such a "bona fide nonprofit" organization. As Hsia's assistant Matthew Gorman recognized, political activity by the Temple might threaten the validity of all the religious worker visas and green cards obtained for Temple affiliates since 1993. *See* Gorman deposition, p. 75.

[216] Deposition of Maura McManimon, July 25, 1997, pp. 49–50 & 58–59.

Significantly, the DNC did not repay the Temple for this significant in-kind contribution until the day *after* the first stories about the Temple affair appeared in the *Wall Street Journal* on October 17, 1996.[217] It was only then that the DNC decided to reimburse the Temple for the money it saved the DNC in organizing the Gore event, by sending the Temple a check for $15,000.[218]

When press accounts of the Temple fundraiser and associated donation-laundering by the Temple began to appear in the fall of 1996, Temple officials became alarmed. Both Man Ho and Yi Chu, in fact, "panicked" and set about destroying and altering documents in their files which they felt were "embarrassing." Man Ho destroyed a number of documents relevant to the Temple's illegal donation-laundering, including:

(1) The check-request forms that Man Ho had prepared for the Abbess' signature after receiving calls from Maria Hsia requesting political contributions;

(2) The list of attendees Man Ho gave to John Huang on April 28 indicating guests who would attend the Gore luncheon, who among them had agreed to donate money to the DNC, and the amount of each contribution; *and*

(3) Most of the paperwork held at the Temple in preparation for the Vice President's visit, including invitations (including newspaper clippings of the event). [219]

Venerable Master Hsing Yun has subsequently claimed that the destruction of these documents was merely part of an ongoing process by which the Temple would "regularly purge old files in storage and add new ones" and "has nothing to do with destruction of evidence." [220] It is clear from Man Ho's testimony, however, that this is untrue. Furthermore, when questioned by Senator Susan Collins during Committee hearings, Yi Chu admitted that the nuns' document purge was anything but ordinary:

> Senator COLLINS. When the press stories appeared regarding the temple fund-raiser and the reimbursements, were you worried that the negative publicity would hurt the temple's reputation?
>
> Ms. YI-CHU. Yes.
>
> Senator COLLINS. And you also did not want to embarrass the Vice President or . . . Maria Hsia; is that correct?
>
> Ms. YI-CHU. Yes.
>
> Senator COLLINS. So that was your motivation for making these changes and altering these documents as well as destroying other documents; is that correct?
>
> Ms. YI-CHU. Yes.[221]

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[217] Kuntz, *supra* note 1.

[218] The DNC's check for this reimbursement was written on the very day the first stories appeared. *See* Ex. 143 (Bradley Marshall, letter to Man Ho, Oct. 18, 1996, enclosing $15,000 check to cover estimated costs of April 29, 1996 event; DNC Services Corporation check #025100 for $15,000 to Buddha's Light International Association on October 17, 1996).

[219] *See* Man Ho deposition, pp. 155–58 & 219–20 (recounting "panic," "embarrassment," and document destruction).

[220] Hsing Yun, statement in response to Governmental Affairs Committee hearings, Sept. 6, 1997 (Ex. 144) [translated by Michael Yan for the Governmental Affairs Committee].

[221] Yi Chu testimony, Sept. 4, 1997, p. 65; *see also id.,* pp. 34–35 & 97 (confirming that motive for destruction was to avoid embarrassment).

In addition to this campaign of document destruction, Yi Chu testified that in approximately November of 1996, she modified some of the cashed Temple checks used to reimburse monastic donors on the day following the event. After stories about the Temple incident began to appear in the press, she added, often in Chinese characters, the words "loan" or "Futien account" on the previously-blank "memo" lines of a number of checks.[222] This, she hoped, would conceal the actual origin of the reimbursements: while the checks had actually come out of the Temple's general expenses account with no expectation of repayment, she wanted to create the impression they were either "loans" to the monastic donors or had come from these donors' *own funds* held for them by the Temple in so-called Futien accounts.[223]

Yi Chu's alteration of these checks is significant not only because of the cover-up it demonstrates, but because it emphasizes the fact that while Yi Chu *could have* selected to make contributions only monastics who had sufficient funds in their personal "Futien" accounts to cover the cost—and thereby create at least the basis for an argument that the political contributions by these monastics were voluntary ones made from personal monies—she instead followed her usual pattern of immediately reimbursing the ostensible donors from the Temple's general expenses account, which is funded with tax-deductible contributions to the Temple itself. These alterations underscore the fact that the Temple's numerous reimbursements during the 1993–96 period were *not* done with the donors' "own" money, and they make clear that Temple officials clearly understood that it was wrong to reimburse donors with the Temple's funds.

Temple monastics were also less than candid in responding to press inquiries and official investigations of the Temple affair. Man Ya Shih—whose false story about donation-laundering had helped first bring the episode to light when it was reported in the *Wall Street Journal* in October 1996[224]—was the worst offender in this regard. In a letter to Hsia apologizing for certain false statements she had made to the *Journal* and seeking Hsia's approval of a proposed written response to FEC inquiries, for example, Man Ya Shih promised Hsia that "I will cover the fact if I did help anyone in laundering the money."[225] Thereafter, in a signed and sworn statement to the FEC, Man Ya Shih did exactly this—swearing that no one had given her the money she used to make her $5,000 donation to the DNC.[226]

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[222] These altered checks were the ones produced to the Committee pursuant to its subpoena of the Temple, but the forgery can clearly be seen if one compares the altered checks produced by the Temple with photocopies kept by the bank when the checks were originally cashed in their unaltered form. Exhibit showing "Checks as produced by Temple" alongside "Checks as cashed by bank" (Ex. 145) (reproducing illustrative IBPS reimbursement checks to Hsiu Chu Lin, Hsiao Jie Su, and Seow Fong Ooi).

[223] *See* Yi Chu deposition, pp. 47–50, 83–84, & 108–09.

[224] *See* Kuntz, *supra* note 1.

[225] Ex. 146 (Man Ya Shih, letter to Maria Hsia, Nov. 7, 1996; Man Ya Shih, excerpt from November 7, 1996 letter to Maria Hsia translated from Chinese by Michael Yan for Governmental Affairs Committee).

[226] Man Ya Shih, sworn declaration to Federal Elections Commission, Nov. 30, 1996, p. 2 (Ex. 147), ("Please note that I was not given money to donate to DNC. But money given to me from the past years was used to be donated to DNC by my kind intention to support the people to elect the right persons to the Government".) Hsia apparently also forwarded information to Man Ya Shih regarding the requirements of federal election law, and attempted to arrange for Man Ya Shih to receive legal representation from Hsia's own lawyer, James Robinson. *See* Ex. 148

In early 1997, Maria Hsia also played a role in coordinating monastics' responses to the Ernst & Young surveys sent to contributors by the DNC as part of their review of campaign finance problems—helping them respond to difficult questions such as who had solicited their donations and whether anyone else had provided them with money for this purpose.[227]

Another nun, Siuw Moi Lian—who donated $5,000 to the DNC in connection with the Gore luncheon and was reimbursed by the Temple—appears to have submitted a false response to the DNC when asked about her role. When asked on behalf of the DNC by the accounting firm of Ernst & Young whether anyone had solicited her donation and what the source of the money for it had been, Siuw Moi Lian wrote "myself."[228]

Hsia barred reporters from viewing the videotape taken by King & I Productions, videographers hired for the Vice President's Temple luncheon, including that taken of the speeches made by Vice President Gore and others to the assembled guests.[229] Within two days of the luncheon, all copies of the videotape footage were gathered up from the film company and quickly shipped to Taiwan.[230] Moreover, the monastic who took the tape from the production company on May 3, 1996—a monk by the name of Man-Chin[231]—left the Fo Kuang Shan order shortly after the Committee served Temple officials with a subpoena for the videotape; he has since disappeared.[232] Despite the repeated assurances of Temple officials that they are looking for this missing tape—and despite the fact that Temple officials have used short excerpts from this tape in

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(Progress Sheet from files of Hsia & Associates [recounting Man Ya Shih inquiry about election law, apparently on Nov. 1, 1996]; Maria Hsia, fax transmission to Jim Robinson, Nov. 6, 1996 [forwarding "Statement of Designation of Counsel" signed by Man Ya Shih]). As the DNC attempted to assess the scope of its illegal-donation problem in late 1996 and early 1997, Hsia apparently helped a company called Matsunichi of America prepare a response to the DNC's questionnaire in which it denied that its president, Pan Su Tong, had ever made any contributions to the DNC. At the time, however, Hsia possessed both a photocopy of Pan's $5,000 check to the DNC on July 22, 1996 and a copy of the bank statement showing that it had been cashed by the DNC. Ex. 149 (Packet of materials forwarded to Matt Gorman by Matsunichi of America, including: check in name of Pan Su Tong signed by Lance Zheng; copy of bank statement for August 1996; draft letter denying contribution written on letterhead of Matsunichi of America and prepared for signature by Lance Zheng; copy of questionnaire sent to Pan by Ernst & Young on behalf of DNC).

[227] *See e.g.,* Matthew Gorman, fax transmission to Jan Yueh Lian Huang, Jan. 9, 1997 (Ex. 150) (noting that "I will ask Ms. Hsia about item number 16."); *id.* at SEN 00329 (enclosure of Ernst & Young DNC donor survey). Question 16 of Huang's survey was an inquiry as to "who was the person who asked or solicited you to make this contribution." Moreover, this survey response contains a handwritten note by Matt Gorman in the response portion of Question 15—which asks "If this money was not yours, we need to know whose mney it was. Please tell us whose money was given to the DNC and give us his/her name." Gorman's note, which was written in Chinese, indicates that he will ask Maria Hsia about this question. *Id.: see generally* Gorman deposition, p. 92 (identifying authorship and content of handwritten note); Matthew Gorman, fax transmission to Maria Hsia, Jan. 11, 1997 (Ex. 151) (forwarding Huang's query about survey and requesting "Please let me know how you suggest she should respond."); Ex. 87, p. 3, ¶ 15 ("In late 1996 or early 1997, Ms. Hsia asked me to help any persons who had donated to the DNC in connection with the April 29, 1996 event who needed help in responding to questionnaires sent by Ernst & Young on behalf of the DNC."). According to Gorman, he did indeed ask Hsia about Huang's responses, but was told merely to "say whatever is true." Gorman deposition, p. 94. He could not remember whether he helped other donors "coordinate" their responses with Hsia.

[228] Siuw Moi Lian response, undated (Ex. 152).

[229] *See* Memorandum of Interview of Anonymous Chinese newspaper reporter, May 16, 1997, pp. 1–2.

[230] Hank Tseng, letter to Christopher Ford, Aug. 27, 1997 (Ex. 153); Hearing testimony, Sept. 4, 1997, pp. 167–69 & 173–81.

[231] *See* Ex. 153.

[232] Hearing testimony, Sept. 4, 1997, pp. 174–75 & 179 (remarks of Man Ho, Senator Fred Thompson, and Brian Sun).

making a brief publicity video that appeared on the Cable News Network—the full videotape record of the event with Vice President Gore on April 29, 1996 remains hidden to this day.

It has continued to be difficult to establish precisely what the Vice President claims to have known about the nature of the Temple fundraiser. At first, he claimed that he believed the Temple lunch was only a "community outreach" event.[233] Later, Vice President Gore said that he had believed it to be a "finance-related" event,[234] a term that the White House apparently now uses to describe a range of events including, but not limited to, fundraisers. More recently—after it became apparent to the Committee that no one at the White House or the DNC could ever recall seeing or using the term "finance-related" prior to the point at which the Hsi Lai Temple story first broke in the press in October 1996[235]—Vice President Gore adjusted his position again. On the day before Committee hearings on this subject, White House officials told reporters that the Vice President had actually believed it to be a "donor-maintenance" event, by which they apparently meant that he felt it to be an affair for DNC contributors at which money was *not* to be raised.[236] The Vice President has said that "no money was offered or collected or raised at the event,"[237] and he has insisted that "[i]t was not a ticketed event."[238] According to his spokeswoman Ginny Terzano, "[a]ny money collected was without our knowledge."[239]

Virtually everyone at the DNC and on the Vice President's staff, however, not only clearly understood the Hsi Lai Temple event to be a "fundraiser," but also freely and repeatedly described it as such. Indeed, the Vice President himself once referred to his DNC engagement in Los Angeles that day as a "fundraiser"—and did so at a point after which he had already accepted Hsing Yun's invitation to visit the Temple. Moreover, it is clear that both the Vice President himself and his staff members understood that whatever the event was ostensibly *called*, its purpose was to raise money for the DNC.

The Vice President was advised of this, for example, by Harold Ickes, who described the event's anticipated fundraising total to the Vice President on the day before the Vice President received his briefing notes from the DNC for the Temple visit. In fact, at least two of the guests who attended the event in Hacienda Heights on April 29, 1996 recall fundraising actually being discussed from the lectern—in the presence of the Vice President. While there are obvious reasons for the Vice President to wish to distance himself

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[233] Albert Gore, interview by Nina Totenberg for National Public Radio, Oct. 22, 1996 ("It was billed as a community outreach event . . .")

[234] *See* Brian McGrory, "Gore says he knew Buddhist event was fund-raiser; He earlier cited 'community outreach,'" *Boston Globe,* Jan. 15, 1997, at A9.

[235] According to the Vice President's scheduler Kim Tilley, in fact, the term "Finance-related event" was never used at all. Tilley deposition, p. 128 ("We would not call them DNC Finance-related events.").

[236] *See* David Stout, "Gore's Presence at Fund-Raiser Called Innocent," *New York Times,* Sept. 3, 1997, p. A19.

[237] Albert Gore interview, *supra* note 233.

[238] *See* Dan Balz, "For Vice Presdent Gore, a Term of Transition," *Washington Post,* Jan. 20, 1997, p. E31.

[239] *See* John Mintz, "Fund-Raisers Pressured Temple After Gore Visit," *Washington Post,* June 13, 1997, p. A20.

from the Temple event by claiming that he had no idea fundraising was involved, such a claim is improbable.

To understand what the Vice President really knew about the Temple, one must first understand the "dire financial situation" that faced the DNC after Republicans won majorities in Congress in 1994.[240] Without vast new infusions of money, felt the Democrats in the White House, they could not afford the expensive media campaign needed to save themselves from a similar defeat in 1996.[241] With this very much in mind, Vice President Gore resigned himself to a long and arduous season of fundraising, concluding that "we can raise the money—BUT ONLY IF—the President and I actually do the events, the calls, the coffees, etc. . . . And we will have to lose considerable time to the campaign trail to do all of this fundraising."[242]

The DNC's April fundraiser in Los Angeles was a direct result of the fundraising campaign that grew out of the perceived importance of financing the DNC's massive media campaign on behalf of the President's re-election. Since the beginning of 1996, in fact, DNC and White House officials had been planning a fundraiser for the Vice President in April of that year. In early January, for example, Ickes sent a memorandum to the Vice President outlining the DNC's proposed events for 1996. This memorandum outlined, among other things, a plan to hold a $200,000 fundraiser for Vice President Gore in Los Angeles in April; it was to be the Vice President's only one in the city that month.[243]

This initial DNC proposal for Vice President Gore's only April 1996 event in Los Angeles became increasingly specific over time in additional Ickes memoranda forwarding fundraising targets to the Vice President. On February 9, for example, another Ickes memorandum raised the anticipated fundraising goal from Gore's planned April trip to Los Angeles to $250,000, and projected its likely expense as $25,000.[244] At least by early March 1996, it appears, John Huang—now the DNC's top fundraiser among Asian-Americans—had been given responsibility for some of the upcoming events in California.[245] By March 12, Vice President Gore's scheduling staff had begun specifically to discuss possible dates for the

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[240] Deposition of David Strauss, June 30, 1997, p. 254.

[241] According to one DNC Trustee, for example, the DNC established a special media fund because the "the media campaign was going to be expensive." Deposition of Beth Dozoretz, Sept. 2, 1997, p. 56. Ultimately, the DNC spent many millions of dollars on this campaign, which the President himself identified in videotaped comments produced to the Committee by the White House,

[242] Albert Gore, "Points for Political Budget Meeting with President," undated, p. 4 (Ex. 154).

[243] This document also outlined the DNC's plan for another $200,000 April fundraiser for Gore in San Jose. This Ickes memorandum is the first planning document which the Committee has been able to locate the two April 29, 1996 fundraisers attended by the Vice President, Harold Ickes, memorandum to the President and Vice President, Jan 2, 1996, p. SCGA–00286 (Ex. 155) (identifying VPOTUS events in April listed as intended to raise "$ AMOUNT[[s]" of 200 K" in Los Angeles and another "200K" in San Jose). This document is stamped "THE PRESIDENT HAS SEEN," with a handwritten notation appearing next to this reading "1/8/96."

[244] Harold Ickes, memorandum to the President and Vice President, Feb. 9, 1996, at EOP 041361 (Ex. 156). This document is marked to indicate that the President read it on February 22.

[245] On March 7, for example, the Vice President's deputy chief of staff, David Strauss, had a telephone conversation with Huang about "events in Cal[ifornia]." David Strauss, telephone memorandum, March 7, 1996 (Ex. 157).

event, referring in internal memoranda to upcoming "DNC fundraisers in San Jose & LA" on "April 27–29." [246]

No specific location was set or even discussed for the Vice President's April fundraiser in Los Angeles, however, for some time after the initial Ickes memorandum in January that outlined the need for such an event. The first connection of a specific location to the Los Angeles fundraising trip, as we have seen, apparently came from the Vice President himself when he met at the White House with Venerable Master Hsing Yun on March 15. Vice President Gore's reference during this meeting to an upcoming trip to Los Angeles, apparently in April, could only have been to the $250,000 fundraising trip of which Ickes had advised the Vice President in his January and February memoranda: he had no other trips to Los Angeles planned between March 15 and April 29. This meeting was therefore the first time anyone at the White House had discussed a specific location in connection with Vice President Gore's April visit to Los Angeles.

Indeed, Huang and Hsia, at least, may even have *intended* the March 15 meeting with Hsing Yun to lay the groundwork for a Vice Presidential fundraiser at the Hsi Lai Temple. There is little other way, in fact, to explain the involvement of both Huang and Hsia in this meeting: Huang's job was to raise money for the DNC among Asian-Americans, and he and Hsia had been raising money together for Al Gore since 1989. Huang both requested and organized the Vice President's March 15 visit with Hsing Yun, and it was he who wrote the Vice President's briefing notes for the meeting. Furthermore, on March 13, two days before the White House meeting, the Vice President's deputy chief of staff, David Strauss, had a telephone conversation with Huang. Strauss claimed not to remember any specifics of this conversation, but he testified that it *was* related to the upcoming Hsing Yun visit at the White House.[247] Significantly, his notes of this conversation include the notation "John Huang . . . lead to a lot of $." [248]

Vice President Gore also clearly knew on March 15, 1996 that the DNC hoped to have him attend a fundraiser in Los Angeles at the end of April. Just after his meeting with Hsing Yun, his scheduler Kim Tilley asked the Vice President in an e-mail message about whether he would be interested in adding another stop on his April 29 itinerary on top of "the two fundraiser[s] in San Joe [sic] and LA." In this same message, she informed the Vice President that "[w]e've confirmed the fundraisers for Monday, April 29th." [249] The Vice President responded—also that afternoon, by this point still only some four hours after having discussed his upcoming trip to Los Angeles with Hsing Yun in accepting the Temple's invitation to visit—that "if we have already booked the fund-

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[246] Lisa A. Berg, e-mail to Kimberly H. Tilley, March 12, 1996 (Ex. 158) (discussing "Up-coming travel of the Vice President").

[247] Strauss deposition, June 30, 1997, pp. 56 & 59 (identifying telephone memorandum and adding that "in my head . . . I have this linked with the Vice President's meeting with the Venerable Master."); *id*., p. 68 ("[T]his is connected to the meeting with the Vice President. That's the linkage."); *see generally id.*, pp. 56–68.

[248] David Strauss, telephone memorandum, March 13, 1996 (Ex. 159).

[249] Kimberly H. Tilley, e-mail message to Albert Gore, March 15, 1996 (Ex. 160).

raisers, then we have to decline" invitations to add additional stops on the trip.[250]

The March 15 meeting at the White House thus set in motion the process of picking the Hsi Lai Temple as the location for Vice President Gore's April 29 fundraiser in Los Angeles. Within two weeks, the DNC had confirmed the Temple as the location and notified the Office of the Vice President of this fact: by April 3, Maura McManimon had already sent a memorandum to the White House that described the location of this event as "Hsi Lai Temple (Buddhist Temple presided over by Hsing Yun, whom the Vice President has met)."[251]

Although Vice President Gore had been sufficiently concerned about possible foreign policy embarrassments to call Hsia for reassurances before meeting Hsing Yun at the White House in March 1996, the Vice President appears to have pressed ahead with the April 29 Temple event despite the misgivings of the NSC and his own national security advisors. As the fundraiser approached, the NSC again urged "great, great caution."[252] Because of these concerns, the Department of State was consulted; it suggested certain criteria to govern the event in the interest of preventing "political exploitation by people from Taiwan." According to these rules, the Temple event was not to be billed as a "Taiwan" event but rather one "for the Chinese community of Southern California." No "Taiwan flags or KMT symbols or other signs that would be embarrassing for the VP" could be displayed at the Hsi Lai Temple, and "no Taiwan politician should be allowed to exploit the event."[253] Despite the imposition of these criteria, however, the Vice President's own national security staff suspected that the event's DNC organizers would be unable to meet them. As one aide put it, "I think it may be difficult for the sponsors to meet the three criteria suggested by State."[254] As one of Vice President Gore's national security aides, Bill Wise, warned in mid-April, "I tend to *seek the safer course* in these situations, but I suspect the VP might opt to go ahead" anyway.[255]

It has been suggested—in accounts attributing this information to Hsia after stories about the Temple scandal began to appear in the press—that Huang had planned to hold his April 29 Vice Presidential fundraiser at the Harbor Village Restaurant in Monterey Park, California, but that this fundraiser was relocated to the Tem-

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[250] Albert Gore, e-mail message to Kimberly Tilley, March 15, 1996 (Ex. 160). Both Tilley and David Strauss have said that when the Vice President sent this e-mail, he understood the April 29 event to be a fundraiser. Strauss deposition, June 30, 1997, p. 83; Tilley deposition, pp. 147–48.

[251] Maura McManimon, memorandum to Jackie Dycke, April 3, 1996 (Ex. 161) (outlining for White House luncheon in Los Angeles). The very next day, as we have seen, Hsia asked Gorman to open a file entitled "Vice President Gore Hsi Lai event April 29, 1996—DNC Fundraiser." *See supra* note 160.

[252] Robert Suettinger, e-mail message to John Norris, April 19, 1996 (Ex. 162) ("This is terra incognita to me. Certainly from the perspective of Taiwan/China balancing, this would be clearly a Taiwan event, and would be seen as such. I guess my reaction would be one of great, great, caution. They may have a hidden agenda."). Gore's schedulers had consulted with the Vice President's national security staff in order "to find out if there are any problems/ramifications with the use of the Hsi Lai Temple [sic] for the VP's DNC Lunch while in LA." Jackie Dycke, e-mail message to Tyler S. Beardsley, April 15, 1996 (Ex. 163); *see also* Jackie Dycke, e-mail message to Kimberly Tilley, April 16, 1996 (Ex. 164) ("Did you ever hear back from Bill [Wise] on Hsi Lai Temple?").

[253] John Norris, memorandum to Bill [Wise], April 16, 1996 (Ex. 165).

[254] Bill Wise, handwritten addendum to John Norris memorandum of April 16, 1996 (Ex. 165).

[255] *Id*.

ple "several days before Gore's trip."[256] Such claims of a "last-minute" switch in location are false. As the restaurant's management declared in a sworn statement given to the Committee, no one ever contacted the Harbor Village about holding an event there on April 29, 1996.[257] Even had the event initially been planned for another site, in fact, no specific location for the April 29 fundraiser other than the Hsi Lai Temple was ever discussed by or with anyone at the White House.[258]

It is clear, therefore, that the Hsi Lai Temple was the only specific location ever discussed with White House officials. Documentary evidence also makes clear that after DNC event coordinator Maura McManimon sent her April 3 memorandum to the White House specifically identifying the Temple as the location for the DNC luncheon, the White House knew that the purpose of the April 29 stop in Los Angeles was to raise money. On April 10, for example, Harold Ickes sent the Vice President another memorandum, advising him that the April 29 event would raise $250,000 and would be organized by John Huang.[259] Ickes specified further that for this event, as well as for the event in San Jose that same day, "all proceeds [would go] to [the] DNC."[260]

Ickes sent the Vice President another memorandum on April 25, 1996, once again describing the DNC as planning a fundraising event in Los Angeles on April 29—again listing John Huang as the organizer, but now describing it in more detail as a luncheon and raising its "projected revenue" to $325,000.[261] Within 24 hours of receiving this memorandum, Vice President Gore was given briefing materials from the DNC informing him that the DNC luncheon he would attend on April 29 was at the Hsi Lai Temple.[262] The con-

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[256] *See* Rich Connell and Alan C. Miller, "Principals Say Temple Event was Explicit Fund-raiser," *Los Angeles Times,* Nov. 3, 1996, p. A21 (recounting claims by "Hsia and others" that Harbor Village Restaurant fundraiser was changed to Temple "several days before Gore's trip").

[257] Diana So, letter to Special Agent Gayle Jacobs, May 20, 1997 (Ex. 166) ("Per your request, we have looked into our reservation book back to the period between February 1996 and May 1996, [and] our record shows that there was not any party organized by John Huang, Maria Hsia or Matthew Gorman in our restaurant."). A review conducted at the request of the Committee by the Vice Presidential Protective Division (VPPD) of the U.S. Secret Service also showed no "records that would relate to a planned or actual visit by the Vice President to the Harbor Village Restaurant located in Monterey Park, California. No VPPD record reflects a planned or actual visit to that site." Ex. 122, p. 2.

[258] Hsia at one point apparently possessed a draft invitation on what appeared to be DNC letterhead for a DNC event on April 29 at the Harbor Village. Invitation to DNC APALC Event (Ex. 167). This document, however, was produced to the Committee only by Hsia & Associates, and apparently exists nowhere in the files of either the DNC or the White House (suggesting that no one beside Hsia ever saw it). Moreover, Gorman could not recall when he first saw this document. Indeed, Gorman admitted that he may only have seen it *after* the Gore fundraiser, and may indeed only have learned anything about the purported Harbor Village plan from Hsia herself—or from newspaper accounts quoting her that appeared after the Temple scandal had begun to break in the press. *See* Gorman deposition, pp. 187–90. No other document or testimony suggests any other specific location for the April 29 fundraiser apart from the Hsi Lai Temple itself, and there is no evidence that any such information was ever transmitted to the White House.

[259] Harold Ickes, memorandum to the President and the Vice President, April 10, 1996 (Ex. 168), p. EOP 040782 (identifying VPOTUS event in Los Angeles on "29–Apr" having "Projected Revenue" of $250,000 and "Huang" as the staff contact). Later, this same memorandum again listed events for April as including a $250,000 fundraiser on April 29. *Id.*, p. EOP 040791.

[260] *Id.*, p. EOP 040808.

[261] Harold Ickes, memorandum to the President and the Vice President, April 25, 1996 (Ex. 169), p. SCGA–01213 & –01223 (listing fundraiser in sections describing projected April events).

[262] DNC Finance, memorandum to Office of the Vice President, April 26, 1996 (Ex. 170) (briefing notes prepared by Richard Sullivan, John Huang, and Maura McManimon), pp. D 0000027–28 (last set of notes phrased in second person [*i.e.* "you"] for Vice President Gore discussing DNC luncheon at Hsi Lai Temple).

clusion could scarcely have been more obvious.[263] From these memoranda alone, it is clear that Vice President Gore understood the Temple event to be a DNC fundraiser.

The Vice President's staff also clearly understood that the April 29 event at the Temple was a fundraiser, as attested by the numerous internal messages and memoranda discussing the upcoming April 29 "fundraiser" in Los Angeles. On April 11, in fact, his staff held a meeting in Kimberly Tilley's office to discuss the upcoming "fundraising events on April 29."[264] Despite later White House claims that the Temple fundraiser was "not a ticketed event,"[265] at this April 11 meeting, Vice Presidential scheduler Jackie Dycke handed out copies of a document she had prepared showing that the upcoming April 29 luncheon at the Temple in Hacienda Heights had a "ticket price" of $1,000 to $5,000 a head.[266] This document was prepared on the basis of information given her by the DNC. Throughout the rest of April, internal White House e-mail traffic continued to refer to the upcoming Los Angeles "fundraiser,"[267] the last of such references being on April 24, less than a week before the event was to occur.[268]

Everyone on the Vice President's staff involved with the Temple event thus knew exactly what was to occur. Despite the Vice President's claim that the staffers who accompanied him did not know that the event was a fundraiser,[269] Gore staffer Caren Solomon, who accompanied him on this trip,[270] had been sent an e-mail by scheduler Jackie Dycke discussing the upcoming "fundraiser" and inviting her to the meeting at which Dycke's "ticket price" memo had been distributed.[271]

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[263] Nor is there any question that the Vice President received this and other memoranda from Ickes. As Gore's executive assistant Heather Marabetti testified, while the Vice President's staff generally culled his "inbox" in order to remove documents that were not of the utmost importance, Ickes' memoranda always "stayed in the inbox" so as to receive personal Vice Presidential attention. Deposition of Heather Marabeti, Sept. 3, 1997, pp. 66–67.

[264] *See, e.g.,* Jackie A. Dycke, e-mail to R. Martinex et al., April 10, 1996 (Ex. 171) ("As you know, the VP is going to San Jose and LA for DNC fundraising events on April 29. . . . We are going to have a meeting at 2:15 p.m. TOMORROW (Thursday) in Kim Tilley's office (Room 285) to discuss everything that is out there for this California trip."). This e-mail was sent to no fewer than 11 people on Vice President Gore's staff: R. Martinez, John Emerson, Kim Tilley, Julie Payne, Karen Skelton, Ellen Ochs, Wendy Hartman, Caren Solomon, Dennis Alpert, David Thomas, and Kim Hopkins.

[265] *See supra* text accompanying note 238.

[266] Current Schedule for April 29, April 11, 1996 (Ex. 172), p. EOP 056497 (describing "DNC Luncheon in LA/Hacienda Heights: 1000–5000 head/150–200 people" and "Reception in San Jose 150–200 guests/ticket price working out"); Deposition of Jacqueline Dycke, Aug. 8, 1997, p. 66.

[267] *See, e.g.,* Ex. 162 (John Norris, e-mail message to Robert Suettinger, April 15, 1996) ("Hsing Yun has invited the VP to visit the Hsi Lai Temple in LA. Hsing Yun would host a fundraising lunch for about 150 people in the VP's honor.").

[268] John B. Emerson, e-mail to Bill [Wise], April 24, 1996 (Ex. 173) (listing Vice Presidential travel "LA— . . . DNC funder for lunch; then to San Jose for TV workshop event and funder").

[269] Albert Gore interview *supra* note 233 ("I did not know that at the time. The people with me did not.").

[270] Schedule for the Vice President, April 29, 1996 (Ex. 174), at EOP 007195–96 (showing Solomon on manifest for Marine II, Air Force II, and Los Angeles motorcade).

[271] Ex. 171 (reference to "LA . . . DNC fundraising event[] on April 29" and invitation to meeting to discuss trip, sent to Solomon). The Minority has tried to argue that a line-by-line analysis of the briefing notes and the daily schedule given to the Vice President for the Temple event—and a comparison between these documents and those that accompanied certain other DNC events—would have suggested to him that it was not, in fact, a fundraiser. This reasoning is entirely spurious. As Deputy Chief of Staff David Strauss testified, the Vice President's briefing materials for fundraisers did *not* always include information indicating that they were fundraisers and did *not* always indicate the amount to be raised. *See* Deposition of David Strauss deposition, Aug. 14, 1997, p. 240. Gore scheduler Ladan Manteghi testified similarly, conceding that *not* all fundraisers were described as such on the Vice President's schedule and that this

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Moreover, Vice President Gore was apparently reminded that the April 29 luncheon was a fundraiser at the Temple itself. At least two of the guests who ate lunch with the Vice President in the Temple's dining hall on April 29 recall specifically that DNC fundraising was actually discussed from the podium after lunch. Daniel Hesse, for example—one of the two INS officials invited by Matthew Gorman as a non-paying "VIP guest" of Hsia—told the Committee that at some point during the Vice President's introductions by Don Fowler and Bob Matsui, "one speaker commented that 'they had raised X amount of dollars.'"[272] More explicitly, Sherry Shaw, who sat at Table 8,[273] recalls that one of the luncheon speakers took the podium and reassured the assembled guests that "they" had "double-checked," and that it was "O.K. to give contributions at the Hsi Lai Temple."[274] She said that the man who made this comment "had a Japanese last name."[275] Vice President Gore was thus reminded of the event's fundraising purpose *at the event itself,* by the very DNC official who introduced him.[276]

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In sum, it was or should have been obvious to everyone involved, including the Vice President, that the Hsi Lai Temple luncheon on April 29, 1996 was a DNC fundraiser. It is also now clear that most of the fundraising that occurred in connection with the Tem-

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schedule would usually *not* include indication of monetary amounts to be collected at fundraising events. Deposition of Laden Manteghi, Aug. 26, 1997, p. 33.

[272] Memorandum of Interview of Daniel Hesse, Aug. 5, 1997, p. 2.

[273] Ex. 132, p. 3. According to this list, Sherry Shaw's husband Gary sat at the head table with Vice President Gore. (Shaw is a naturalized U.S. citizen from the People's Republic of China, and gave $5,000 to the DNC at this Temple event.)

[274] Sherry Shaw, sworn statement submitted to the Governmental Affairs Committee, Aug. 21, 1997 (Ex. 175). This story of "double-checking is generally corroborated by several other sources, among them Man Ho, Yi Chu, and Man Ya Shih—who have stated that the Temple had been advised prior to the event that the DNC had indicated that the Temple could host the luncheon even and that the holding of the event would not jeopardize the Temple's tax-exempt status because it was not unprecedented to hold such activities at a religious venue.

Joint Statement of Venerable Man-Ho Shih, Venerable Man-Ya Shih, and Venerable Yi-Chu on Behalf of Themselves and the Hsi Lai Temple/Fo Kuang Shan Order, Sept. 4, 1997, p. 10 (Ex. 176). According to Man Ho, furthermore, Maria Hsia told a press conference after the Vice President's visit on April 29, 1996 that the White House had specifically approved holding this sort of event at the Temple. *See* Man Ho deposition, pp. 182–83. This account of Hsia's comments at the press conference is also corroborated by contemporaneous Chinese-language press coverage. *See* "Gore visits Hsi Lai Temple on the 20th" April 24, 1996 [translation of newspaper article by SA Becky Chan for the Governmental Affairs Committee], p. 1 (Ex. 177), ("After being briefed, the White House saw no conflict in Gore attending a fund raiser at a religious facility."); Wong Mei, television news broadcast [translation and transcription from videotape produced by Hsi Lai Temple by SA Becky Chan for the Governmental Affairs Committee] (Ex. 178) ("After being briefed, the White House saw no inappropriateness in a fundraiser held at a religious institution; therefore, the White House agreed on Gore's visit."); *see also* Memorandum of Interview of Anonymous Chinese newspaper reporter, May 16, 1997, p. 2 (giving similar account).

[275] Ex. 175 (Noting that man who made comments had "a Japanese name"). This presumably identifies the speaker as DNC Treasurer Robert Matsui, the only Japanese-American to address the assembled guests and the official who introduced Vice President Gore. Representative Matsui, however, citing "constitutional" considerations, has refused to discuss with the Committee any comments he may have made at any point. *See* Stanley Brand, letter to Paul Robinson, June 9, 1997 (Ex. 179).

[276] *See* April 29 Lunch: Event Procedures, undated ("Bob Matsui will introduce Vice President after Don Fowler's speach [sic].") (Ex. 180); Handwritten note from Hsia & Associates files, undated (Ex. 181) ("Order of speeches: (1) M Hsing Yun (2) Don Fallow [sic] (Chairman) (3) Bob Mats. (4) VP Gore"). These remarks at the Vice President's luncheon may help explain the mysterious disappearance of the videotape taken by King & I Productions of the of the April 29 event at the Hsi Lai Temple. As Man Ho explained in her testimony before the Governmental Affairs Committee, the videographers were told not to videotape the speeches after lunch but apparently exceeded their instructions. *See* Man Ho testimony, pp. 176–77. After the company did record the speeches however—apparently including the abovementioned discussions of DNC fundraising that clearly show the Vice President to have known the nature of the Temple event—the Temple may have found it necessary to conceal the tape.

ple event was illegal—and that the donation-laundering orchestrated by Maria Hsia and carried out by Temple officials in connection with the Vice President's visit was not an aberration. Rather, it was part of a longstanding pattern of illegality undertaken in support of Democratic candidates in national elections that was established at least as early as September 1993 with the laundering of donations to the DNC in connection with another Vice Presidential event organized by Hsia and John Huang. More broadly, the Temple donation-laundering in 1996 was the culmination of a longstanding relationship of mutual assistance between Maria Hsia, John Huang, and the Vice President having its origins in the trip to Taiwan organized in late 1988 as part of James Riady's agenda for the Pacific Leadership Council.[277]

[277] This close relationship between Hsia and covered persons under the Independent Counsel Act creates a "political conflict of interest" for the Attorney General that warrants the seeking of the appointment of an independent counsel under 28 U.S.C. § 591(c)(1). *See* the section of the report on Charlie Trie and Ng Lap Seng's illegal fundraising.

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THE CHINA CONNECTION: SUMMARY OF THE COMMITTEE'S FINDINGS RELATING TO EFFORTS OF THE PEOPLE'S REPUBLIC OF CHINA TO INFLUENCE U.S. POLICIES AND ELECTIONS

INTRODUCTION

From its earliest stages, the Committee's investigation uncovered instances of political contributions made with foreign money. Either contributing or soliciting this money have been individuals with business or political ties to the PRC, who have escorted PRC officials and businessmen to meetings with President Clinton and Vice President Gore, and who have otherwise facilitated efforts to shape United States policy towards China. The intelligence portion of the Committee's investigation sought to determine whether the foreign contributions and the PRC ties were mere coincidence, or if the PRC was in some way behind any foreign political contributions.

What the Committee learned was derived not from cooperative witnesses or the PRC, but from gathering information from our law enforcement and intelligence agencies and open sources, and piecing it together. Although the Committee received and reviewed a vast amount of information, there are nevertheless gaps in what the Committee has gathered. And describing these gaps might lead to the inadvertent disclosure of certain sources and methods used to obtain information about Chinese efforts. Mindful of these gaps, the Committee has endeavored to report what it has learned faithfully and accurately.

The Committee's investigation in this area of necessity proceeded behind closed doors. Virtually all of the information gathered by the Committee was classified, much of it at top secret and compartmented levels. The Committee took extraordinary steps to protect the information from disclosure, including limiting access to the information to Members and a very small number of appropriately cleared staff, using secured facilities to maintain materials and to hold briefings, meetings, and hearings, and acceding to numerous special restrictions placed by the intelligence agencies regarding the handling of the information. The Committee was also restricted as to what could be presented in public hearings because of the classified status of much of the relevant information. The same restrictions constrain what can be shared in this report.

Although hampered by time constraints and spotty cooperation from some federal agencies, the Committee has gathered significant information. The Committee determined from U.S. law enforcement and intelligence agencies and open sources that the PRC government fashioned a plan before the 1996 elections and that its goal was to influence our political process, ostensibly through stepped-up lobbying efforts and also funding from Beijing. Over time, the plan evolved and the PRC engaged in much more than

simply "lobbying." Indeed, discussions took place and actions were taken that suggest more than the original plan was being executed, and that a variety of PRC entities were acting to influence U.S. elections.

What follows is a discussion of the Majority staff's work and the Committee's findings in this area. The discussion first provides context for why the Committee pursued this subject, by describing early media accounts of alleged foreign activities and briefings provided in 1996 by the FBI to Members of Congress and the White House. Next, it addresses in abbreviated form some of the significant connections between the campaign finance investigation and the Greater China area [1], including the ties specific figures have to the PRC government. It then lays out what the Committee learned about the existence of a "China plan," and about other, possibly-related activities undertaken by the PRC government, as well as information regarding the implementation of the plan. Throughout the discussion, the Committee describes the significance it sees in all of this.

Owing to the sensitivity of the subject, the Committee has been unable to share with the American people most of the documentary or testimonial evidence that supports the following discussion, nor can it do so now. Moreover, the Committee will be unable to address the subject matter publicly much beyond the precise wording of the discussion that follows. However, a longer, more detailed, and classified account of the Committee's findings has been prepared and will be maintained in secure environs.

INITIAL INDICATIONS OF CHINESE EFFORTS TO INFLUENCE THE 1996 CAMPAIGNS

During the investigation's earliest stages, several seemingly well-sourced press reports described the fund-raising efforts of overseas Chinese in this country and speculated on their possible relationships to the PRC. On February 13, 1997, the *Washington Post* first reported a link between foreign campaign money and the PRC government.[2] Citing "officials familiar with the inquiry," the article alleged, "A Justice Department investigation into improper political fund-raising activities has uncovered evidence that representatives of the People's Republic of China sought to direct contributions from foreign sources to the Democratic National Committee before the 1996 presidential campaign." The *Post* observed that criminal investigators "suspected a Chinese connection to the current fund-raising scandal because several DNC contributors and major fund-raisers had ties to Beijing," and identified, in particular, Yah Lin "Charlie" Trie and John Huang.

Other media stories preceding the start of the Committee's public hearings in July reported additional details on covert Chinese plans to fund political contributions in this country. The *New York Times* on March 13, 1997 wrote that "surreptitiously monitored" conversations between Chinese officials here and in Beijing "sug-

[1] For the purposes of this report, the term "Greater China" encompasses territories claimed or recently acquired by the PRC, including Hong Kong, Macao, and the Republic of China on Taiwan.

[2] Bob Woodward and Brian Duffy, "Chinese Embassy Role in Contributions Probed," Washington Post, February 13, 1997, p. A1.

gested that Beijing was prepared to take a drastic step: illegally funneling money to American politicians."[3] *Time* reported in March that "provocative" communications among Chinese officials picked up by American intelligence "indicated that front companies for the Chinese government might try to funnel cash."[4] Who might have directed this? According to the *Washington Post*, "top" Chinese officials approved plans "to attempt to buy influence with American politicians," and the plans continued through 1996 and to the present.[5]

Additional stories indicated the FBI had commenced a foreign counterintelligence probe of the matter in 1996, briefing six Members of Congress regarding the Bureau's belief "that the government of China may try to make contributions to Members of Congress through Asian donors."[6] The Bureau later briefed a seventh Member in October 1996. The FBI also told the White House about the Chinese plan in June 1996, when FBI agents briefed two representatives of the National Security Council. The FBI briefings described illegal plans for the clandestine funding of American political campaigns.

INITIAL INDICATIONS WERE CONSISTENT WITH WHAT THE COMMITTEE WAS DISCOVERING ABOUT FOREIGN MONEY BEING FUNNELED INTO THE 1996 ELECTIONS

Early in the investigation, Committee staff discovered a number of money trails that led from the DNC and other Democratic causes back overseas, and, particularly, to Greater China. The trails wend their way from foreign countries through one bank account after another, ending up mainly in DNC coffers. Committee staff traced some of these trails backwards as far as the transaction—generally a wire transfer—that brought into the United States funds eventually used to make political contributions.[7]

Committee staff identified several instances of foreign money donations connected to six individuals with ties to the PRC. As noted below, John Huang, Maria Hsia, Ted Sioeng, and James and Mochtar Riady each have been associated in some way with the Government of China. The sixth, Yah Lin "Charlie" Trie, is a business partner of Ng Lap Seng, a Macao businessman with alleged ties to the PRC. Trie, who recently was indicted and arrested, escorted Wang Jun, head of China's principal arms trading company, Polytechnologies, to a February 6, 1996 coffee with President Clinton and a meeting the same day with Commerce Secretary Ron Brown.

In 1996, John Huang solicited some $3.4 million in contributions to the DNC. Nearly half this amount has been returned as the con-

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[3] David Johnston, "U.S. Agency Secretly Monitored Chinese in '96 on Political Gifts," New York Times, March 13, 1997, p. A1.

[4] Richard Lacayo, "What Did China Want?", Time, March 24, 1997, p. 48.

[5] Bob Woodward, "Top Chinese Linked to Plan to Buy Favor," Washington Post, April 25, 1997, p. A1.

[6] Brian Duffy and Bob Woodward, "FBI Warned Six on Hill About China Money," Washington Post, March 9, 1997, p. A1. *See also* Lacayo, *supra*, p. 49.

[7] Although in several cases Committee staff members identified a foreign account that served as the source of a contribution to the DNC, they could not continue back to the actual trailhead when it was located overseas since the Committee held no authority to compel production of foreign bank records. Hence, whether a contribution that entered the U.S. from an account in China, Hong Kong, Taiwan, Macao, Indonesia, or some other country was connected in some way to the PRC government could not be determined from an examination of the records.

tributions were determined by the DNC to have been made with actual or suspected foreign funds. In September 1993, Huang wrote three checks to the DNC, each in the amount of $15,000, each paid with foreign money. The checks were drawn on the accounts of three Lippo Group subsidiaries—Hip Hing Holdings, San Jose Holdings, and Toy Center Holdings. At the time the checks were written, all of the companies were losing money and operating in the red. Hearing testimony from a Huang coworker indicates the money for the three contribution checks came from Lippo accounts in Jakarta.[8] In short, the 1993 checks Huang signed were paid with foreign money.

Huang's $45,000 in DNC contributions was made in close proximity to occasions when Huang may have arranged for Vice President Gore to meet Shen Jueren, the head of a commercial enterprise wholly owned and operated by the PRC's Ministry of Foreign Trade and Economic Cooperation. Called China Resources Holdings, Shen's company has been identified as a PRC intelligence-gathering operation; one with reported ties to the People's Liberation Army.[9] On Friday, September 24, 1993—the day after Huang wrote the first two $15,000 checks to the DNC—Huang escorted Shen Jueren to the White House, where Shen met with Gore's chief of staff, Jack Quinn, and may have met with Gore as well. The following Monday, September 27, 1993, Huang wrote another $15,000 check to the DNC. On the same day, at a Santa Monica event organized by Huang and Maria Hsia, Shen Jueren may have met again with Vice President Gore.

The Riadys were Huang's patrons and supporters throughout his careers at Lippo and later the Department of Commerce and the DNC. In fact, James Riady attended a small meeting in the Oval Office on September 13, 1995, at which President Clinton was asked if he would help Huang move from Commerce to the DNC. President Clinton acceded to the request, and by the end of the year, Huang became the DNC's vice-chairman of finance, a position created especially for him. The Riadys were also for many years generous supporters of President Clinton and the DNC.

Maria Hsia was involved in soliciting contributions to the DNC that were laundered through several Buddhist monks and may have derived from foreign sources. Once the figures had been tallied for the April 29, 1996 Hsi Lai Temple fund-raiser attended by Vice President Gore, it became apparent that the event had not generated the level of contributions expected by the DNC. As a result, DNC Finance Director Richard Sullivan asked Huang to "get some California money in."[10] Huang turned to Maria Hsia, who engineered a scheme whereby some $55,000 was contributed to the DNC by temple monastics who, in turn, were reimbursed out of the Temple's general expense account. The source of the Temple's money is believed to be Buddhist devotees and may derive from overseas.

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[8] Testimony of Juliana Utomo, July 15, 1997.

[9] Nicholas Eftimiades, Chinese Intelligence Operations, p. 80 (1994). Eftimiades writes that China Resources traditionally has a PRC military officer installed as a vice president. It should be noted that, in 1993, China Resources purchased a 50% share of the Hong Kong Chinese Bank from the Lippo Group.

[10] Deposition of Richard Sullivan, June 25, 1997, pp. 45–46.

Ted Sioeng was one of the DNC's largest contributors during the 1996 federal election cycle. He is also distinguished as the DNC donor whose contributions are linked perhaps the most clearly to foreign sources. Sioeng, his family, and his business enterprises contributed $400,000 to the DNC in 1995 and 1996. Through a review of bank records, the Committee has determined that at least half, or $200,000, of the DNC contributions was funded by transfers from overseas accounts. In each case, money was wired into a Sioeng family account in the U.S. from the account of a Hong Kong company. Although the Committee knows little about the foreign companies that funded Sioeng's operations in this country, one of the businesses, Mansion House Securities, is believed to be owned in part by the Chinese government.

Yah Lin "Charlie" Trie also solicited large amounts of foreign money. In Trie's case, the cause was the Presidential Legal Expense Trust, set up to help satisfy the legal bills incurred by President and Mrs. Clinton. In March 1994, Trie brought nearly half a million dollars in small-denomination checks and money orders to the law office administering the Trust. The checks and money orders, it turned out, were written by followers of a Buddhist Sect called Suma Ching Hai. Many of the followers were reimbursed in the amount of their contributions. Ultimately, the reimbursement money came from accounts in Taiwan and Cambodia.

None of the aforementioned individuals would speak to the Committee about their fund-raising activities. Sioeng left the country soon after the campaign finance scandal broke. The Riadys likewise have stayed out of the United States, and declined to meet with Committee staff working in Indonesia. Huang and Hsia have remained in this country but have both asserted their Fifth Amendment privilege against self-incrimination. Trie initially left the country but recently returned and was arrested. He was indicted on January 28, 1998 and charged on 15 counts, including conspiracy to defraud the DNC and the United States. The indictment charges Trie with participating in the conspiracy by, among other things, purchasing access to high level government officials through contributions made to the DNC.

CAMPAIGN CONTRIBUTORS' PRC CONNECTIONS

Information obtained by the Committee reveals close ties between the PRC and many of the individuals who produced or facilitated foreign campaign contributions. And these individuals—Ted Sioeng, Maria Hsia, John Huang, and James and Mochtar Riady—interacted with one-another with some frequency. Their paths appear to have crossed most often when they were engaged in fundraising or contributing money to the Democratic National Committee.

Ted Sioeng.[11] The Committee has learned that Sioeng worked, and perhaps still works, on behalf of the Chinese government. Sioeng regularly communicated with PRC embassy and consular officials at various locations in the United States, and, before the campaign finance scandal broke, he traveled to Beijing frequently

[11] *See also* chapter of report on Ted Sioeng.

where he reported to and was briefed by Chinese communist party officials.

The Committee is aware of a handful of activities Sioeng undertook at the request of or with support from the PRC government. Perhaps the most significant of these activities was Sioeng's purchase in late 1995 of *The International Daily News*, a Chinese-language newspaper based in Los Angeles. Prior to Sioeng's purchase of a controlling interest in the paper, *The International Daily News* had a pro-Taiwan slant. Sioeng changed that by bringing in new people and altering the paper's ideology to conform with the views of the PRC government. After purchasing the paper, Sioeng subsidized it heavily, which was necessary due to its operating losses. Sioeng financed the purchase and subsidization of the paper through transfers of funds from Hong Kong accounts.

Sioeng and his family and business interests played a large role in the 1996 elections. They spent over $550,000 on political campaigns and organizations in 1995 and 1996, including $400,000 on the Democratic National Committee and $50,000 on the National Policy Forum. As discussed in greater detail elsewhere,[12] the Committee has subpoenaed and reviewed voluminous bank and business records relating to Sioeng, his family, and their businesses. The Committee has traced much of the money for these contributions to bank accounts in Hong Kong but no further. Hence, the Committee does not know whether these contributions derived from or were directed by the PRC government. Records reveal that the PRC consulate in Los Angeles paid Sioeng's Hollywood Metropolitan Hotel $3,000 by a check dated March 22, 1996.[13] The Committee has concluded that the PRC consulate provided Sioeng the money for the purpose of making or reimbursing a political contribution to Dr. Daniel Wong, a Republican who ran for the California State Assembly. It appears that the PRC money was in fact used to make or reimburse a contribution to Wong in the amount of $5,000.[14] Committee staff have no means to determine what other funds might have been provided to Sioeng by the PRC government through transfers among foreign accounts.

Ted Sioeng controls a business empire estimated to be worth approximately $500 million. The Committee has learned that Sioeng considered spending a portion of his considerable wealth to support lobbying efforts approved by PRC officials.

Maria Hsia.[15] The Committee has learned that Hsia has been an agent of the Chinese government, that she has acted knowingly in support of it, and that she has attempted to conceal her relationship with the Chinese government. The Committee has also learned that Hsia has worked in direct support of a PRC diplomatic post in the U.S.

As described elsewhere in the report, Hsia has been a significant figure in the Committee's investigation, and the Committee has conducted numerous interviews and depositions and examined voluminous records relating to her. Hsia first met Vice President

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[12] *Id.*

[13] $3,000 Bank of China check from the Consulate General of the People's Republic of China to the Hollywood Metropolitan Hotel, March 22, 1996. (Ex. 1).

[14] $5,000 Grand National Bank check from Sundari, Sandra, and Laureen Elnitiarta to Dr. Daniel Wong, February 15, 1996. (Ex. 2).

[15] *See also* chapter of report on Maria Hsia and the Hsi Lai Temple.

Gore in the late 1980s, and organized a trip he attended to Taiwan in 1989. She has raised money for the Democratic Senatorial Congressional Committee ("DSCC"), and lobbied to have DSCC contributions earmarked for then-Senators Gore and Simon. On September 27 1993, she attended the Santa Monica, California event with John Huang where Shen Jueren may have met Vice President Gore. In connection with that meeting, Hsia contributed $5,000 in money illegally laundered through the Hsi Lai Temple.

Hsia has a long standing relationship with the Hsi Lai temple. She, with Huang, organized the April 1996 fund-raiser held there and attended by Vice President Gore, and laundered thousands of dollars illegally through temple clerics in connection with the event. The Committee has identified over $130,000 in political contributions illegally laundered through temple monastics at Hsia's direction.

The Committee has received information that Hsia worked with Ted Sioeng and John Huang to solicit contributions from Chinese nationals in the United States and abroad for Democratic causes. Hsia and Huang, in particular, worked together to identify non-U.S. citizens overseas who might contribute money to Democratic causes.

John Huang.[16] Since well before its hearings began, the Committee focused on John Huang. The goal was to understand why an executive at a small California bank (owned by a large Indonesian conglomerate), who raised money prolifically for the Democratic party and was rewarded with a political appointment at the Department of Commerce, was so often and well received by President Clinton and his staff. The Committee's interest was further piqued by the fact that to date, the DNC has returned half of the money Huang raised in 1996. The DNC has been unable to verify that these funds derived from a legal, domestic source.

The Committee has examined in detail Huang's activities at Lippo, Commerce, and the DNC. A single piece of unverified information shared with the Committee indicates that Huang himself may possibly have had a direct financial relationship with the PRC government. The Committee's information is not corroborated, but nevertheless it adds to concerns regarding Huang's activities at Commerce, which were a focus of Committee hearings in July 1997 and are discussed elsewhere in this report.[17]

James and Mochtar Riady.[18] The Committee has learned from recently-acquired information that James and Mochtar Riady have had a long-term relationship with a Chinese intelligence agency. The relationship is based on mutual benefit, with the Riadys receiving assistance in finding business opportunities in exchange for large sums of money and other help. Although the relationship appears based on business interests, the Committee understands that the Chinese intelligence agency seeks to locate and develop relationships with information collectors, particularly persons with close connections to the U.S. government.

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[16] *See also* chapters of report on the Lippo Group, John Huang at the Department of Commerce, and Huang's hiring by the DNC.

[17] *See* chapter of report on John Huang at the Department of Commerce.

[18] *See also* chapters of report on the Lippo Group, John Huang at the Department of Commerce, and Huang's hiring by the DNC.

The Riadys are central figures in the campaign finance scandal for several reasons. First, they have close ties with President Clinton. James and Mochtar Riady have known President Clinton since the mid-1980s when they held a controlling interest in the Worthen Bank. The Riadys have visited Clinton in the White House on several occasions. Second, the Riadys were heavy contributors to the DNC and other Democratic causes. They made and solicited significant contributions directly in connection with the 1992 elections; subsequently, various Riady businesses, associates, and employees did likewise. Third, they were the employers of John Huang, whom they helped place at the Department of Commerce, then the DNC.

THE COMMITTEE LEARNS OF A "CHINA PLAN" AND OTHER, POSSIBLY RELATED EFFORTS

The foregoing indicates that large amounts of money were funneled from accounts in Greater China into the DNC by individuals who had close ties to the PRC. This activity takes on greater import when viewed in light of the fact that the PRC government had developed and implemented plans to influence the U.S. political process before most of the aforementioned contributions were made. The Committee first learned of these efforts early in the investigation.[19]

To understand the plan one needs to appreciate the context from which it emerged. The plan is intertwined with the state of America's relationship in recent years with the PRC and the Republic of China on Taiwan. Although the United States maintains no official ties with the government on Taiwan, Taipei's views have long influenced U.S. diplomatic relations with the PRC. This is largely because Beijing considers Taiwan a rogue province and suspects it of seeking independence from the mainland.

In May 1995, Lee Teng-hui, President of the Republic of China on Taiwan, was granted a visa to visit the United States. Caught off-guard, Beijing was quick to voice its outrage and to engage in a series of overt retaliatory measures. China suspended arms control talks with Washington, postponed cross-Strait talks with Taiwan, canceled official visits to and from the United States, amassed troops along the coast facing Taiwan, and recalled its ambassador to the United States.

But not all of China's reactions were overt. Secretly, Beijing worked to prevent similar diplomatic surprises from occurring in the future. After President Lee's visit, high-level PRC government officials devised plans to increase China's influence over the U.S. political process and to be implemented by PRC diplomatic posts in the U.S.

Some of Beijing's efforts appear relatively innocuous, involving learning more about Members of Congress, redoubling PRC lobbying efforts in the U.S., establishing closer contacts with the U.S. Congress, and funding from Beijing. But the Committee has learned that Beijing expected more than simply increased lobbying from its diplomatic posts in the U.S. Indeed, as the Committee examined the issue in greater detail, it found a broad array of Chi-

[19] Senator Thompson made a public statement on July 8, 1997, disclosing the existence of a China plan and related activities. The CIA and FBI edited the statement and authorized its public disclosure.

nese efforts designed to influence U.S. policies and elections through, among other means, financing election campaigns.

The Committee's understanding of the plan derives from U.S. law enforcement and intelligence agencies, open sources, and the Committee's own investigative efforts. It is important to understand that there is no consensus among the agencies concerning where the plan ends and other PRC activities in this country begin. The Committee has learned in sobering detail of a wide range of covert PRC efforts in the U.S. and overseas designed to influence elections in this country. Many of these activities may or may not have been part of a single, coordinated effort. Regardless, a coordinated approach may have evolved over time. Other efforts, though undertaken by PRC government entities, have been characterized as rogue activities. Such fine distinctions fall beyond the scope of this report.

EVIDENCE EMERGES THAT THE PLAN WAS IMPLEMENTED AND OTHER EFFORTS WERE UNDERTAKEN BY THE PRC

The Committee has identified specific steps taken in furtherance of the plan. Implementation of the plan has been handled by PRC government officials and individuals enlisted to assist in the effort. Activities in furtherance of the plan have occurred both inside and outside the United States.

Through the plan and related efforts, the PRC government aimed to increase China's influence in the United States. Some of the efforts were typical, appropriate steps foreign governments take to communicate their views on United States policy. They included retaining lobbying firms, inviting more Congresspersons to visit China, and attempting to communicate Beijing's views through media channels in the United States. However, other efforts appear illegal under U.S. law. Although most discussion of PRC activities focused on Congress, the Committee's investigation suggests that China's efforts involved the 1996 Presidential race and state elections as well. The Committee has received information that the government of China may have allocated millions of dollars in 1996 alone to achieve its objectives.

The Committee has learned of several activities China undertook to influence our political processes during the 1996 election cycle. Some of these include:

- A PRC government official devised a seeding strategy, under which PRC officials would organize Chinese communities in the U.S. to encourage them to promote persons from their communities to run in certain state and local elections. The intent behind the seeding program was to develop viable candidates sympathetic to the PRC for future federal elections;
- The Government of China established the "Central Leading Group for U.S. Congressional Affairs" to coordinate China's lobbying efforts in this country. President Jiang Zemin approved the Group's creation;
- A U.S. agency received fragmentary reporting relating to China's efforts to influence the U.S. Presidential election. The information is considered part of a criminal investigation and cannot be discussed with the Committee further;

- PRC intelligence officials discussed increasing China's lobbying efforts in the United States and planned to raise millions of dollars to support those efforts. PRC officials met with one or more Chinese businessmen residing outside of mainland China to discuss raising the money and how it would be spent;
- PRC officials discussed financing American elections through covert means;
- A politically-sensitive transfer of funds may have occurred to a PRC-controlled account in the U.S.;
- A PRC official involved in a discussion concerning Chinese lobbying efforts indicated an awareness that money placed in U.S. banks can be traced by U.S. law enforcement officials;
- A PRC official encouraged Chinese-Americans to make political contributions and contact their Congressmen; and
- Beijing was angered that its diplomatic officials in the U.S. failed to forewarn the Mainland about the burgeoning campaign finance scandal and that those officials were not aware of Chinese who went to Washington, D.C. for the purpose of lobbying or making political contributions.

These activities show that several different PRC government entities joined the effort to involve themselves in U.S. elections and that the PRC went well beyond lobbying to achieve its goals. Whether or not all of this was contemplated at the outset by high-ranking Chinese officials or simply evolved over time, it nevertheless happened, and in a clandestine manner.

SUMMARY

It is clear that illegal foreign contributions were made to the DNC and that these contributions were facilitated by individuals with extensive ties to the PRC. The original sources of many of these contributions were bank accounts in the Greater China area.

It is also clear that well before the 1996 elections, officials at the highest levels of the Chinese government approved of efforts to increase the PRC's involvement in the U.S. political process. There are indications that the plan or parts of the plan and possibly-related PRC activities were implemented covertly in this country. The individuals who facilitated the contributions have either elected to take the Fifth Amendment or flee the country. Beijing has denied the Committee's request for assistance. Moreover, after its hearings concluded, the Committee learned that the Chinese leadership was pleased no PRC agencies have yet been implicated in the campaign finance scandal.

While the Committee still cannot determine conclusively whether the PRC funded, directed, or encouraged the illegal contributions in question, all of the information related herein, taken together, constitutes strong circumstantial evidence that the PRC government was involved. In addition, there are indications that Chinese efforts in connection with the 1996 elections were undertaken or orchestrated, at least in part, by PRC intelligence agencies. It is likely that the PRC used intermediaries, particularly with regard to political contributions. This is so because only U.S. citizens or legal permanent residents can contribute lawfully to political parties and campaigns. Moreover, the use of businesses and individuals as intermediaries is increasingly common among Chinese intelligence

and military organizations.[20] Given the way the PRC exercises control over certain businesses and individuals, it hardly would be surprising to learn that the PRC directed overseas Chinese to contribute to particular parties or candidates. In addition to furthering the goals of the PRC plan, such actions would seem within the capabilities of a government able to implement private espionage and intelligence-gathering activities.

Throughout its investigation, the Committee has firmly believed it is important for the American people to be made aware of as much of the information set forth in this section of the report as possible. Yet, getting to the bottom of such matters and also sharing the Committee's findings has been an extremely difficult process. The first difficulty derives from the nature of the information itself. Some of the information provided to the Committee requires the protection of sources and methods used to gather it, which has placed significant limits on the Committee's ability to discuss these matters publicly. That protection is a legitimate concern, but it has come at the cost of curtailing public knowledge and debate. The Justice Department for the most part would not reveal matters that were the subject of its ongoing criminal investigation. While Justice's concern is understandable, it limits Congressional oversight and makes it even more important that prosecutorial decisions be handled in a way that ensures public confidence.

The second difficulty is more complex and, ultimately, more troublesome. The Committee dealt at length with various law enforcement and intelligence agencies in developing portions of the information set forth above and observed a recurring problem: the failure to share relevant, classified information. The failure meant that no one agency had a complete picture of all the relevant information in a particular area and, indeed, a given agency might be unaware of all the relevant information it held within its various sections or departments. The clearest example of this involved the FBI and the Justice Department. In two major instances FBI headquarters and Justice were unaware of crucial information located in FBI field office files, information months and sometimes years old. The information came to light only as a result of persistent Committee probing. These lapses are currently the subject of a Department of Justice Office of Inspector General (OIG) investigation. The Committee has cooperated with OIG investigators and will continue to monitor their progress. The inability of the Bureau to locate certain intelligence information denied the campaign finance criminal task force timely access to important classified materials. By the time the information was surfaced and passed along, some or all of it might have grown stale.

It is the Committee's hope that, for the sake of future criminal investigations, steps are taken by intelligence and law enforcement agencies to ensure that such lapses do not reoccur. In that regard,

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[20] Eftimiades, *supra*, pp. 27-43. It is also well-established that the PRC wields influence over a wide range of entities and individuals, many of whom conduct business directly with the PRC. One area in which the PRC employs businesses is economic espionage. State-owned or controlled companies—particularly those controlled by the People's Liberation Army—are used increasingly as part of a Chinese network to acquire Western technology in the United States and other countries. Jane's Defense Weekly, December 17, 1997, p. 1. Another area is intelligence-gathering, where the PRC government has attempted to cultivate members of the overseas Chinese community as information sources.

the Committee intends to review any recommendations made by the OIG on improving how such information is shared.

Offset Folios 838 to 840 Insert here

Offset Folio 841 Insert here

CHARLIE TRIE'S AND NG LAP SENG'S LAUNDERED CONTRIBUTIONS TO THE DNC

INTRODUCTION

Former Little Rock, Arkansas, restaurateur Yah Lin "Charlie" Trie and Macau-based businessman Ng Lap Seng collaborated in a scheme to contribute hundreds of thousands of dollars in foreign funds to the DNC. Ng wired over one million dollars from accounts he maintains in Macau and Hong Kong to accounts maintained by or accessible to Trie in Little Rock and Washington, D.C. Although Trie held himself out as an international trader (and, in fact, actively sought to develop an international trading business he called Daihatsu International Trading Corporation), he was never successful. Trie's bank records and tax returns reveal that he received little or no income from sources other than Ng Lap Seng.

Although he failed to establish a successful, income-generating international trading business, Trie, his wife and his businesses managed to contribute a total of $220,000 to the DNC between 1994 and 1996. Trie and Ng also reimbursed the contributions made by a number of other DNC contributors who were recruited by Trie in order to further disguise the ultimate source of the contributions. As Trie earned little money through his own business activities, the Committee concludes that Trie used the foreign-source funds wired from Ng to make his (and his wife's and businesses') DNC contributions and to reimburse the conduit contributors. The Justice Department indicted Trie for these illegal activities on January 28, 1998.[1]

Trie's contributions purchased access for himself and Ng to the highest levels of our government. Documents produced by the White House and DNC reveal that both Trie and Ng attended DNC-sponsored events with President Clinton and made a number of visits to the White House. The Committee also concludes that Trie's contributions and fundraising purchased his otherwise unwarranted appointment in 1996 to the Commission on U.S.-Pacific Trade and Investment Policy.

While a review of subpoenaed records of Trie's businesses and bank accounts, interviews with individuals familiar with Trie and his businesses, and testimony of two conduit contributors have revealed much about the activities of Trie and Ng, but since the Committee's subpoena power "stops at the Pacific Ocean line," it is pos-

[1] Indictment, *United States v. Yah Lin "Charlie" Trie & Yuan Pei "Antonio" Pan,* Criminal No. 98-0029 (D.D.C.), Jan. 28, 1998; *see also* Roberto Suro & Toni Locy, "Indictment Returned in Fund Probe; 'Charlie' Trie Charged With Funneling Foreign Money to Democrats," *Washington Post,* Jan. 29, 1998, p. A1.

After the Committee prepared its report, Trie returned to the United States to surrender to FBI agents on February 3, 1998. He was subsequently arraigned in federal district court.

sible that this information merely scratches the surface and further details remain undiscovered.[2]

Moreover, virtually *all* key witnesses have been unavailable to Committee investigators. Trie himself fled the country and, in an interview with *NBC News* in June 1997, boasted that Congressional investigators would "never find me."[3] Committee investigators traveling in Asia successfully reached Ng through a surprise call to his cellular phone, but Ng refused to meet with or answer the investigators' questions, and instead simply referred them to his attorney. A number of individuals with knowledge of Trie and Ng's activities have also asserted their Fifth Amendment right not to testify without immunity. For instance, Trie's Arkansas-based secretary/bookkeeper, Maria Mapili, who made handwritten explanatory notes on the statements of a bank account maintained by Trie's company, Daihatsu International Trading Corporation,[4] asserted the Fifth Amendment and refused to decipher her notes for the Committee. On July 23, 1997, the Committee voted to immunize Keshi Zhan, Ng's Washington-based bookkeeper, and soon thereafter called her for deposition. However, because Zhan demonstrated an unwillingness to testify with any reasonable degree of candor (even with respect to the relatively noncontroversial issues on which she was questioned), the Committee elected to terminate her deposition and allow the Department of Justice to proceed with its investigation and possible criminal prosecution of Zhan.[5]

Finally, among the fifteen counts in the Justice Department's January 28, 1998 indictment of Trie was a count alleging that Trie obstructed the Committee's investigation by instructing unnamed individuals to "alter, destroy, mutilate, conceal and otherwise fail to produce documents responsive to a subpoena issued by the United States Senate Committee on Governmental Affairs."[6] These allegations suggest that Trie's employees withheld documents responsive to the Committee's February 13, 1997 subpoena to Daihatsu International Trading Corporation that could have furthered the Committee's investigation of Trie and Ng's activities.[7]

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[2] Testimony of Jerry Campane, July 29, 1997, p. 28.

[3] *See* Leslie Wayne, "State Department Asks China to Help Find Former Fund-Raiser," *New York Times,* July 24, 1997, p. A21. The government of the People's Republic of China also prohibited Committee investigators traveling in Asia from entering the country to find Trie.

[4] *See* Maria Mapili's explanatory notes on Daihatsu International Trading Corporation's First Commercial Bank statements (Ex. 1); *see also* Memorandum of Interview of Charlotte Duncan, July 9, 1997, p. 1 ("Mapili would write where each deposit came from and what each payment was for.").

[5] In order to avoid any conceivable "taint" on a future prosecution of Zhan, the Committee (1) terminated Zhan's deposition before questioning her about those subjects that would most likely be the subject of any possible future Department of Justice prosecution and (2) directed the court reporter not to even transcribe her testimony.

[6] Indictment, *United States v. Yah Lin "Charlie" Trie & Yuan Pei "Antonio" Pan,* Criminal No. 98-0029 (D.D.C.), Jan. 28, 1998, p. 36.

[7] FBI agents acting at the direction of federal prosecutors investigating Trie's activities executed search warrants at Trie's Watergate office and Trie's home and office in Little Rock and discovered documents that had not previously been produced to the Committee.

BACKGROUND ON YAH LIN "CHARLIE" TRIE

Yah Lin "Charlie" Trie was born August 15, 1949, in Taiwan.[8] Trie is a United States citizen.[9] He is married to Wang Mei Trie and has one daughter.[10]

Trie immigrated to the United States, and in the late 1970's settled in Little Rock, Arkansas, where his older sister, Dailin Outlaw, ran a number of Chinese restaurants.[11] Trie worked with his sister until 1984, when she left Little Rock and turned over to Trie control of a restaurant she called (and Trie subsequently continued to call) Fu Lin.[12]

Fu Lin flourished during the latter half of the 1980's, when it became a popular gathering place for local political officials.[13] Local patrons described Trie as a gracious host who befriended many important customers and assisted favored political candidates by hosting fundraisers at his restaurant.[14]

Among the politicians who frequented Fu Lin and became friends with Trie was then-governor Bill Clinton. Trie was a strong and vocal Clinton political supporter throughout the President's years as governor,[15] and Trie was extremely proud when his friend Bill Clinton became President of the United States.[16]

By the early 1990's, Trie began to tire of the restaurant business and considered exploring international trading opportunities with China.[17] Trie mentioned his ideas to Governor Clinton who told Trie that he thought that Trie's idea was a good one because China was evolving politically and would soon be expanding its markets.[18] Clinton encouraged Trie to get in on the ground floor and develop a Chinese-American trading business.[19] Trie then sold Fu Lin and focused exclusively on cultivating various trading opportunities.[20]

Trie formalized his new Asian trading efforts by incorporating a company he called Daihatsu International Trading Corporation.[21] In early November 1992, Trie received from newly elected President Bill Clinton a letter of congratulations and encouragement for Trie's new company.[22] Daihatsu, however, never developed into a successful international trading operation. In one of Daihatsu's earliest business ventures, Trie sought to coordinate the Chinese manufacture of a unique wrench and the subsequent sale of that

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[8] *See* "Biographic Information" form submitted by Trie to the Immigration and Naturalization Service (Ex. 2).
[9] *See* Trie's United States Passport (Ex. 3).
[10] *See* "Bio-Data of Yah Lin Trie" (Ex. 4); Ex. 2.
[11] *See* Kevin Sack, "From Restaurateur to Intimate at the White House," *New York Times,* Jan. 27, 1997, p. A8.
[12] *See* Memorandum of Interview of Dewey Glasscock, July 1, 1997, p. 2.
[13] *See* Memorandum of Interview of James Dailey, June 10, 1997, p. 1.
[14] *See* Memorandum of Interview of Julia Hughes Jones, June 19, 1997, p. 2; Memorandum of Interview of Martha Shaffner, June 10, 1997, p. 1; Dailey interview, p. 4; Kevin Sack, "From Restaurateur to Intimate at the White House," *New York Times,* Jan. 27, 1997, p. A8.
[15] *See* Trie's contributions to Clinton's 1982 Arkansas Governor's race and related correspondence (Ex. 5); Shaffner interview, p. 3; Dailey interview, p. 4.
[16] *See* Shaffner interview, p. 3.
[17] *See* Memorandum of Interview of Julia Hughes Jones, June 19, 1997, pp. 2–3 ; Memorandum of Interview of Jody Webb, June 20, 1997, p. 2.
[18] *See* Webb interview, p. 2.
[19] *See id.*
[20] *See id.*
[21] *See* Daihatsu information summary (Ex. 6).
[22] Letter from Bill Clinton to Yah Lin "Charlie" Trie, November 10, 1992 (Ex. 7).

wrench to American chain stores such as Wal-Mart.[23] This venture ultimately proved unsuccessful, and Trie lost his investment—the better part of the profits from the sale of Fu Lin.[24] Trie later pursued trading opportunities involving products as varied as safe deposit boxes and chickens, but few, if any, of these ventures ever developed into successful business deals.[25] Trie's most profitable export venture (selling cotton to a manufacturing plant in China) brought Trie a broker's commission of only $30,000.[26]

Trie also incurred "extraordinary" expenses promoting these ultimately unsuccessful international trading efforts.[27] For instance, on a number of occasions, Trie escorted delegations of Little Rock businesses and governmental officials to various cities in China in an effort to establish business ties that would benefit Daihatsu.[28] Those traveling with Trie on these trips explained to the Committee that Trie, who insisted on staying in expensive hotels and eating at the best restaurants, paid for all expenses associated with the trips except air fare.[29] Trie's expenses are reflected in his monthly credit card payments of often close to $20,000.[30] Trie also routinely withdrew thousands of dollars—in cash—from his personal and business bank accounts.[31]

The combination of Trie's significant expenses and his inability to complete successful international trading deals meant that "Daihatsu made little or no money at any time."[32] Daihatsu's corporate tax returns for 1992 through 1995 indicate that its gross income was never more than $250,000, its net income was negligible, and Trie's income as president of the company was approximately $30,000 per year.[33] The Committee also determined that "Trie and his wife had very little income from other sources."[34]

In early 1994, Trie submitted an ultimately unsuccessful bid on behalf of himself and two partners to buy and refurbish the dilapidated Camelot Hotel in downtown Little Rock.[35] Trie's partners were Mana Han Xiao, owner of the Haili Restaurant in the Capitol Hotel in Beijing (and, one witness believed, a relative of Trie[36]), and Ng Lap Seng.[37] None of the Little Rock residents interviewed by the Committee who were involved in the preparation of Trie's bid knew specifically how or why Ng became involved in the Camelot project.[38] The Committee has also been unable to uncover any evidence of prior business dealings between Trie and Ng or of when and how Trie and Ng first met.

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[23] *See* Memorandum of Interview of Lorin Fleming, May 30, 1997, p. 1.
[24] *See id*., pp. 1–3; Glasscock interview, p. 3.
[25] *See id*.
[26] *See* Webb interview, p. 2.
[27] Testimony of Jerry Campane, July 29, 1997, p. 33.
[28] *See, e.g.*, Letter from Julia Hughes Jones to Charlie Trie, October 12, 1992, thanking Trie for including her in the "Arkansas delegation" on a recent China trip (Ex. 8).
[29] *See* Jones interview, p. 2; Fleming interview, p. 1.
[30] *See* Memorandum of Interview of Charlotte Duncan, July 9, 1997, p. 2; *see also, e.g.*, Daihatsu expense reports indicating substantial payments to a number of credit cards (Ex. 9).
[31] Testimony of Jerry Campane, July 29, 1997, p. 34.
[32] *Id*., p. 12.
[33] *See* Daihatsu's tax returns, 1992–95 (Ex. 10); Duncan interview, p. 2.
[34] Testimony of Jerry Campane, July 29, 1997, p. 12.
[35] *See* Cover to "Rebirth of the Camelot—A Proposed Four Star Hotel" submitted in the name of Daihatsu International by Trie and his partners (Ex. 11).
[36] *See* Webb interview, p. 3.
[37] *See* Ex. 11.
[38] *See* Webb interview, p. 3.

In September 1994, Trie opened a branch office of Daihatsu in Washington, D.C., in a leased residential cooperative apartment at the Watergate.[39] Although Trie was advised that the Watergate rent was more than his business could afford, appearance was important to Trie and he believed a Watergate address gave him a certain stature as a businessman.[40] He used his Watergate venue to host delegations of visiting Chinese businessmen who gathered for receptions and parties with Trie's local friends and political contacts.[41] Ng Lap Seng, Ng's bookkeeper Keshi Zhan, and former Lippo Group executive and Trie business associate Antonio Pan[42] also used the Watergate Office while in Washington.[43]

In addition to Daihatsu International Trading Corp., Trie was also responsible for the incorporation of additional businesses in Little Rock and Washington. In October 1994, Trie incorporated a company in Little Rock for Ng Lap Seng called San Kin Yip International Trading Corp.[44] Trie explained to the *Washington Post* that San Kin Yip International Trading Corp., which possessed the same mailing address as Daihatsu, was related to Ng's Macau-based real estate development and investment companies called the San Kin Yip Group.[45] The *Washington Post* also reported that San Kin Yip International Trading Corp. was created to "import textiles and other goods and export chemicals, machinery and advanced technology."[46] Subpoenaed San Kin Yip International Trading Corp.'s bank records, however, revealed "neither earnings nor any genuine business activity."[47]

After relocating to Washington, D.C., Trie incorporated a second San Kin Yip entity called San Kin Yip (U.S.A.) Inc.[48] After reviewing San Kin Yip (U.S.A.) Inc.'s bank records, however, the Committee concluded that (like San Kin Yip's Little Rock branch) San Kin Yip (U.S.A.) Inc. neither made money nor engaged in any actual business activity.[49]

Finally, Trie incorporated American Asia Trade Center in Washington in 1996, intending to purchase a building a few blocks from the White House that would house a Chinese restaurant on the first floor and offices of companies engaging in Asian trade on the remaining floors.[50] Trie, however, never actually bought the prop-

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[39] *See* Shaffner interview, p. 2; Lease Agreement for Watergate South apartment, August 15, 1994 (Ex. 12).

[40] *See* Shaffner interview, p. 2.

[41] *See* Lena H. Sun, "Pacific Trade Commission Appointee Was Considered a White House 'Must'; Trie, a Longtime Democratic Fund-Raiser, Says He Didn't Seek Post," *Washington Post*, Dec. 18, 1996, p. A20; Memorandum of Interview of Charles Chiang, July 21, 1997, p. 2.

[42] *See* Business Card identifying Antonio Pan as Senior Vice President of Tati Group—China division of the Lippo Group (Ex. 13); Business Card identifying Antonio Pan as Chief Executive Officer of Daihatsu International Trading, Inc. (Ex. 14); Business Card identifying Antonio Pan as Executive Director of America-Asia Trade Center Inc. (Ex. 15); Deposition of David Mercer, May 14, 1997, pp. 20–21.

[43] *See* Memorandum of Interview of Sam Chang, July 11, 1997, pp. 2–3.

[44] *See* Letter from Daihatsu employee "Jennifer" to Ng employee "Miss Chen," Oct. 11, 1994 (Ex. 16).

[45] Lena H. Sun, "DNC Donor Admits 'Mistake'; Fund-Raiser's Own Company Contributed Foreign Generated Money," *Washington Post*, Dec. 7, 1996, p. A11.

[46] Lena H. Sun & Dan Morgan, "Asian Firm's First U.S. Ties Included DNC; Contribution Followed 10 Days in Arkansas," *Washington Post*, Dec. 1, 1996, p. A1.

[47] Testimony of Jerry Campane, July 29, 1997, pp. 11–12.

[48] *See* Chang interview, p. 1.

[49] Testimony of Jerry Campane, July 29, 1997, pp. 11–12.

[50] *See* Chang interview, p. 2.

erty and never opened the restaurant.[51] Thus, American Asia Trade Center, like the two San Kin Yip entities incorporated by Trie, also never made money.[52]

BACKGROUND ON NG LAP SENG

In 1979, Ng Lap Seng (who is often referred to by the name "Mr. Wu," the Mandarin pronunciation of his name) bribed a police officer on the Chinese border with the Portuguese enclave of Macau in 1979, and entered Macau with virtually no money to his name.[53] Today, Ng, who travels under a Portuguese passport, [54] is chairman of the Macau-based San Kin Yip Group, a commercial and residential development conglomerate.[55] Ng reported in the bid submission for the Camelot Hotel renovation project that his conglomerate's annual gross sales are $250 million.[56]

Press reports have tied Ng to both the government of the People's Republic of China and to criminal activity in Macau. According to the *Washington Post,* a directory of Chinese government officials and press reports identifies Ng as a member of the Chinese People's Political Consultative Conference, an advisory board for the Chinese government and ruling Communist Party.[57] *Newsweek* also reported that Ng was convicted in Macau in 1991 for relabeling Chinese-made clothing in order to circumvent U.S. import quotas on Chinese products.[58]

TRIE'S POLITICAL CONTRIBUTIONS

In spite of Trie's lack of success as an international trader (and the significant expenses associated with his unsuccessful ventures), Trie, his family, and businesses still managed to contribute a total of $220,000 to the DNC between 1994 and 1996.

The contributions are specifically identified in the following chart:

Date	Contributor	Amount in dollars
5/14/94	Charlie Trie	[59] $20,000
5/14/94	Charlie Trie	[60] 60,000
5/25/94	Wang Mei Trie	[61] 20,000
6/21/94	Daihatsu	[62] 7,500
8/1/94	Yah Lin Trie	[63] 20,000

[51] *See id*.
[52] Testimony of Jerry Campane, July 29, 1997, pp. 11–12.
[53] *See* Lena H. Sun & John Pomfret, "The Curious Cast of Asian Donors; Some Sought Access to Clinton, Others' Motives' Remain Murky," *Washington Post,* Jan. 27, 1997, p. A1.
[54] *See* Ng Lap Seng's Portuguese Passport (Ex. 17).
[55] *See* Lena H. Sun & Dan Morgan, "Asian Firm's First U.S. Ties Included DNC; Contribution Followed 10 Days in Arkansas," *Washington Post,* Dec. 1, 1996, p. A1; *see also* Ng's business card (Ex. 18).
[56] *See* Summary of Ng's business activities included in Camelot Hotel submission (Ex. 19).
[57] Lena H. Sun & John Pomfret, "China Adviser's Gift to DNC Under Review; After Audit, Party Will Return More Donations," *Washington Post,* Feb. 25, 1997 p. A1.
[58] C.K. Binswanger, "Tracking 'Mr. Wu's' Fortune," *Newsweek,* Aug. 11, 1997 p. 6.
[59] $20,000 check to "D.N.C." drawn on First Commercial Bank account maintained by Yah Lin or Wang Mei Trie, May 14, 1994 (Ex. 20).
[60] $60,000 check to "D.N.C." drawn on First Commercial Bank account maintained by Yah Lin or Wang Mei Trie, May 14, 1994 (Ex. 21).
[61] $20,000 check to "D.N.C. (Non Federal)" drawn on First Commercial Bank account maintained by Yah Lin or Wang Mei Trie, May 25, 1994 (Ex. 22).
[62] $7,500 check to "D.N.C." drawn on First Commercial Bank account maintained by Daihatsu International Trading Corp., June 21, 1994 (Ex. 23).

Date	Contributor	Amount in dollars
10/20/94	San Kin Yip	[64] 15,000
6/21/95	Daihatsu	[65] 50,000
2/29/96	Daihatsu	[66] 12,500
5/12/96	Yah Lin Trie	[67] 10,000
7/31/96	American Asia Trade Center	[68] 3,000
9/28/96	Yah Lin Trie	[69] 2,000
	Total	$220,000

The DNC allocated the first $20,000 in contributions made personally by both Trie and his wife in May 1994 to its "federal" or "hard money" account.[70] The DNC has since returned the entire $220,000.[71]

THE SOURCE OF FUNDS USED BY TRIE FOR HIS CONTRIBUTIONS

Given the failure of Trie's businesses to make money in an amount that could have permitted Trie to contribute $220,000, the Committee concludes that Trie used "foreign-source money that he obtained primarily from [Ng Lap Seng]" to fund all of his DNC contributions.[72]

Between 1994 and 1996, Trie and his businesses received a total of approximately $1.5 million by wire transfer from foreign sources.[73] Trie received over $1.1 million of this $1.5 million from Ng Lap Seng.[74] Ng wired this money from accounts he maintained at branches of the Bank of China in Hong Kong and Macau and an account with Hong Kong Shanghai Banking to three domestic

[64] $15,000 check to "D.N.C." drawn on First Commercial Bank account maintained by San Kin Yip International Trading Co., Oct. 20, 1994 (Ex. 25).

[65] $50,000 check to "D.N.C." drawn on First Commercial Bank account maintained by Daihatsu International Trading Corp., June 21, 1995 (Ex. 26).

[66] $12,500 check to "Democratic National Committee" drawn on First Commercial Bank account maintained by Daihatsu International Trading Corp., Feb. 29, 1996 (Ex. 27).

[67] $10,000 check to "D.N.C." drawn on First Commercial Bank account maintained by Yah Lin Trie or Wang Mei Trie, May 12, 1996 (Ex. 28).

[68] $3,000 check to "D.N.C." drawn on Riggs National Bank account maintained by American Asia Trade Center, Inc., July 31, 1996 (Ex. 29).

[69] $2,000 check to "Victory '96" drawn on Riggs National Bank account maintained by Yah Lin Trie, Sept. 28, 1996 (Ex. 30).

[70] *See* DNC Finance "Executive Summary" of Trie's 1994 contributions identifying that Trie's $20,000 contribution in May 1994 was allocated to the DNC's federal (*i.e.*, "hard money") account, and that his $60,000 May 1994 contribution was allocated to the DNC's non-federal (*i.e.*, "soft money") account (Ex. 31); DNC Finance "Executive Summary" of Wang Mei Trie's contribution identifying that her $20,000 contribution was also allocated to the DNC's federal account (Ex. 32). *See also* Deposition of Joseph E. Sandler, Aug. 22, 1997, p. 16 ("Q: . . . [W]hat does the code F01 refer to? A: Federal account."). Although Wang Mei Trie's $20,000 check expressly states that it is a contribution to the DNC's "Non-Federal" account (Ex. 22), the DNC obtained her certification that she "inadvertently designated" her contribution and that it was her "intention that [the] contribution of $20,000 was to be deposited into the DNC's federal account." *See* Letter from Neil Reiff to Wang Mei Trie, June 3, 1994 (Ex. 33).

[71] *See* "Contributions Refunded 6/27/97" (Ex. 34).

[72] Testimony of Jerry Campane, July 29, 1997, p. 36.

[73] *See* "Foreign Source Wire Transfers to Trie and Trie-related Entities" (Ex. 35).

[74] Jerry Campane (a FBI supervisory special agent on detail to the Committee for this investigation) testified on July 29, 1997 that Trie received $905,000 in wire transfers from Ng. Testimony of Jerry Campane, July 29, 1997, pp. 12–13. Campane also noted, however, that "our records show an August 7, 1996, transfer of $200,000 from the Bank of China, Macau from an account held in the name of a trading company with a name very similar to some of [Ng's] companies. However, because we were not able to definitively establish that this particular company was indeed controlled by [Ng], I have not included this transfer in the total . . . ." *Id.*, p. 13. Since then the Committee has confirmed that this company, Cia de Investimento e Fomento Predial Goodwill Lda, is associated with Ng. *See* Facsimile from Liz Wheeless to Theodore Kavowras attaching corporate information on Compania de Investimento e Fomento Predial Goodwill, Limitada" (Ex. 36). This confirmation increases the total wired from Ng to Trie to $1.105 million. *See* "Ng Lap Seng's Wire Transfers to Charlie Trie (1994–1996)" (Ex. 37).

accounts maintained by or accessible to Trie.[75] Trie then shuffled the money among a total of six domestic accounts, four of which ultimately served as the source of a contribution to the DNC.[76]

Because Trie appears to have earned little or no money from his international trading businesses, the Committee has concluded generally that all of Trie's contributions were made with foreign funds received by wire transfer from Ng Lap Seng and other foreign sources. The following specific contributions to the DNC (a total of $135,000), however, can be definitively traced to particular wire transfers of foreign funds.

Yah Lin and Wang Mei Trie's May 1994 Contributions Totaling $100,000

On May 6, 1994, a Hong Kong-based company (in this case, apparently not affiliated with Ng Lap Seng) named Lucky Port Investments, Limited, wired $100,000 to an account maintained by Trie and his wife at First Commercial Bank in Little Rock.[77] LippoBank Los Angeles served as an intermediary for the transaction.[78]

Prior to receipt of the $100,000 from Lucky Port, the balance in Trie's First Commercial account was only $3,759.[79] In the weeks following receipt of the wire transfer from Lucky Port Investments, Trie and his wife contributed a total of $100,000 to the DNC. Trie wrote checks of $60,000 and $20,000 on May 14,[80] and his wife, Wang Mei Trie, wrote a $20,000 check on May 25.[81]

As Lucky Port is based in Hong Kong and not independently incorporated in the United States,[82] the Committee has discovered only that it maintains a telephone number in Hong Kong[83] and that former Lippo Group executive and Trie business associate Antonio Pan served as a director of the company at the time that the wire transfer was made.[84]

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[75] *See* "Flow of Funds from Ng Lap Seng Among Accounts Associated with Charlie Trie" (Ex. 38). Although Trie does not maintain signature authority over San Kin Yip's First Commercial Bank account (an account identified in the center column of Ex. 38), Trie's secretary/bookkeeper, Maria Mapili, does possess such authority. *See* Testimony of Jerry Campane, July 29, 1997, pp. 30–31. It is also clear that Trie understood that he possessed authority over the funds in the account, regardless of his technical lack of authority to sign checks drawn on the account. When questions arose as to the source of San Kin Yip's $15,000 contribution to the DNC, Trie told the *Washington Post* that he was uncertain whether he, his wife or his secretary was responsible for signing San Kin Yip's check to the DNC. Lena H. Sun, "DNC Donor Admits 'Mistake'; Fund-Raiser's Own Company Contributed Foreign-Generated Money," *Washington Post,* Dec. 7, 1996, p. A11.

[76] *See* Ex. 38.

[77] *See* Confirmation of the wire transfer of $100,000 from Lucky Port Investments Ltd.'s account at the Hong Kong Chinese Bank Ltd. to Yah Lin Trie's account at First Commercial Bank in Little Rock, May 6, 1994 (Ex. 39).

[78] *See* "Advice of Transfer of Funds" confirming transfer of $99,985 from Lippo Bank, Los Angeles to Yah Lin Trie's account at First Commercial Bank in Little Rock, May 6, 1994 (Ex. 40).

[79] *See* May 24, 1994 bank statement for account maintained by Yah Lin Trie or Wang Mei Trie indicating an account balance on May 4, 1996 (prior to the $100,000 wire transfer) of $3,759.64 (Ex. 41); *see also* June 23, 1994 bank statement for the same account (Ex. 42). While these bank statements reveal that approximately $8,500 was deposited into the account *after* the May 6, 1994 wire transfer from Lucky Port Investments, but *before* Trie's three contribution checks had cleared, this $8,500 was insufficient to cover any of the three contribution checks. Trie and his wife therefore could not have made their $100,000 in contributions without receipt of the wire transfer from Lucky Port Investments.

[80] Ex's 20 & 21.

[81] Ex. 22.

[82] *See* Testimony of Jerry Campane, July 29, 1997, p. 39.

[83] *See* Facsimile from Phillip Layton to Liz Wheeless, July 28, 1997 (Ex. 43).

[84] *See* "Notice of change of directors . . ." submitted to the Hong Kong Registrar of Companies, Oct. 4, 1993 (Ex. 44).

Yah Lin Trie's August 1, 1994 Contribution of $20,000

On August 1, 1994, Trie wrote another $20,000 check to the DNC.[85] The ultimate source of this contribution was a $100,000 wire transfer on July 26, 1994 from an account maintained at the Bank of China, Macau branch, by Ng Lap Seng to Daihatsu International Trading Corp.'s account at First Commercial Bank in Little Rock.[86] The balance in Daihatsu's account at the time it received the wire transfer was only $472.[87] One day after Ng wired the money to Daihatsu, Wang Mei Trie wrote a $25,500 check on Daihatsu's account to Yah Lin Trie.[88] Before the deposit of the $25,500 check, the balance in Trie's account was only $414.[89] Trie deposited the check into his First Commercial account and, four days later, on August 1, 1994, made his $20,000 contribution to the DNC.

San Kin Yip International Trading Corporation's October 21, 1994 Contribution of $15,000

On October 11, 1994, Trie had an account opened at First Commercial Bank in Little Rock in the name of San Kin Yip International Trading Corp.[90] The account was opened with a $500 deposit.[91] On October 20, 1994, Ng Lap Seng wired $100,000 from his Bank of China, Macau branch, account into the newly opened San Kin Yip account in Little Rock.[92] One day later, on October 21, 1994, a $15,000 check with an unidentifiable signature was written from San Kin Yip to the DNC.[93] Trie himself has admitted to the press that this contribution was made with Ng's funds wired from abroad.[94]

TRIE'S FUNDRAISING

In addition to contributing personally (and through his family and businesses) to the DNC, Trie was also involved in raising funds for the party.[95] In 1996 alone, Trie made a commitment to the DNC to raise $350,000.[96]

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[85] Ex. 24.

[86] *See* "Advice of Transfer of Funds" confirming a $99,985 wire transfer from Ng Lap Seng's account at the Bank of China, Macau branch, to Daihatsu's account at First Commercial Bank in Little Rock (Ex. 45).

[87] *See* July 29, 1994 bank statement for account maintained by Daihatsu International Trading Corp. indicating a balance in the account on July 25, 1994 (prior to receipt of the $99,985 wire transfer) of $472.03 (Ex. 46).

[88] *See* $25,500 check to "Yah Lin Trie" drawn on First Commercial Bank account maintained by Daihatsu International Trading Corp., July 27, 1994 (Ex. 47).

[89] *See* Aug. 24, 1994 bank statement for account maintained by Yah Lin Trie indicating a "beginning balance as of 7–26–94" (prior to receipt of the $25,500 check from Daihatsu) of $414.64 (Ex. 48).

[90] Ex. 16.

[91] *See id.*; *see also* Oct. 31, 1994 bank statement for account maintained by San Kin Yip International Trading Co. indicating a "beginning balance as of 10–10–94" of ".00" and a $500 deposit on October 11, 1994 (Ex. 49).

[92] *See* confirmation of $99,985 wire transfer from Ng Lap Seng's Bank of China, Macau Branch account to San Kin Yip International Trading Corp.'s First Commercial Bank account, Oct. 20, 1994 (Ex. 50).

[93] Ex. 25.

[94] *See* Lena H. Sun & John Pomfret, "The Curious Cast of Asian Donors; Some Sought Access to Clinton, Others' Motives' Remain Murky," *Washington Post,* Jan. 27, 1997, p. A1.

[95] Trie was also responsible for the solicitation of almost $700,000 in illegal contributions to the Presidential Legal Expense Trust ("PLET"). *See* the section of this report on Trie's fundraising for the PLET.

[96] *See* Letter from Marvin Rosen to Charlie Trie, Feb. 21, 1996 (Ex. 51).

Trie's adoption of the role as fundraiser in addition to that of donor did not mean a significant change in tactics. Where Trie relied on Ng's wire transfers to make his own contributions, funds wired from Ng were used to reimburse third parties from whom contributions were solicited. These third parties simply served as alternate conduits for the flow of Ng's foreign-source funds to the DNC.

The Committee received the only first-hand account of these tactics from two women, Yue Chu and Xiping Wang, who testified that their political contributions were reimbursed by Ng's bookkeeper, Keshi Zhan. Further conduit contributors, including Zhan, have been identified only through a review of bank records.

Yue Chu and Xiping Wang each emigrated from China in the past ten years[97] and both are presently resident aliens (*i.e.,* green-card holders) in the United States.[98] Yue Chu is married to Ming Chen, who manages a Beijing restaurant that is owned by Ng Lap Seng.[99] Yue Chu is a close personal friend of Zhan.[100] Xiping Wang is married to Zhengwei Cheng, a cousin of Ming Chen.[101]

Yue Chu testified that on November 14, 1995, Zhan came to her home and asked Yue Chu for a $3,000 loan.[102] Yue Chu agreed without either asking for or receiving any explanation for Zhan's request.[103] Zhan then directed Yue Chu to make out a $2,000 check to the DSCC and a $1,000 check to Zhan.[104] Yue Chu testified that she did not know what DSCC stood for.[105]

Yue Chu further testified that Zhan immediately reimbursed her by providing her with a $3,000 check payable to her husband, Ming Chen, drawn on a Riggs National Bank account maintained jointly by Ng Lap Seng and Charlie Trie.[106] Zhan possessed signature authority over the joint Ng/Trie account.[107] The memo line on the check states "consulting." Yue Chu testified that she does not speak or read English and therefore did not understand the notation.[108]

Yue Chu further testified that in February 1996 her husband, Ming Chen, told her that his boss, Ng Lap Seng, requested a $25,000 loan so that he could buy a ticket and "pass the gate" to a political function.[109] Yue Chu testified that she understood the "gate" to be the gate to the White House.[110] Because Yue Chu and Ming Chen possessed only a combined total of $20,000 in their two bank accounts at that time, they decided to provide the $20,000

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[97] Testimony of Yue Chu, July 29, 1997, p. 126; Testimony of Xiping Wang, July 29, 1997, p. 140.
[98] Yue Chu testimony, p. 150; Xiping Wang testimony, p. 150.
[99] Yue Chu testimony, pp. 126–28.
[100] *Id.,* p. 128.
[101] Xiping Wang testimony, pp. 140–41.
[102] Yue Chu testimony, p. 131.
[103] *Id.,* p. 132.
[104] *Id.,* pp. 131–32; *see* $2,000 check to "DSCC" drawn on Ming Chen and Yue F. Chu's Chevy Chase Bank account, Nov. 14, 1995 (Ex. 52); $1,000 check to Keshi Zhan drawn on Ming Chen and Yue F. Chu's Chevy Chase Bank account, Nov. 14, 1995 (Ex. 53).
[105] Yue Chu testimony, p. 132.
[106] *Id.,* pp. 132–33; *see* $3,000 check to "Ming Chen" drawn on Ng Lap Seng and Charlie Trie's Riggs National Bank account, Nov. 14, 1995 (Ex. 54).
[107] See "Power of Attorney (Durable)," Dec. 20, 1994 (Ex. 55).
[108] Yue Chu testimony, p. 133.
[109] *Id.,* pp. 133–34.
[110] *Id.,* p. 134.

and to call on Ming Chen's cousin, Zhengwei Cheng, for the remaining $5,000.[111]

On February 19, 1996, Zhan again came to Yue Chu to collect Yue Chu's portion of the funds requested by Ng. Zhan directed Yue Chu to sign a check from each of Yue Chu's two accounts, and Zhan then filled in the payee and the amounts ($12,500 and $7,500).[112] Yue Chu testified that she did not pay any attention to the payee—the DNC—designated by Zhan.[113] Zhan then provided Yue Chu with two checks written on the account maintained jointly by Ng and Trie.[114] Yue Chu testified that the DNC reimbursed her for her $20,000 contribution.[115] She has not, however, returned the $20,000 to Ng Lap Seng.[116]

Yue Chu's husband, Ming Chen, then went to his cousin's (Zhengwei Cheng's) house and asked for a $5,000 loan from Xiping Wang, his cousin's wife.[117] Xiping Wang testified that Ming Chen explained that he needed the money in order to help his boss (Ng Lap Seng) "pass a gate" to the White House.[118] Xiping Wang complied and wrote a $5,000 check to the DNC.[119] At the time that she wrote the check, however, her account did not contain sufficient funds to cover the amount of the check.[120] Her husband therefore called Ming Chen the next day, and asked Ming Chen for reimbursement.[121] Xiping Wang testified that Ming Chen personally deposited a $5,000 check drawn on Trie and Ng's joint account (and signed by Zhan) into their bank account.[122] Xiping Wang testified that she has not been reimbursed by the DNC for her contribution.[123]

The bank records for Trie and Ng's joint Riggs account indicates that Zhan could not have reimbursed Yue Chu and Xiping Wang without funds provided by wire transfer from Ng. On February 14, 1996, five days before Yue Chu and Xiping Wang made their contributions to the DNC, Ng wired $150,000 from an account maintained in the name of San Kin Yip Holdings Co. Ltd. at the Bank of China, Hong Kong branch, to the Riggs National Bank account maintained jointly by Ng and Trie.[124] The balance in that account prior to the wire transfer was $10,459.55, significantly less than the $25,000 in reimbursed contributions.[125]

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[111] *Id.,* p. 135; *see* $12,500 check to "DNC" from Yuefang Chu's Bank-Fund Staff Federal Credit Union account, Feb. 19, 1996 (Ex. 56); $7,500 check to "DNC" from Ming Chen & Yue F. Chu's Chevy Chase Bank account, Feb. 19, 1996 (Ex. 57).

[112] Yue Chu testimony, pp. 135–36.

[113] *Id.,* p. 137.

[114] *Id.,* pp. 138–40; *see* $12,500 and $7,500 checks to "Ming Chen" drawn on Ng Lap Seng and Charlie Trie's Riggs National Bank account, Feb. 19, 1996 (Ex. 58).

[115] Yue Chu testimony, p. 140.

[116] *Id.,* p. 148.

[117] Xiping Wang testimony, pp. 140–41.

[118] *Id.,* p. 141.

[119] *Id.; see* $5,000 check to "DNC" drawn on Zhengwei Cheng's and Xiping Wang's Bank-Fund Staff Federal Credit Union account, Feb. 19, 1996 (Ex. 59).

[120] Xiping Wang testimony, p. 142.

[121] *Id.*

[122] *Id.; see* $5,000 check to "Zhengwei Cheng" drawn on Ng Lap Seng and Charlie Trie's Riggs National Bank account, Feb. 19, 1996 (Ex. 58).

[123] Xiping Wang testimony, p. 148.

[124] *See* confirmation of $149,985 wire transfer from San Kin Yip Holdings Co. Ltd.'s Bank of China, Hong Kong branch, account to Ng Lap Seng and Charlie Trie's Riggs National Bank account, Feb. 14, 1996 (Ex. 60).

[125] *See* March 5, 1996 bank statement for account maintained by Ng Lap Seng and Charlie Trie indicating a balance on Feb. 13, 1996 (prior to receipt of the $149,985 wire transfer) of $10,459.55 (Ex. 61).

Yue Chu testified to the Committee that she had no knowledge of the overseas source of the funds used to reimburse her for her contributions.[126] Xiping Wang testified that she knew "even less."[127]

Yue Chu also testified to a third reimbursed contribution, this one for $1,000 to the "Gephardt Congress Committee" on June 15, 1996.[128] She testified that on that day, Zhan came to her house and asked for a $1,000 loan.[129] Again, Zhan did not tell Yue Chu the purpose of the loan.[130] Yue Chu wrote the check as directed by Zhan and immediately received a $1,000 reimbursement, this time from Zhan's own account.[131] Yue Chu testified that the Gephardt Congress Committee returned her contribution in March 1997, but that she had not yet repaid Zhan.[132]

On July 23, 1997, the Committee voted to immunize Zhan, the bookkeeper for Ng Lap Seng who possessed signature authority over the account maintained jointly by Ng and Trie.[133] As discussed above, Zhan used this authority to sign checks on Ng and Trie's account reimbursing Yue Chu and Xiping Wang for their contributions to the DNC and Representative Gephardt's campaign committee.

Pursuant to the use immunity provided by the Committee's July 23, 1997 vote and a July 30, 1997 order of Chief Judge Norma Holloway Johnson of the United States District Court for the District of Columbia,[134] Zhan appeared for deposition on August 14 and 15, 1997. However, in spite of her immunity (and contrary to the proffer on which the Committee's decision to immunize her was based), Zhan proved from the beginning of her deposition to be an entirely uncooperative witness. The Committee therefore decided to terminate her deposition before reaching several critical areas of inquiry.[135] The Department of Justice was notified of the Committee's decision.

The following information about Zhan's conduit contribution is derived entirely from bank records independently obtained by the Committee pursuant to subpoenas directed to the banks at which the relevant accounts are maintained.

On February 19, 1996, Zhan not only collected contribution checks from Yue Chu and Xiping Wang, she also wrote a $12,500 check on her own account,[136] and reimbursed herself with a check drawn on Ng and Trie's joint Riggs account.[137] Zhan's bank statement for February 1996 indicates that she possessed sufficient per-

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[126] Yue Chu testimony, p. 145.
[127] Xiping Wang testimony, p. 145.
[128] *See* $1,000 check to "Gephardt Congress Committee" drawn on Ming Chen and Yue F. Chu's Chevy Chase Bank account, June 15, 1996 (Ex. 62).
[129] Yue Chu testimony, pp. 148–49.
[130] *Id.,* p. 149.
[131] *Id.; see* $1,000 check to "Chen Ming" drawn on Keshi Zhan's Bank-Fund Staff Federal Credit Union account, June 15, 1996 (Ex. 63).
[132] Yue Chu testimony, p. 150.
[133] Eric Schmitt, "In a Rebuff to Justice Dept., Senate Inquiry Immunizes 5," *New York Times,* July 24, 1997, p. A1.
[134] Order of Chief United States District Judge Norma Holloway Johnson in case captioned *Senate Committee on Governmental Affairs,* Misc. No. 97–226 (D.D.C.), July 30, 1997 (Ex. 64).
[135] In order to avoid any possible taint on a possible future criminal prosecution of Zhan, the Committee also directed the court reporter *not* to prepare a transcript of her deposition.
[136] *See* $12,500 check to "DNC" drawn on Zhan's Bank-Fund Staff Federal Credit Union account, Feb. 19, 1996 (Ex. 65).
[137] *See* $12,500 check to "Keshi Zhan" drawn on Ng Lap Seng and Charlie Trie's Riggs National Bank account, Feb. 19, 1996 (Ex. 66).

sonal funds to make the $12,500 contribution without reimbursement.[138] However, in light of the identical Yue Chu and Xiping Wang transactions on the same day, the Committee concludes that this is another example of the laundering of Ng's foreign funds to make a contribution to the DNC.[139]

Manlin Foung, a sister of Trie, also made a DNC contribution after receiving funds originating from one of Ng's overseas bank accounts. On August 15, 1996, Foung received $10,000 by wire transfer from a Riggs National Bank account maintained by San Kin Yip International Trading Company.[140] Prior to receipt of the wire transfer, Foungs account had a balance of almost $5,379.[141] Foung used the check to make a $10,000 contribution to the DNC in the name of the "Birthday Victory Fund." [142]

The ultimate source of the funds used by San Kin Yip for its wire transfer to Foung was a $200,000 wire transfer on August 7, 1996, from the Bank of China, Macau branch account of Cia de Investimento e Fomento Predial Goodwill Limitada, an Ng-affiliated company, to Trie and Ng's joint account at Riggs National Bank.[143] The balance in Trie and Ng's joint account prior to the wire transfer was only $1,118.[144] $90,000 was then transferred, in two installments, from Trie and Ng's account to San Kin Yip's account.[145] The balance in San Kin Yip's account before the deposit of $90,000 was only $1,029,[146] obviously insufficient to cover the $10,000 wire transfer to Foung.

ATTEMPTS TO CONVERT POLITICAL CONNECTIONS TO PERSONAL GAIN

According to the Little Rock residents interviewed by the Committee, Trie's contributions and fundraising were motivated by his

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[138] *See* Feb. 29, 1996 bank statement for account maintained by Keshi Zhan indicating a balance on Feb. 16, 1996 (prior to receipt of the $12,500 check) of $15,229.82 (Ex. 67).

[139] Testimony of Jerry Campane, July 29, 1997, pp. 17–18; *see also id.,* p. 72 ("Senator Smith: Does that sound like money laundering to you? Mr. Campane: That is what we call in the business a slam-dunk, Senator.").

[140] *See* confirmation of $10,000 wire transfer from San Kin Yip International Trading Corporation's Riggs National Bank account to Manlin Foung's Travis Federal Credit Union account, Aug. 15, 1996 (Ex. 68).

[141] *See* Aug. 31, 1996 bank statement for account maintained by Manlin Foung indicating a balance on Aug. 15, 1996 (prior to receipt of the $10,000 wire) of $5,378.95 (Ex. 69).

[142] *See* $10,000 check to "Birthday Victory Fund" drawn on Manlin Foung's Travis Federal Credit Union account, August 15, 1996 (Ex. 70). Foung testified to this and another conduit contribution in an October 5, 1997 hearing before the House Government Reform and Oversight Committee. "Three Witnesses Say That They Helped to Launder Contributions to Democrats," *Wall Street Journal,* Oct. 6, 1997, p. A4. Foung's other DNC contribution, $12,500 on February 18, 1996 (Ex. 71), was reimbursed by Amerasia Bank cashier's checks (Ex. 72) purchased in cash by former Lippo Group executive and Trie associate Antonio Pan (Ex. 73). The Committee has been unable to determine the source of the cash used by Pan for the purchase of the cashier's checks.

[143] *See* confirmation of $200,000 wire transfer from Cia de Investimento e Fomento Predial Goodwill Lda's Bank of China, Macau branch, account to Ng Lap Seng and Charlie Trie's Riggs National Bank account, Aug. 7, 1996 (Ex. 74); *see also* discussion of the Committee's confirmation of a connection between Cia de Investimento e Fomento Predial Goodwill Lda and Ng Lap Seng, *supra,* footnote 74.

[144] *See* Sept. 5, 1996 bank statement for account maintained by Ng Lap Seng and Charlie Trie indicating a balance on Aug. 5, 1996 (prior to receipt of the $200,000 wire) of $1,118.32 (Ex. 75).

[145] *See* confirmation of $40,000 transfer from Ng and Trie's Riggs National Bank account to San Kin Yip International Trading Corporation's Riggs National Bank account, Aug. 7, 1996 (Ex. 76); confirmation of $50,000 transfer from Ng and Trie's Riggs National Bank account to San Kin Yip International Trading Corporation's Riggs National Bank account, Aug. 15, 1996 (Ex. 77); *see also* Aug. 31, 1996 bank statement for account maintained by San Kin Yip International Trading Corporation indicating deposits of $40,000 on Aug. 7, 1996 and $50,000 on Aug. 15, 1996 (Ex. 78).

[146] Ex. 78.

expectation that important political connections would ultimately prove of financial benefit.[147]

Trie's efforts appear to have established at least the important political connections that he sought. White House WAVES records indicate that Trie visited the White House at least twenty-two times from the period 1993 to 1996[148] and that Ng Lap Seng also visited the White House ten times between 1994 and 1996.[149]

Trie contributions and fundraising made him a DNC Managing Trustee[150] and member of the DNC's National Finance Board of Directors,[151] and afforded him VIP treatment at DNC events.[152] His contributions also purchased admission to a number of fundraising events attended by President Clinton. His May 1994 contribution of $100,000, for instance, purchased two tables at a June 1994 DNC dinner and fundraiser at the Mayflower Hotel in Washington.[153] Ng Lap Seng and a number of Chinese and Taiwanese businessmen and their spouses attended the event as Trie's guests.[154] Trie also co-chaired a Presidential Birthday Celebration at the Sumner Wells Estate in August 1994,[155] and attended a February 1996 presidential fundraiser at the Hay-Adams Hotel in Washington.[156] Finally, Trie and Ng organized an October 18, 1995 reception for former Commerce Secretary Ron Brown and several prominent Asian businessmen at the Shangri-La Hotel in Hong Kong.[157]

After establishing political connections through contributions and fundraising, Trie sought to convert those connections to personal gain.[158] Trie sought to use his political connections to secure fi-

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[147] *See* Webb interview, p. 1; Shaffner interview, p. 2.

[148] *See* White House WAVES records for Charlie Trie's White House visits, 1993–1996 (Ex. 79).

[149] *See* White House WAVES records for Ng Lap Seng's White House visits, 1994–1996 (Ex. 80). Although the Committee requested White House WAVES records for Ng on May 21, 1997, the White House delayed production of this information until the afternoon of July 29, 1997, after the completion of testimony relating to the Ng-funded DNC contributions made by Trie. *See* section of this Report on the uncooperative and manipulative tactics adopted by the White House in its production of documents to the Committee.

[150] *See* Letter from Ari Swiller to Charlie Trie welcoming Trie to the DNC's Trustee Program, June 30, 1994 (Ex. 81).

[151] *See* Letter from Terry McAuliffe to Yah Lin Trie inviting Trie to become a member of the National Finance Board of Directors, September 21, 1994 (Ex. 82).

[152] *See* Memorandum from David Mercer to John O'Hanlon summarizing requests from VIPs such as Yah Lin Trie, June 18, 1994 (Ex. 83).

[153] *See* Memorandum from Charlie Trie/Jody Webb to David Mercer identifying Trie's invitees to next day's dinner, June 21, 1994 (Ex. 84).

[154] *See id.*

[155] *See* Letter from Bill Clinton to Yah Lin "Charlie" Trie, October 3, 1994 (Ex. 85).

[156] *See* Letter from Vanessa Weaver to Yah Lin Trie, February 21, 1996 (Ex. 86).

[157] *See, e.g.,* Memorandum of Interview of Edmund Ho, July 27, 1997, p. 2. Press reports have suggested that Trie solicited contributions for the DNC at the reception. *See, e.g.,* Kevin Sack, "From Restaurateur to Intimate at the White House," *New York Times,* Jan. 4, 1997, p. A8. The Committee, however, interviewed several of the individuals who attended the reception, and none reported that they had been solicited for a contribution. The event simply offered Trie and Ng an opportunity to demonstrate to prominent Asian business associates an intimate level of access to the Clinton Administration.

[158] To the extent that the political connections established through Trie's contributions and fundraising motivated Ng to continue his financial support of Trie, this would appear to be Trie's most successful conversion of political access to personal financial gain. *Cf.* Hearing Transcript, July 29, 1997, pp. 88–89 ("Senator Bennett: . . . I think Mr. Wu got what he paid for here. He was not particularly interested in making money in Little Rock. He was interested in establishing his own credentials or the credentials of his man in the United States, if Mr. Trie would be so characterized, as having very high-level contacts. It has been my personal experience that this is very valuable. It can open a lot of doors in a lot of places in ways that American business people simply do not understand because we do not do business that way in the United States. I can understand why Mr. Wu was willing to put that much money into Mr. Trie's hands, and I can clearly understand why Mr. Wu was perfectly willing to allow Mr. Trie to use

nancing for a real estate development project planned by Ng in Macau. The Committee also believes that Trie's efforts led to his otherwise unwarranted appointment by the President to the Commission on United States-Pacific Trade and Investment Policy.

On April 22, 1996, President Clinton announced the appointment of sixteen individuals to the newly created Commission on the United States-Pacific Trade and Investment Policy ("the Commission").[159] Among the sixteen individuals was Charlie Trie.[160] Several circumstances surrounding Trie's appointment to and involvement with the Commission, however, indicate that Trie's political contributions and fundraising were critical factors in the Administration's decision.[161] As discussed below, after Trie expressed his interest in joining the Commission, even the existence of an already full slate of candidates, a disqualifying financial interest in the business of the Commission, and (according to several Commission members interviewed by Committee investigators) a lack of substantive merit did not prevent Trie from participating.

The 15-member Commission on United States-Pacific Trade and Investment Policy was created on June 21, 1995, when President Clinton issued Executive Order 12964[162] and fulfilled a promise made to Senator Jeff Bingaman who insisted on the formation of the Commission in return for his support of the creation of the World Trade Organization.[163] The purpose of the Commission was to prepare a report that would advise the President "on the steps the United States should take to achieve a significant opening of Japan, China and other Asian and Pacific markets to U.S. business."[164]

In the months following the creation of the Commission, the White House selected a group of chief executives, academics and Asian specialists to fill the fifteen available slots.[165] Trie's name, however, was not included among the individuals initially considered for appointment.[166] Rather, Trie's name was added in the fall of 1995 only after he expressed an interest in participating, and only after White House officials made it clear that Trie's selection

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that money to make a series of political contributions in order to keep the invitations to the White House open.").

[159] *See* List of Commission Appointees, April 22, 1996 (Ex. 87).

[160] *Id.*

[161] At the time of Trie's appointment to the Commission, he had contributed a total of $205,000 to the DNC. (Trie contributed an additional $15,000 to the DNC between his appointment to the Commission and the November 1996 federal elections.) *See supra,* footnotes 59–69 and accompanying chart. The announcement of Trie's appointment to the Commission also fell only one month after Trie delivered his first installment of contributions (a delivery totaling $460,000) to the Presidential Legal Expense Trust ("PLET"). The Committee believes that Trie's successful solicitation of contributions for the PLET may also have played a prominent role in Trie's appointment to the Commission. *See* section of this Report on Trie's involvement as a fundraiser for the PLET.

[162] 31 Weekly Comp. Pres. Doc. 1095.

[163] *Id.; see also* Memorandum of Interview of Clyde Prestowitz, Jr., June 13, 1997, p. 1. Prestowitz, president of Washington's Economic Strategy Institute, told the Committee that he recommended to Senator Bingaman the idea of insisting on the creation of the Commission in return for his vote in favor of the Uruguay Round GATT agreement.

[164] Executive Order 12964, Section 2, 31 Weekly Comp. Pres. Doc. 1095.

[165] Glenn F. Bunting, "White House Helped Boost Trie onto Asia Trade Panel; Donations: Clinton Friend Won New Spot with a Padded Resume. Subject of Fund-raising Inquiry Now in China," *Los Angeles Times,* July 20, 1997, p. A1.

[166] *Id.; see also* Memorandum from Ira S. Shapiro to Mickey Kantor, January 20, 1995 (Ex. 88).

was a priority.[167] Trie's appointment also carried with it the endorsement of the DNC,[168] to which Trie and his businesses had contributed $192,500 in 1994 and 1995.[169]

In order to accommodate the White House's interest in the inclusion of Trie without eliminating any of the fifteen individuals originally selected for appointment to the Commission, the President issued Executive Order 12987 on January 31, 1996, expanding the membership of the Commission to "up to 20."[170]

After completion of a preliminary background check on each of the individuals considered for appointment to the Commission,[171] the appointees were asked to submit a financial disclosure report in order to identify potential conflicts with the Commission's work.[172] Trie's financial disclosure report revealed that he received a total annual salary of $97,500 from his Little Rock-based international trading company, Daihatsu International Trading, and from Ng Lap Seng's San Kin Yip International.[173] Trie also reported ownership of $22,000 worth of stock in Walmart.[174] Officials of the United States Trade Representative's office who reviewed Trie's disclosure report found that Trie's position on the Commission could have a "direct and predictable effect" on his interests in Daihatsu, San Kin Yip, and Walmart and that he thus possessed "a disqualifying financial interest."[175]

U.S. Trade Representative Charlene Barshefsky, however, possessed the authority to waive Trie's conflict upon a finding that the "need for [Trie's] services outweigh[ed] the potential for a conflict of interest created by the financial interest involved."[176] USTR officials therefore drafted a waiver memo for Barshefsky's signature stating that Trie "possesse[d] special expertise vital to the work of the Commission," and that his participation was "essential to the United States."[177]

Although Barshefsky refused to sign the memo waiving Trie's conflict, Trie was ultimately permitted to participate as a member of the Commission without a waiver (or other resolution of the potential conflict).[178] According to the *Los Angeles Times,* a USTR of-

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[167] *Id.; see also* Memorandum from Phyllis Jones to Mickey Kantor attaching list of appointees to the Commission, November 21, 1995 (Ex. 89).

[168] *See* Electronic Mail Message from Phyllis Jones to Jennifer Hillman, September 21, 1995 (Ex. 90).

[169] Trie and his businesses contributed an additional $27,500 to the DNC in 1996. *See supra,* footnotes 66–69 and accompanying chart.

[170] 32 Weekly Comp. Pres. Doc. 134.

[171] *See* Memorandum from Winston Allen to Marvin Krislov requesting a preliminary background investigation of Trie, December 15, 1995 (Ex. 91). The FBI's investigation of Trie (a "name check" of criminal and intelligence databases) did not uncover any information to cause the White House to reconsider Trie's appointment. *See* Memorandum from Marvin Krislov to Bob Nash announcing completion of Trie's background investigation, February 5, 1996 (Ex. 92).

[172] *See* Confidential Financial Disclosure Report of Yah Lin Trie, March 11, 1996 (Ex. 93). USTR Assistant General Counsel Barbara Fredericks noted Trie's failure to sign the report and promised to correct the deficiency. *See* Letter from Barbara Fredericks to Laura Sherman, April 17, 1996 (Ex. 94). A signed version of the report, however, has not been produced to the Committee.

[173] *Id.; see* the discussion of these companies above.

[174] *Id.*

[175] *See* Letter from Laura Sherman to Charlene Barshefsky, May 9, 1996 (Ex. 95); see also 18 U.S.C. §208(a) (prohibiting Government employees from rendering advice with respect to issues in which they have a financial interest).

[176] 18 U.S.C. §208(b)(3).

[177] Ex. 95.

[178] Glenn F. Bunting, "White House Helped Boost Trie onto Asia Trade Panel; Donations: Clinton Friend Won New Spot with a Padded Resume. Subject of Fund-raising Inquiry Now in China," *Los Angeles Times,* July 20, 1997 p. A1.

ficial explained that the paperwork on Trie simply "fell through the cracks."[179]

Trie attended most of the early Commission meetings and traveled with Commission members on a member-funded, 10-day trip to Asia in September 1996.[180] While Commission members acknowledged that Trie's contacts in and familiarity with many of the Asian cities they visited made him a valuable addition to their fact-finding trip,[181] most were far less complimentary of Trie's substantive input to the work of the Commission.[182] Trie submitted a report to the Commission containing his own recommendations[183] that members dismissed as superficial, grammatically deficient, and generally unhelpful.[184]

Trie's active participation on the Commission ended in late 1996 when his name surfaced in connection with campaign fundraising improprieties.[185] After Trie fled the United States for China, he sent a letter to the Commission apologizing for the impact of the scandal on the Commission's work and expressly stating that he would no longer be participating in Commission activities.[186] However, in spite of the well-publicized allegations about Trie's fundraising improprieties and his withdrawal from participation on the Commission, the Administration never formally revoked Trie's appointment, and he remained a member until the Commission submitted its final report in April 1997.

Finally, Trie sought to use his DNC contributions to benefit Ng financially. In a letter to Ng dated June 4, 1995, Trie expressly stated his belief that his involvement in the DNC could "assist in the development and success" of a real estate development project planned by Ng in Macau.[187] Trie's DNC contacts, in fact, worked precisely as Trie envisioned. DNC Deputy Finance Chairman David Mercer and Department of Commerce employee Jude Kearney introduced Trie to Ernest Green of Lehman Brothers,[188] and Trie later discussed with Green Lehman Brothers" interest in financing a development project planned by Ng in Macau.[189] In early 1995, Mercer again sought to assist Trie with further potential invest-

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[179] *Id.*

[180] *See* Memorandum of Interview of Dr. Meredith Woo-Cummings, June 25, 1997, pp. 1–2.

[181] *See, e.g.,* Prestowitz interview, p. 2.

[182] *See* Woo-Cummings interview, p. 1 (Trie was "clearly [in] 'over his head' on the Commission"); Memorandum of Interview of Bruce Stokes, June 30, 1997, p. 2 ("Trie did not contribute very much to the Commission's efforts."); Memorandum of Interview of Jason S. Berman, p. 2 ("Trie was not involved in any way in drafting the final report.").

[183] *See* "Recommendations for what we can do in U.S.-Asia Trade Policy Formulation," August 1, 1996 (Ex. 96). As the face of Trie's report reflects, the report was actually drafted by Chu Lei, not by Trie himself. Chu Lei is an American citizen currently residing in Taiwan. In addition to assisting Trie with his report to the Commission, Chu also introduced Trie to Master Suma Ching Hai, the leader of the Buddhist sect that was the source of the almost $700,000 in contributions that Trie brought to the PLET. *See* Memorandum of Interview of Chu Lei, July 8, 1997, pp. 1–2; *see also* section of this Report on Trie's involvement as a fundraiser for the PLET.

[184] *See, e.g.,* Woo-Cummings interview, p. 2 (describing Trie's report as "completely incomprehensible").

[185] *See* Glenn F. Bunting, "White House Helped Boost Trie onto Asia Trade Panel; Donations: Clinton Friend Won New Spot with a Padded Resume. Subject of Fund-raising Inquiry Now in China," *Los Angeles Times,* July 20, 1997 p. A1.

[186] *See id.*

[187] *See* Letter from Yah Lin "Charlie" Trie to Ng Lap Seng, June 4, 1995 (Ex. 97).

[188] *See* Deposition of Ernest Green, June 18, 1997, pp. 11–13.

[189] *See id.,* pp. 17–18.

ment banking connections.[190] While Trie's lack of business success indicates that he was ultimately unable to use these connections to his financial advantage, he did try.

NEED FOR AN INDEPENDENT COUNSEL

Three individuals have now been indicted on charges based wholly or in part on their dealings with this Committee or from evidence revealed by this Committee. At least two of these individuals, Yah Lin "Charlie" Trie and Maria Hsia, have close ties to covered persons under the Independent Counsel Act. As noted above, Trie contributed $220,000 to the DNC and reimbursed the contributions of other contributors Trie recruited to disguise the original source of the contributions, and he did the same with respect to the Presidential Legal Expense Trust. Trie visited the White House twenty-two times. Trie also attended numerous fundraisers at which the President or Vice President were present, access purchased through his sizeable contributions and used to further his personal business. This access seeking formed one of the bases for the Justice Department's indictment of Trie on conspiracy charges.

Maria Hsia was a personal friend and political supporter and fundraiser for the Vice President since 1988. Hsia was instrumental in inviting then-Senator Gore on a trip to Taiwan through the partial auspices of the Fo Kuang Shan Order. Hsia raised tens of thousands of dollars for Gore's 1990 Senate reelection campaign. Hsia also used the "tally" system to direct DNC funds to Gore's Senate reelection campaign. After Gore became Vice President, Hsia laundered funds through Hsi Lai Temple monastics to arrange for Vice President Gore's chief of staff to meet with the head of China Resources. In 1996, Hsia was a prominent arranger of the DNC fundraiser that Vice President Gore attended at the Hsi Lai Temple. The Justice Department's indictment lists as part of Hsia's conspiracy to defraud the Federal Election Commission Hsia's money laundering at that event, as well as other events attended by Vice President Gore or President Clinton.

Both Hsia and Trie have close relationships with the Chinese government and/or intelligence agencies, according to the United States intelligence or investigative agencies.

Based upon the record before this Committee, we can only assume that many more indictments will be forthcoming. These indictments of people with close ties to the Administration illuminate an inherent problem that the Justice Department has in trying to pursue these cases—a problem that has come into fruition. These cases present an inherent conflict of interest and an appearance of a conflict of interest that the Department of Justice cannot escape.

In these cases, the Justice Department will be faced with the following considerations, considerations that are present in all federal criminal prosecutions;

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[190] *See* Memorandum from David Mercer to Charlie Trie, January 30, 1995 (Ex. 98). Mercer testified that he provided this sort of personal assistance to Trie because Trie was a DNC "supporter," and that to be an effective fundraiser for the DNC, he always sought to be "responsive" to supporters. Deposition of David Mercer, May 14, 1997, pp. 23–24. Mercer also testified that he attended social events with Trie, including a party at Trie's Watergate apartment celebrating the opening of the 1996 Olympics. *Id.*, pp. 43, 45.

—deciding whether to enter into plea bargaining negotiations and whether to accept a plea bargain;

—deciding whether the defendant is cooperating fully and fulfilling the plea bargain, and specifically, deciding whether the defendant is telling all that he or she knows;

—deciding whether to grant immunity and, if so, deciding whether or not the defendant is telling all that he or she knows pursuant to that immunity agreement.

In any such case, when the citizens of this country have returned an indictment, it is the prosecutor's obligation to be fair to the defendant but to be tough in representing the public interest. For example, in any such case where any deal has been struck, the prosecutor must ask the defendant tough questions and use appropriate prosecutorial resources to determine whether the defendant is cooperating fully. If the defendant's superior or close associate is the subject of accusations or well-placed suspicions, the prosecutor must be aggressive in determining whether or not the defendant has any information about such an individual. And the prosecutor cannot usually accept a simple denial without further inquiry. Should the individual about whom the defendant may have information be a public official, the above process is even more important. This is true whether the public official in question is a mayor, a governor, a member of Congress or the President. That fact forms the basis for the existence of a "public integrity section" in the Justice Department.

The problem in these cases is that the Attorney General works for the President. This is the very kind of situation that is addressed in the "political conflict" provision of the Independent Counsel Act. 28 U.S.C. § 591(c)(1). As the public sees these defendants processed and sees any deals worked out by the Justice Department and the defendants, the Justice Department will bear a very heavy burden in convincing the American people that the decisions the Department made were appropriate and fully protective of the interest of justice.

For this reason, an independent counsel should be appointed to remove the Department of Justice from this clear "political conflict of interest" which burdens the Justice Department and for which Congress provided a solution.

CONCLUSION

As a result of generous contributions and successful fundraising, Charlie Trie established himself as a key player in the DNC's finance operation, opened the doors of the White House for himself and Ng Lap Seng, and secured for himself an appointment to the Commission on U.S.-Pacific Trade and Investment Policy.[191] The Committee has concluded, however, that Trie's unsuccessful international trading business could not support the contributions that allowed him the access that he obtained. Rather, Trie relied on a continuous stream of illegal funds that he received by wire transfer from Ng Lap Seng's bank accounts in Hong Kong and Macau. The source of Ng's funds and what he or those behind him hoped to gain through Trie remain unknown.

[191] *See* section of this Report on Trie's involvement as a fundraiser for the PLET.

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CHARLIE TRIE'S CONTRIBUTIONS TO THE PRESIDENTIAL LEGAL EXPENSE TRUST

I. INTRODUCTION

Charlie Trie's contributions to the Presidential Legal Expense Trust (the "Trust") further illustrate the manner in which Trie raised foreign money, as well as his close ties to the White House and the President. Unlike contributions to the Clinton/Gore campaign or the DNC, contributions to the Trust inured directly to the personal financial benefit of President Clinton and the First Lady. The money was used to pay their personal legal bills. Because such contributions are even more susceptible to abuse than ordinary campaign contributions, the Committee looked closely at Trie's activities with respect to the Trust and the White House's knowledge of and response to those activities.

In March 1996, Trie personally delivered almost one half million dollars in checks and money orders to the Trust. Trust representatives and White House officials recognized almost immediately that the donations were highly questionable and appeared, at least in part, to have been coerced from members of a controversial Buddhist sect. However, rather than simply returning the suspect donations and publicly reporting such returns—which had been the Trust's historical practice—the Trust, in consultation with senior White House officials, hid the returned donations by changing the format of the Trust's bi-annual public disclosure form. This avoided public disclosure of any information concerning the Trie donations prior to the 1996 presidential election.

Moreover, when the Trust finally sent the donations back to the Trie-related contributors, it did so with a twist. It invited these contributors to recontribute their money, notwithstanding the fact that they knew a substantial amount of the money had been coerced from these very donors in the first place. Not surprisingly, once Charlie Trie's close association with James Riady, John Huang and the entire DNC fundraising matter became public through press reports in October 1996, the Trust and White House senior officials quickly determined that the "recontributions" should also be returned—this time with no strings attached. However, neither the White House nor the Trust publicly disclosed the Trie/Trust connection or the strange origin of the donations until after the election and even then only because they were forced to do so by a threatened press story.

These questionable facts alone were cause for concern by the Committee, but the Committee also found other equally disturbing facts concerning Trie's relation to the Trust and the White House. For example, despite the fact that the Trust, with White House permission, had hired a private investigative firm to investigate the Trie donations, the one person the investigative firm was in-

structed not to speak with was Charlie Trie. This, despite the fact that Trie was obviously the central figure, and his office and the private investigative firm were located only blocks apart in Washington, DC, making an interview with him a simple matter. Likewise, even though they were well aware of the suspicious nature of his fundraising for the Trust, no one at the White House took any action prior to the election to inquire about Trie's simultaneous fundraising for the DNC.[1] This despite the fact that (a) Trie was known to be a major DNC donor (a Managing Trustee); (b) he had told Trust representatives in his first visit that he was organizing a major DNC fundraiser; and (c) he was a frequent guest at the White House. This was particularly strange with respect to Deputy White House Chief of Staff Harold Ickes who helped manage the DNC on a daily basis, knew Trie was involved in raising money for the Democratic party and was one of the first to know about Trie's involvement with the Trust.

Perhaps most alarming was the fact that the senior White House officials who were being consulted about Trie's involvement with the Trust claimed to know little or nothing about Trie, while at the very same time Trie was receiving several favors from the White House and socializing with the President. For example, in February 1996, just weeks before Trie collected the Trust donations from the Buddhist sect, he was successful in gaining admission to a White House coffee with the President for Wang Jun, a Chinese arms merchant. The President subsequently admitted his meeting with Wang Jun was highly improper. Likewise, during this same time frame, Trie was being considered for a Presidential appointment to the Commission on U.S. Pacific Trade and Investment Policy. In fact, he was named to the Commission within four weeks after he delivered the first batch of donations to the Trust. Finally, on the very same day that he delivered the first batch of donations to the Trust, a letter authored by Trie was sent by former White House aide Mark Middleton to the President expressing Trie's concern and advice regarding Taiwan/China relations. The letter sparked a flurry of activity at the National Security Council and eventually resulted in a detailed written response signed by the President. This was particularly curious given the fact that Middleton apparently was the person who directed Trie to the Trust in the first place. Middleton has asserted his Fifth Amendment rights and has refused to cooperate with the Committee.

II. THE PRESIDENTIAL LEGAL EXPENSE TRUST—BACKGROUND

The Trust was established on June 28, 1994 to raise funds to help the President and First Lady pay personal legal bills arising from lawsuits and investigations initiated after Mr. Clinton became President.[2] The Trust was governed by a number of guidelines concerning the source and types of contributions that could be accepted. The guidelines generally followed Federal Election Commission rules governing donations to federal candidates. The following is a

[1] The DNC ultimately returned $645,000 either contributed or raised by Charlie Trie.

[2] July 1996 Bi-annual Report of the Trust, August 13, 1996 (Ex. 1). On December 31, 1997 the Trust ceased operations as a result of a lack of contributions sufficient to cover its expenses.

list of some of the requirements regarding donations to the Trust as included in the February 22, 1996 bi-annual report of the Trust:

1. Contributions are accepted only from individual U.S. citizens, other than federal employees or registered lobbyists. Each person must make his or her own contribution using personal funds. Each contribution must be made voluntarily.

2. Contributions are not accepted from corporations, labor unions, partnerships, political committees or other entities.

3. Individual contributions are limited to a maximum of $1,000 per eligible individual per calendar year.

4. Anonymous contributions will not be accepted.

5. Each contributor should provide his or her name, address and telephone number. In addition, a donor contributing $200 or more should provide his or her occupation and employer's name.

6. The Trust will acknowledge contributions and make periodic public reports of the Trust contributors.[3]

Once the Trust was established, a distinguished group of trustees was chosen to administer the Trust. The individuals named as Co-Chairs of the Trust were Rev. Theodore M. Hesburgh, President Emeritus of Notre Dame University, and former Attorney General Nicholas deB. Katzenbach. The other Trustees named were John Brademas, former Indiana Congressman and President Emeritus New York University; Barbara Jordan, former Texas Congresswoman; Ronald L. Olson, Los Angeles lawyer; Elliot L. Richardson, former Attorney General, Secretary of Defense and Secretary of Health, Education and Welfare; Michael Sovern, President Emeritus of Columbia University; and John C. Whitehead, former Deputy Secretary of State.

Michael Cardozo was named Executive Director of the Trust in June, 1994 after being contacted by White House counsel Lloyd Cutler and meeting with the President to discuss the job. Cardozo had been active in Democratic politics for many years. He was a former Deputy White House Counsel under President Carter, served on the Credentials Committee of the 1972 Democratic Convention, and was Vice-Chair of the Clinton-Gore Inaugural Committee in 1993 and again in 1997. Currently he is the managing director of G. William Miller & Co., an investment banking firm.[4]

Cardozo's role was primarily to assist in the submission of quarterly and bi-annual reports to the President and First Lady, oversee the public release of the bi-annual report, keep the Trustees informed of the activities of the Trust, act as a liaison between the Trust and the White House, and oversee the day-to day work of the Trust, most of which was delegated to the Administrative Assistant, Sally Schwartz.[5] Schwartz's responsibilities primarily consisted of reviewing contributions, maintaining a data base, sending out acknowledgments, preparing reports both for the Trustees and the Executive Director and also for the public briefings.[6]

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[3] January 1996 Bi-annual Report of the Trust, February 22, 1996 (Ex. 2).

[4] Deposition of Michael Cardozo, May 7, 1997, pp. 5–7.

[5] Ms. Schwartz served as Administrative Assistant from August 1995 until the Trust was closed. The Administrative Assistant was the only full time, paid employee of the Trust. Deposition of Sally Schwartz, May 6, 1997, p. 11.

[6] *Id.*

As of the period ending December 31, 1995, the Trust had received a total of $993,476 in donations since its inception and had paid a total of $541,134.24 of the President's legal expenses. As of that time $1,360,063.95 in legal expenses remained outstanding.[7]

III. CHARLIE TRIE'S MARCH 21, 1996 VISIT TO THE TRUST

Trie's first visit to the Trust on March 21, 1996 is important in several respects. The amount of donations Trie delivered, nearly half a million dollars, represented almost fifty percent (50%) of the money raised by the Trust since its inception and, thus, as Cardozo acknowledged was an "enormous" event in the life of the Trust. Additionally, in the first meeting Trie represented that he was an acquaintance of the President from Little Rock, was organizing a DNC fundraiser expecting to raise $1 million, and was also in the process of being appointed to a federal commission by the President. Trie also repeatedly insisted on confidentiality concerning his role in delivering the donations.

According to Cardozo's testimony, Trie first called Cardozo on March 20, 1996 at his business office to set up the initial meeting.[8] Cardozo informed Trie that he could answer any questions about the Trust over the telephone, but Trie insisted that they meet in person. The two met the next day at Cardozo's office at G. William Miller & Co., which was located across the street from the offices of the Trust. Trie began their meeting by telling Cardozo about his personal background and the fact that he had owned a Chinese restaurant in Little Rock that was frequented by then-Governor Clinton. Trie told Cardozo that he had heard about Mr. Clinton's mounting legal bills and had set about trying to help. Trie then retrieved a manilla envelope from beside his chair, turned it up over the table, and according to Cardozo, "out came a mound of checks and money orders."[9] According to Trie the total amount of the checks and money orders was $460,000.[10]

After seeing the "mound" of checks and money orders, Cardozo called Ms. Schwartz at the Trust's offices and asked her to come to the meeting so that he could have another witness. At Cardozo's request, Ms. Schwartz brought with her a fact sheet, a sample of the Trust's bi-annual publication of donors and several other documents which reflected how the Trust reported donations.[11] Cardozo wanted to show these documents to Trie to impress upon him that the donations would be made public.[12]

Schwartz arrived at the meeting in less than five minutes. During the meeting, Trie told Cardozo and Schwartz that he was helping to organize a major fund raiser for the DNC which would raise $1 million.[13] Trie told Cardozo and Schwartz that he had a lunch appointment at the Palm Restaurant next door and that he would

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[7] *See* Ex. 2.
[8] Trie's background and connection to the DNC are discussed above in the section on Charlie Trie's fundraising for the DNC.
[9] Deposition of Michael Cardozo, May 7, 1997, p. 34.
[10] *Id.*
[11] *Id.* at p. 35.
[12] *Id.* at pp. 38–39.
[13] *Id.* at pp. 43–44.

return after the lunch. Cardozo and Schwartz used this period of time to review the checks and money orders more closely. [14]

While Trie was at lunch, Cardozo conducted a conference call with Mr. Katzenbach, co-chair for the Trust, and Bernard Aidenoff, counsel to the Trust. The three decided that if the checks appeared to be valid on their face they should be deposited into the Trust's bank account. [15] Cardozo and Schwartz studied the checks and money orders and determined that approximately $70,000 were deficient. For example, some of the checks were missing names, addresses, or were for an amount in excess of the Trust's guidelines. [16]

Upon Trie's return from his lunch at the Palm, Cardozo and Schwartz returned the deficient checks to him. Trie appeared confident that he could cure the deficiencies. [17] During this discussion, Trie stated that he did not want his name mentioned in connection with the contributions. Trie told them that he was going to be appointed to a federal commission and was not sure that he was eligible to make a donation. [18] Trie even balked at the idea of mailing the valid checks and money orders to the bank because he did not want to put his name and return address on the envelope. Accordingly, Trie and Schwartz personally delivered the contributions to the Trust's lock box at NationsBank. [19] After depositing the funds in the Trust's lock box, the Trust decided to put them into an interest bearing money market account, commingled with other contributions. The donations were listed as "unrestricted" on internal Trust accounting documents, and were deemed accepted according to the Trust's own accounting procedures. [20]

A. The Role of Mark Middleton / White House favors for Trie

At some point during the March 21st meeting, Trie stated that he had gotten Cardozo's name from Susan Levine and had been directed to Levine by Mark Middleton.[21] Susan Levine is an acquaintance of Cardozo's, and has worked at both the DNC and the White House during the Clinton Administration.[22] Middleton formerly worked at the White House as an advisor to former White House Chief of Staff Thomas "Mack" McLarty. After leaving the White House, Middleton formed Commerce Corp., International, a company focused on international trade with Asia. Middleton is currently under investigation regarding his business transactions in Asia, his fund raising for the Clinton Birthplace Foundation and his connections to Trie. It has been widely reported in the press that Middleton and Trie were very close and traveled together to Taiwan.[23]

It is unknown whether Middleton knew—at the time he directed Trie to the Trust—of the questionable nature of the donations Trie

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[14] *Id.* at p. 38.
[15] *Id.* at p.48.
[16] *Id.* at p.54–55; Deposition of Sally Schwartz, May 6, 1997, p.40.
[17] Deposition of Michael Cardozo, May 7, 1997, pp. 54–55.
[18] *Id.* at pp. 41–42.
[19] Deposition of Sally Schwartz, May 6, 1997, pp. 41–42.
[20] Deposition of Michael Cardozo, May 7, 1997, pp. 241–245; Profit and Loss Statement for the Trust, June 12, 1996 (Ex. 3).
[21] Deposition of Loren Berger, June 23, 1997, pp. 44–45.
[22] Deposition of Michael Cardozo, May 7, 1997, pp. 30–31.
[23] "Mark Middleton; White House Staff," *USA Today,* February 27, 1997, p. 6A.

would deliver. He has asserted his Fifth Amendment rights and refused to talk with Committee investigators. However, if he did know of the questionable origin of the contributions, it would explain why he directed Trie to the Trust as opposed to Clinton/Gore '96, or the DNC, where the contributions would have received much greater scrutiny and been subject to FEC guidelines.

In addition to steering Trie to the Trust, Middleton also helped Trie communicate with the President concerning China/Taiwan policy. Although Trie did not tell Cardozo or Schwartz with whom he was having lunch at the Palm on March 21st, National Security Council documents obtained by the Committee indicate that his appointment was almost certainly with Middleton.[24] Trie's lunch appointment at the Palm was at noon. Middleton's office is across the street from the Palm. At 1:14 pm on the 21st—minutes after Trie's lunch ended—Middleton faxed a letter from Trie addressed to the President to Maureen Lewis at the White House who handles the President's personal correspondence. The letter was faxed from Middleton's office. These facts suggest that the letter was passed from Trie to Middleton at the Palm. The cover sheet of the fax stated in part, "Dear Maureen: As you likely know, Charlie is a personal friend of the president from LR. He is also a major supporter. The president sat beside Charlie at the big Asian function several weeks ago."[25]

In the letter, Trie expressed concern over U.S. intervention in tensions arising from military exercises being conducted by China near the coast of Taiwan. Trie told the President in his letter that war with China was a possibility should U.S. intervention continue,

> . . . once the hard parties of the Chinese military incline to grasp U.S. involvement as foreign intervention, is U.S. ready to face such challenge . . . it is highly possible for China to launch real war based on its past behavior in Sino-Vietnam war and Zhen Bao Tao war with Russia.[26]

The National Security Council prepared a draft response to Trie's letter which was personally reviewed by National Security Advisor Anthony Lake and forwarded to the President for his signature. In his response letter, the President explained the U.S. objectives in the area and tried to ease Trie's concerns about the situation.[27]

While thousands of people write the President and receive reply letters carrying his signature, few people write letters that receive the kind of activity and attention within the NSC that Trie received. Without the testimony of Trie and Middleton, however, the Committee cannot determine whether the letter had any connection to the donations to the Trust and/or, more importantly, whether Trie was acting at someone else's direction when he wrote the letter to the President.

In addition to this exchange on China/Taiwan policy, Trie also received two other favors from the White House at or about the time

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[24] Letter from Charlie Trie to the President with fax cover sheet from Mark Middleton, March 21, 1996 (Ex. 4).
[25] *Id.* at p. 1.
[26] *Id.* at pp. 2–3.
[27] Letter from the President to Charlie Trie and supporting memoranda, April 22, 1996 (Ex. 5).

of his donations to the Trust. First, as discussed in more detail above in the section on Charlie Trie, Trie was appointed by the President to the Commission on U.S. Pacific Trade and Investment Policy—an act which required the President to expand the Commission's size by signing an executive order. Trie was appointed to the Commission despite the fact that his qualifications did not remotely match those of the other members named to the Commission.[28] Trie's appointment was also not made official until four weeks after his delivery of the donations to the Trust.

Additionally, and as discussed more fully above, Trie was also successful in gaining admission to a White House coffee with the President for Chinese arms dealer Wang Jun.[29] The coffee took place on February 6, 1996, just weeks before Trie began gathering the donations from the Buddhist sect that he would eventually deliver to the Trust. When it was revealed that the President had entertained Wang, who also serves as an advisor to the Chinese government, the President admitted that the meeting was "clearly inappropriate."[30] Without the cooperation of Trie or Wang Jun the Committee cannot determine whether Trie's fundraising for the Trust was connected in any way to Wang Jun's visit.

IV. APRIL 4, 1996 WHITE HOUSE MEETING WITH THE FIRST LADY AND HAROLD ICKES

Following Trie's first visit on March 21, 1996, Cardozo and the Co-chairs of the Trust decided that the President and First Lady should be informed of the visit in order to notify them of the contributions as well as to see if they knew Trie.[31] Accordingly, Cardozo scheduled a meeting on April 4 with Harold Ickes, White House Deputy Chief of Staff and the White House supervisor of the President's re-election effort, and Mrs. Clinton to discuss the Trie-related contributions to the Trust. Cardozo began the meeting by telling the First Lady that someone from Arkansas had delivered a large number of checks to the Trust and asked her to guess who it was. When she failed to do so, Cardozo mentioned the name Charlie Trie. Mrs. Clinton hesitated, then recalled him as the owner of a restaurant in Little Rock frequented by then Governor Clinton. Cardozo explained that the donations were primarily from Asian-Americans and that the co-chairs had decided to deposit the money and determine whether or not the checks and money orders were indeed eligible. Mrs. Clinton agreed that the Trust should be diligent in determining the eligibility of the contributions.[32] In this regard, Cardozo mentioned that he had learned through his experiences during Watergate to be wary of individuals carrying bags of money in Washington,

> . . . when people drop large sums of money off in manila envelopes in Washington, D.C., you've got to be very careful about how you handle those funds.[33]

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[28] List of names and occupations of members of the Commission, November 8, 1995 (Ex. 6).
[29] *See* previous portion of the section regarding Charlie Trie's fundraising for the DNC.
[30] "Sen. Thompson to Subpoena Delayed White House Files," *The Washington Post,* July 31, 1997.
[31] *Id.* at p. 50.
[32] Deposition of Michael Cardozo, May 7, 1997, p. 102.
[33] *Id.* at p. 73.

Both he and Mrs. Clinton discussed their Watergate experiences during this April 4 meeting.[34]

Cardozo testified that he probably took a copy of the Trust's bi-annual report to the meeting.[35] He concluded this, in part, because Harold Ickes' notes of the April 4th meeting include the notation "Total contributions Less ineligible."[36] The bi-annual report which the Trust released to the press every six months contained the following reporting line:

STATEMENT OF RECEIPTS AND EXPENDITURES

July 1, 1995–December 31, 1995

Receipts:	
Total Contributions	$107,739
Less Ineligible Receipts	(2,202)
Net Receipts	105,537

This entry noted the total contributions received in the six month reporting period as well as the contributions which were ineligible and, thus, returned. The existence of that particular language in the Ickes' notes is important because it likely indicates that at the April 4 meeting Ickes, Cardozo and Mrs. Clinton discussed the fact that even if the Trie-related contributions were returned, their existence would be easy to ascertain from the bi-annual report scheduled to be released in July 1996. Cardozo admitted that the returned contributions, if publicly disclosed, would have been a major press story.[37] As discussed more fully below, the Trust, with White House knowledge, subsequently changed its reporting format to omit any disclosure of returned contributions.

Cardozo could offer few other details about the April 4 White House meeting. He testified that he did not tell Ickes or the First Lady about Trie's Presidential appointment to the federal commission or his involvement in organizing the DNC fundraiser because he did not think they were important.[38] Significantly, at the meeting Ickes apparently did not indicate any knowledge of Trie despite the fact that by most accounts Ickes ran the DNC from the White House and Trie was a DNC Managing Trustee.[39]

V. THE TRUST INVESTIGATES THE TRIE DONATIONS

In the weeks following Trie's initial visit and Cardozo's April 4 meeting at the White House, Sally Schwartz reviewed the checks and money orders more closely to determine whether they met the Trust's guidelines. She found that some of the money orders were sequentially numbered (meaning they had been purchased at one location), but were filled out by people from different parts of the country. In addition, a number of the checks had the same misspelling of the word "presidential,"—spelled instead "presidencial."

[34] *Id.* at pp. 73, 75.
[35] *Id.* at p. 78.
[36] Handwritten notes of Harold Ickes, April 4, 1996 (Ex. 7).
[37] Deposition of Michael Cardozo, May 7, 1997, pp. 141–142.
[38] Testimony of Cardozo, July 30, 1997, p. 28.
[39] Meaning that he raised or contributed at least $100,000; *see* section of the report regarding White House control of the DNC.

She also found that some of the checks were written by one person on behalf of another in violation of the Trust's guidelines.[40]

Schwartz telephoned some of the donors directly to determine whether they had in fact given their own money. She was told about large meetings at which the contributions were gathered. Eventually she learned about a Buddhist organization, Ching Hai, which had hosted the meetings, and she became concerned that some of the donors may have been coerced into making donations.[41] The more Schwartz looked into the Trie-related donations, the more it became apparent that the Trust needed outside help to investigate the matter.

A. The Trust Hires Investigative Group Inc.

As a result of Schwartz's internal investigation, Cardozo determined that the Trust should hire the Investigative Group, Inc. (IGI), a private investigative firm, to investigate the donations. On April 22, 1996, Cardozo held a conference call with the Trustees to gain their consent to hire IGI. The Trustees consented, but also raised a number of concerns. Elliott Richardson, former U.S. Attorney General, observed that,

> from a political point of view that we have a relatively desultory fund with only a trickle of money coming in and suddenly a big wave of Asian-American money comes in, in the wake of a number of fairly visible administration actions involving Asia in general and Taiwan in particular.[42]

Similarly, John Brademus, former Congressman from Indiana, raised the following concern:

> One question . . . I would raise, but I hope Terry Lenzner [of IGI] could look into is . . . do [the donors] have a common position or can we find if there is some leader of a group . . . that has views on let's say continuation of MFN [Most Favored Nation status] or termination of MFN . . . some political agenda behind what they are doing?[43]

Ronald Olson, an attorney from Los Angeles, suggested that "someone in the California Asian community and I would think the Taiwanese would be very, very prominent in this . . . I think I would try to get beyond Mr. Trie."[44] Yet, despite the fact that these legitimate questions and concerns were raised by the Trustees, IGI was never requested to look into any of these matters.

Following the April 22 Trustee conference call, Cardozo and Darryl Libow, counsel for the Trust, met with Terry Lenzner and Garrick Tsui of IGI. Cardozo explained the events that had transpired at the Trust and asked IGI to investigate the Trie-related contributions.[45] However, the one person Cardozo specifically in-

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[40] Deposition of Sally Schwartz, May 6, 1997, pp. 66–67.
[41] *Id.* at p. 137.
[42] Transcript of Trustees' conference call, April 22, 1996, p. 2 (Ex. 8).
[43] *Id.* at p. 4. Mr. Cardozo responded, "Well I think we can ask the Investigative Group to do that and I think at some point we can ask Mr. Trie to come to a meeting and share with him some of our concerns . . ." *Id.*
[44] *Id.* at p. 1.
[45] Deposition of Terry F. Lenzner, June 23, 1997, pp. 13–14.

structed IGI not to talk to was Charlie Trie.[46] Cardozo explained that one reason for this instruction was that the Trust was limited to a $5,000 investigation budget.[47] However, he acknowledged that Trie's office in Washington, D.C. was only blocks from IGI and, thus, a visit by an IGI investigator would have cost very little,

> Mr. TIPPS: And on the matter of cost—by the way, Mr. Trie's office was at the Watergate office building, right?
> Mr. CARDOZO: That's what his business card said.
> Mr. TIPPS: Right. And IGI—I am not from Washington, but I believe it is on Connecticut Avenue?
> Mr. CARDOZO: That's correct.
> Mr. TIPPS: And that is about a $5 cab ride?
> Mr. CARDOZO: That's correct.[48]

He also expressed a reluctance to talk with Trie because he was a friend of the Clintons.[49] Whatever the reason, the failure of those investigating the Trie-related donations to sit down with Trie and ask him directly about the donations—and specifically their origin and whether he was receiving anything in return—is one of the more curious and troubling facts related to this entire episode.

Another strange, and as-yet-unexplained fact, uncovered by the IGI investigation was the possible role of longtime Clinton friend and Lippo Group associate Joe Giroir in the Trust matter. Loren Berger, an IGI investigator, interviewed Sally Schwartz as part of the IGI investigation. Berger's notes of the meeting indicate that at some point in the discussion about the Trie donations the name "Joe Giroir" was mentioned. The name appears in Berger's notes along with the name Mark Middleton.[50] However, when deposed by Committee attorneys, neither Schwartz nor Berger could remember anything about Giroir or even the context in which his name was mentioned. Giroir is an attorney in Little Rock, Arkansas and a former partner of the First Lady with the Rose Law Firm. His company, Arkansas International Development Corp., is closely associated with the Lippo Group and the Riady family, and Giroir was active in trying to place John Huang at the DNC. The Committee's complete findings regarding Giroir are included elsewhere in this report.

B. The Rose of the Ching Hai Buddhist Sect

During its investigation, IGI conducted extensive computer information searches, interviewed numerous donors telephonically, and contacted several experts on cults and religious sects. Based on these efforts, IGI determined that Trie likely laundered some or all of the funds through members of the Ching Hai Buddhist sect to the Trust and that many sect members were, in fact, coerced into making the donations.

The Ching Hai Buddhist organization is headed by the Supreme Master Suma Ching Hai. According to IGI's findings and other published information, the Supreme Master studied Buddhism in Taiwan, where she maintains her headquarters. Aside from leading

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[46] *Id.* at p. 14.
[47] Deposition of Michael Cardozo, May 7, 1997, pp. 98, 104.
[48] Cardozo testimony, p. 36.
[49] Deposition of Michael Cardozo, May 7, 1997, p. 104.
[50] Handwritten notes from Loren Berger, undated (Ex. 9).

the sect, she also designs her own line of clothes and conducts fashion shows.[51] She encourages her followers to make donations to and purchase items from Ching Hai. Notwithstanding her teachings to her followers to focus on the spiritual and not the material, IGI found that Suma Ching Hai generally travels and lives in an opulent style. Indeed, IGI reported that she is considered a fraud by many other Buddhist groups.[52] IGI also reported on certain unconventional practices within the sect, such as the sale of the Supreme Master's bathwater to her followers (which she apparently claims has curative properties).[53]

As a result of its interviews with experts who had studied the Ching Hai sect extensively, IGI learned that its members often donate sums to the organization greater than they can afford.[54] IGI concluded that it was highly likely that the funds donated by members of Ching Hai to the Trust were not given voluntarily.[55]

IGI also discovered that the donors to the Trust were solicited by the Supreme Master at large meetings in Los Angeles, Houston and New York. Many of the members IGI interviewed said they did not have check books or sufficient funds with them at the meetings, so in some cases fellow members wrote checks on their behalf, and in other cases money orders were provided and people simply filled them out with their addresses and social security numbers.[56]

For obvious reasons, the Committee looked closely at whether the Ching Hai members reimbursed the sect for the money orders they had filled out or whether the sect simply funneled its funds through its members to Trie and ultimately the Trust. The organizer of the Ching Hai meeting in New York, Zhi Hua Dong, addressed this issue when he testified before the Committee on July 31, 1997.

C. Testimony of Zhi Hua Dong

Zhi Hua Dong is a computer systems administrator in the physics department at Columbia University. He served as the New York contact member for Ching Hai and was one of the organizers of a March 16, 1996 meeting of the group in New York. Dong testified before the Committee and explained how the donations were gathered at that meeting. A couple of days prior to March 16, Dong was contacted by one of the Supreme Master's assistants and told to purchase $20,000 in money orders and was assured that he would be reimbursed for the purchase. He was not told why the money was needed. Later the same day he received another call from the same individual and was told to purchase as many money orders as he could. After contacting a few other members from the New York area, Dong was able to purchase $70,000 in money orders.[57]

Dong testified that he and his wife met the Supreme Master Suma Ching Hai at Kennedy International Airport along with other sect members.[58] Dong's wife, Tracy Hui, drove Charlie Trie

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[51] Final report of IGI, stamped "Draft," May 15, 1996, p. 5 (Ex. 10).
[52] *Id.* at p. 4.
[53] *Id.*
[54] Berger deposition, p. 24.
[55] Ex. 10.
[56] Berger deposition, p. 24.
[57] Testimony of Zhi Hua Dong, July 31, 1997, p. 151.
[58] Deposition of Zhi Hua Dong, June 17, 1997, p. 49.

and the Supreme Master into Manhattan. Dong followed in another vehicle. Upon arriving at the Ritz Carlton Hotel in midtown, Dong went up to the Supreme Master's room where he delivered the money orders he had been asked to purchase. At that time the Supreme Master explained to him that they were helping President Clinton raise funds for his personal legal expenses. Trie, who was to be initiated into the sect at the meeting, was also in the room and wrote down the full name of the Trust so that people would be able to spell it correctly on their money orders and checks. Before leaving, Dong observed the Master removing $20,000–25,000 from the stack of money orders for sect-related expenses.[59]

During the meeting that night, which was held at the Inn at 57th Street, the Supreme Master addressed about 150 new initiates, all U.S. citizens, and told them that President Clinton was a good person and needed their help. After requesting them to contribute to the Trust, the Master turned to leave the room and to go downstairs to a private meeting. When some of the new initiates tried to follow her, she turned and in an angry tone told them to stay put and attend to business.[60] When one of the followers tried to ask a "spiritual question," she angrily told him that it was not the time for spiritual questions.[61] According to Dong, her tone made some of the members uncomfortable,

> The voice was very strong, very strong, you know, from my perspective, I feel some energy coming out, and her tone, you know, could make people uncomfortable . . . there is one person stand up, after Master talked, stand up, asked a spiritual question regarding the practice. Master was very angry . . . It's a very strong voice. That could irritate people.[62]

Immediately following the event, Dong went back to the Master's room at the Ritz-Carlton and helped count the funds that had been raised. Between sixty and one hundred of the blank money orders had been filled out by individuals who did not pay for them.[63] The Master added a number of checks and money orders from another meeting, and, according to Dong, the total amount finally given to Trie could have been more than $400,000.[64]

Dong had never met Trie prior to the New York meeting, and he testified that from the way Trie talked, he was under the impression that he worked directly for President Clinton.[65] This was the only time Dong was aware of the Supreme Master ever asking for support for a political figure.[66] Four days after this New York meeting—on March 20—Trie called Cardozo to set up their initial meeting.[67]

Dong testified that in May, 1996, Trie called him and asked him if they could meet at the airport while Trie was changing planes in New York. At this meeting Trie was very upset because the

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[59] Dong testimony, p. 153.
[60] Dong Deposition, p. 79–80.
[61] Dong testimony, p. 170.
[62] Dong deposition, p. 112.
[63] Dong testimony, p. 158.
[64] *Id.* at p. 161.
[65] *Id.* at p.163-164.
[66] Dong deposition, p. 114.
[67] *Id.* at p. 24.

Trust was investigating the source of the contributions. He told Dong that the Trust was being "very cautious" because it was "an election year."[68]

Several weeks after the event, Dong contacted the Ching Hai headquarters in Taiwan requesting that he and his fellow members be reimbursed for the $70,000 in money orders that they had purchased with their own money. Dong testified that up to this point he had received little or no reimbursement from the individual members. Dong and the other members who had advanced funds for the money orders were eventually reimbursed by the sect in three wire transfers, one for $20,000 from Taiwan, one for $30,000 from Cambodia where the sect had a chapter, and the balance in a wire transfer from Los Angeles chapter.[69]

VI. MAY 9, 1996 WHITE HOUSE MEETING

After receiving the initial investigative report from IGI, including information about the Ching Hai Buddhist group, Cardozo scheduled another meeting at the White House for May 9, 1996 to again discuss the Trie donations.[70] The meeting was attended by Cardozo, Schwartz and Libow on behalf of the Trust, and Harold Ickes, Jack Quinn, White House Counsel, Bruce Lindsey, Deputy White House Counsel, Cheryl Mills, Deputy White House Counsel, Evelyn Lieberman, Deputy Chief of Staff, and Maggie Williams, Chief of staff to the First Lady, on behalf of the White House. Cardozo did not know why it was necessary to meet with so many senior members of the White House staff, especially in light of his insistence that the Trust operated independent of the White House.[71] The White House apparently made the decision as to which staff members would attend.

During the May 9 meeting, Cardozo explained the key facts surrounding Trie's donations to the Trust, and called upon Libow, the Trust's attorney, to provide the group with a summary of IGI's findings regarding Ching Hai and its leader, Suma Ching Hai. Libow described IGI's findings in great detail including their conclusion that at least some of the donations may have been coerced.[72]

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[68] Dong testimony, p.163.

[69] *Id.* at p.165.

[70] On April 24, 1996, Trie visited the Trust for the second time. He met with Cardozo and Schwartz and brought a shopping bag with him. Cardozo testified that when he saw Trie approach he thought to himself "Oh my God, he's got a million dollars." In fact, Trie had an additional $179,000 for the Trust. Because the Trust was investigating the first batch of donations, Cardozo refused to accept the donations. Because IGI had been specifically instructed by Cardozo not to interview Trie, they had instead prepared a list of questions to be asked of Trie at the April 24 meeting in order to gain a better understanding of the source of the donations. However, neither Cardozo nor Schwartz asked any of IGI's questions at the meeting. Deposition of Michael Cardozo, May 7, 1997, pp. 129–130.

[71] *Id.* at p. 115.

[72] *Id.* at pp. 155-156. IGI's conclusion was ultimately proven correct when in July Cardozo received a letter from Ching Hai member David Lawrence. Cardozo circulated the letter to all of the people who had attended the May 9 meeting, as well as Mrs. Clinton. The Lawrence letter confirmed that in fact many of the donors did not contribute their own funds:

> Unfortunately as you suspected, the funds were raised by the efforts of a concerned party who was unaware of some of the terms mentioned in your letter. In particular, none of those in the private association involved in the fund raising knew that the individual U.S. citizen donors were required to use only their own funds. In my case, $500 given by money order was advanced by the association or its leader and not reimbursed by me. We were led to believe that reimbursement was optional. I am sure that none of the members or leadership of the association knew otherwise. In addition, I was not

Continued

The group discussed the pros and cons of returning the donations and the type of press coverage such a story would generate.[73] Mills raised the question of whether returning the money would be seen as some sort of discriminatory act against Asian-Americans, but in the end the group supported the Trustees preliminary recommendation to return the money.[74]

Significantly, Cardozo testified that soon after the meeting started Bruce Lindsey entered the room, heard Trie's name mentioned, and commented that he knew Trie from Little Rock and that he knew Trie was "involved with the Democratic Party."[75] Ickes was present when the comment was made, but said nothing in response.[76] Furthermore, despite the fact that Ickes was supervising the President's re-election effort from the White House, he apparently failed to make any inquiry into Trie's fundraising activities with the DNC.

A. Ickes' Failure to Notify the DNC

Lindsey was correct on May 9th that Trie was "involved" with the Democratic Party. In fact, he was a Managing Trustee of the DNC (meaning he contributed or raised at least $100,000). Ickes' was also involved with the DNC. In fact, according to some witnesses, Ickes was calling the shots on a day to day basis at the DNC.[77] Yet, despite his leading role with the DNC, Ickes failed to notify anyone at the DNC that a major DNC donor and fund raiser was involved in highly questionable fund raising for the Trust. According to DNC Chairman Don Fowler, "If we had known about the problems with Trie earlier, we could have done something. I wish that I had known that."[78] Instead, the DNC was ultimately forced to return $645,000 in funds contributed or raised by Trie.[79] Indeed, the first time Ickes mentioned the issue to anyone at the DNC was during a telephone conversation with B.J. Thornberry, Executive Director at the DNC, in October, 1996—after the fundraising controversy had broken in the press. Ms. Thornberry raised questions with Ickes regarding whether John Huang had been truthful with the DNC.[80] Ickes responded by telling her that if she had those concerns she should also check out Charlie Trie and talk to Bruce Lindsey about him.

> Q: What did Mr. Ickes say to you?
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> A: Mr. Ickes said two things to me. He said that if I had concerns about John Huang that I also might want to check out contributions from Charlie Trie, and he said also that I might want to have the same conversation with Bruce Lindsey.[81]

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made aware of the other terms mentioned in your letter. I was not aware that the Trust "will make periodic public reports of fund contributors."

Letter from David Lawrence to the Trust, July 5, 1996, p. 2 (Ex. 11).

[73] Deposition of Michael Cardozo, May 7, 1997, p. 161–163.

[74] *Id.* at p. 155.

[75] *Id.* at p. 175.

[76] *Id.*

[77] Deposition of Donald Fowler, May 21, 1997 pp. 61-62. A complete discussion of Ickes' role in the DNC can be found in the section of this report on White House control of the DNC.

[78] "What Clinton Knew," *Los Angeles Times,* December 21, 1997, Sec. A, p. 1.

[79] Deposition of David Mercer, May 14, 1997, p. 240.

[80] Deposition of B.J. Thornberry, May 20, 1997, p. 114.

[81] Id. at p. 114.

Mr. Ickes was not alone in his failure to follow up on Trie's actions with regard to the Trust. White House personnel, including the President, not only failed to notify the DNC of Trie's questionable fundraising practices with the Trust, but continued to have contact with him. Only four days after the May 9 White House meeting, the President sat next to Trie at the head table of a $5,000 per person dinner in Washington.[82] In August, 1996, two months after the Trust decided to return the Trie-related donations, the President accepted $110,000 from Trie at an event celebrating the President's 50th birthday.[83] In addition, as noted above, the President proceeded to appoint Trie to a federal trade commission and had the NSC prepare a personal response to foreign policy questions raised by Trie, both after Cardozo informed the White House and the First Lady about the questionable Trust donations.

VII. TRIE'S FINAL MEETING WITH THE TRUST

On May 17, 1996, Trie visited the Trust for the third and final time. Cardozo asked Schwartz to meet with Trie alone because Cardozo no longer wished to have any dealings with him.[84] During the meeting, Trie acknowledged that he was indeed a member of the Ching Hai sect and that he had encouraged the Supreme Master to help him raise money for the Trust.[85] Trie also had additional donations which he said totaled $150,000—bringing the total to $789,000—that he wished to deliver, but Schwartz refused to accept them because by the Trust had yet to make a determination regarding the first delivery of funds.[86]

VIII. THE TRIE-RELATED CONTRIBUTIONS ARE RETURNED

The decision to return the Trie-related contributions was finalized in June, 1996, and the Trust began mailing contributions back to the contributors.[87] However, it did so with a twist. Notwithstanding IGI's findings about the involvement of the Ching Hai sect and the likely coercion exercised on sect members, the Trust sent a cover letter along with the returned contributions instructing the donors that they could re-submit their contributions if they met the Trust's guidelines.[88] In other words, despite the fact that the Trust knew the donations had been, at least in part, coerced, it was still willing to accept the same money from the same donors.

Loren Berger, the IGI investigator who authored the IGI report, testified before the Committee that she had a theory as to why the Trust sought to have the donations recontributed in this manner. She knew that any contributions accepted in the first six months of 1996 would be made public in the bi-annual report filed in July 1996, prior to the election. However, if the donations were returned and the donors then re-submitted their contributions during the second half of 1996, the "recontributions" would not be made public

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[82] "What Clinton Knew," *Los Angeles Times,* December 21, 1997, Sec. A, p. 1.
[83] *Id.*
[84] Deposition of Michael Cardozo, May 7, 1997, p. 190-192.
[85] Deposition of Sally Schwartz, May 6, 1997, p. 211.
[86] Id. at p. 210.
[87] Return letter from the Trust to a contributor, June 26, 1996 (Ex. 12); The White House was informed of this decision as the option had been discussed at the May 9 White House meeting.
[88] *Id.*; Deposition of Michael Cardozo, May 7, 1997, p. 212; Exhibit no. 12.

until the next reporting period—January 1997, after the election. Berger theorized that by returning the contributions and allowing them to be re-submitted after the first reporting period of 1996 had passed, the Trust could effectively receive the funds and avoid making them public until after the election.[89] The only flaw in Ms. Berger's theory was that the bi-annual report had historically disclosed not just contributions, but returned contributions as well, which would mean the story would have become public prior to the election anyway. However, as discussed below, the Trust changed its public reporting method to avoid disclosing the return of the Trie-related contributions.

IX. THE BI-ANNUAL REPORT IS CHANGED TO KEEP THE TRIE DONATIONS SECRET

Work on the mid-1996 bi-annual report began in the first week of July 1996. The purpose of the report was to record the activities of the Trust for the first half of 1996 and to make them public at a press conference held in August. All previous bi-annual reports submitted by the Trust since its inception had listed "total contributions" received by the Trust during the six month period and subtracted "ineligible contributions" that had been returned during that same period.[90] However, in mid-1996 the Trust changed the format of the bi-annual report so that only "contributions accepted" by the Trust were listed. The Trust eliminated the return line and rationalized that any contributions received and returned within the six month period were never "accepted" and, thus, need not be disclosed. This was a marked departure from the way returns had been accounted for historically.[91]

[89] Berger Deposition, pp. 84-85. Cardozo denied any such plan, although he was unable to offer any logical explanation for why the Trust would agree to accept tainted funds from the original donors, knowing that the donations had been coerced in the first place.

[90] Ex. 2.

[91] Ex. 1.

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Cardozo and Schwartz both admitted that the reason for the deletion of the return line in the mid-1996 bi-annual report was to keep the Trie-related donations from becoming public.[92] The net effect of this accounting change was to treat the Trie-related contributions as if they had never occurred.[93]

On August 14, 1996, the Trust held a press conference to release the bi-annual report. Cardozo was specifically asked by a reporter whether there were any contributions returned because they came from someone who was "unsavory or anything like that." Cardozo said, "No."[94] Cardozo testified that he gave this answer to protect the privacy of the donors and the credibility of the Trust.[95] In other words, if he had answered yes, the Trie-related matter would have become public at that time.

In addition to the accounting change in the bi-annual report, the Trust also revised the Quarterly Report that was routinely sent to the President and which contained the names of the donors to the Trust for the previous three months. On April 25, the President received a list which included the Trie-related donors.[96] Three months later that report was "superseded" by a subsequent report which omitted the names of those donors.[97] The President, therefore, was not only aware of the original Trie-related donors, but was also aware that their donations had been returned.

That the White House knew of the accounting change in the bi-annual report is also beyond dispute. First, a simple comparison between the mid-1996 bi-annual report and all previous bi-annual reports would have disclosed the change. Moreover, it is inconceivable that the matter was not discussed at one of the White House meetings concerning the Trie contributions. In fact, Harold Ickes' notes from both the April 4th and May 9th White House meetings suggest that the matter of how to report the returned contributions was discussed.[98] Additionally, as addressed below, notes taken by Cardozo the day after the Trie contributions were finally made public suggest that White House counsel had approved of the manner of disclosure in the mid-1996 bi-annual report, and wanted to avoid any public disclosure of the Trie matter until at least after the election.

X. THE RESUBMITTED CONTRIBUTIONS ARE RETURNED/TRIE'S GROWING NOTORIETY

During the period of August through October 1996, the Trust began receiving "recontributions" from the original Trie-related donors. Cardozo and Schwartz noticed that the occupations of many of the donors were inconsistent with the amounts they were giving. Students, hairstylists and others were making $1,000 donations

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[92] Testimony of Michael Cardozo, July 31, 1997, pp. 47-48; Deposition of Sally Schwartz, May 6, 1997, p.283.

[93] Even though Cardozo admitted the effect of the change was to hide the existence of the Trie-related donations, he testified that the real reason for the change was to clarify the Trust's accounting procedures. Schwartz, however, admitted the reason for the change was the Trie-related contributors. Deposition of Michael Cardozo, May 7, 1997 p. 246; Deposition of Sally Schwartz, May 6, 1997, p.283.

[94] Transcript of August 14, 1996 press briefing, p. 19 (Ex. 13).

[95] Deposition of Michael Cardozo, May 8, 1997, p. 10.

[96] Original Quarterly Report sent April 25, 1996 (Ex. 14).

[97] Supplemental Quarterly Report omitting the names of the Trie-related donors sent June 26, 1996 (Ex. 15).

[98] Ex. 7.

which once again raised the question of whether they were contributing their own funds.[99]

On November 8, 1996, Cardozo conducted a conference call with the Trust's Co-Chairs regarding the re-submitted contributions. They discussed the questions raised by the donors' occupations, the letter from David Lawrence which confirmed that Ching Hai members had signed checks and money orders using someone else's money, and Trie's recent notoriety in the press in connection with John Huang and the growing DNC fundraising controversy. The group decided to re-engage IGI to investigate the resubmitted contributions to determine whether they too should be returned. However, there was no discussion of making Trie's relationship to the Trust public during the conference call.[100]

On November 14, 1996, Cardozo, Schwartz and Libow once again met at the White House with senior White House aides Jack Quinn, Cheryl Mills, Evelyn Lieberman and Bruce Lindsey. Cardozo informed them that IGI had once again been retained to examine the re-submitted contributions and that questions had been raised about the donors' occupations, as well as Trie's involvement with John Huang the DNC. Cardozo informed them that the Trust was inclined to return these contributions as well.[101]

While Cardozo testified that the impetus for returning the resubmitted contributions was the information about the donors' occupations, this does not square with the other evidence presented to the Committee.[102] First, information regarding the occupations of the donors who were resubmitting contributions had surfaced as early as July.[103] Second, IGI investigator Loren Berger testified that there was no new information about the donors that the Trust did not have when it decided to return the first round of contributions in June 1996.[104] The real reason the Trust returned the "recontributions" appears instead to be the public notoriety Trie was receiving in the Fall of 1996 for his involvement in the DNC fundraising controversy and his relationship to John Huang and the Riady family. Yet, notwithstanding Trie's growing role in the fundraising matter, neither the White House nor the Trust, prior to the 1996 election, publicly disclosed the White House's substantial involvement with Trie or Trie's attempt to deliver over $700,000 in laundered contributions to the Trust. Indeed, from handwritten notes taken by Cardozo subsequent to the election, it appears likely that the White House Counsel's office made a concerted effort to prevent any public disclosure of the Trie matter until after the election.

XI. CARDOZO'S HANDWRITTEN NOTES

As discussed more fully below, the Trust eventually was forced to disclose the Trie contributions at a press conference on December 16, 1996. On the following day, Cardozo received several telephone calls from the press and others which were reflected on call

[99] Deposition of Michael Cardozo, May 7, 1997, p. 320-321.
[100] Deposition of Michael Cardozo, May 7, 1997, pp.320-321.
[101] Deposition of Michael Cardozo, May 8, 1997, pp.77-78.
[102] *Id.* at p. 30.
[103] *Id.* at p. 14.
[104] Berger Deposition, pp. 88-89.

sheets provided to the Committee.[105] It is apparent from the call sheets and Cardozo's testimony that the press was questioning him about why Trie's relationship with the Trust had not been disclosed in mid-1996 with the bi-annual report. Cardozo's handwritten notes appear on some of the call sheets. In most instances the notes are written in the narrative form and contain lines drawn to a specific reporter. They look and sound like notes of a question being posed to Cardozo during a phone conversation. However, in one margin Cardozo wrote, "In June never came up. Investigation wasn't complete. WH Counsel: agreed w/ disclosure. Jack, Bruce, Cheryl—not disclose info until after election. Opposed disclosure."[106]

[105] Cardozo's handwritten notes on his telephone log, December 17, 1996, p. 5 (Ex. 16).
[106] *Id.* at p. 5.

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During his testimony at deposition and before the Committee at public hearing, Cardozo speculated that the notes must have referred to some question posed by one of the reporters on that page. However, when pressed on the issue, he could not confirm this:

> Q. Is it your testimony under oath, Mr. Cardozo, that this is a question posed to you by a reporter?
> A. I don't know precisely what it refers to. [107]
>
> * * * * *
>
> Mr. TIPPS: Mr. Cardozo, you and I talked about these notes in your deposition. Do you recall that?
> Mr. CARDOZO: Yes, I do.
> Mr. TIPPS: And you said here today that this was a reporter. Can you tell us which reporter on that exhibit asked you this?
> Mr. CARDOZO. No, I cannot be certain which reporter it was.[108]

While Cardozo's speculation might be accurate, it appears from the evidence, taken as a whole, that a much more likely interpretation is that Cardozo was simply talking with someone from the White House and lamenting all the questions he was being bombarded with from the press concerning the timing of the disclosure about Trie. The White House aide, in turn, was simply stating what he or she knew about that issue and Cardozo wrote it down. The notes are not written as though it is a question being posed to him from a reporter. Moreover, the notes are not connected with any particular reporter but are, instead, bracketed or walled off in a manner that suggests their separateness from the list of reporters. Additionally the notes themselves do in fact explain what was going on at the White House in the pre-election time frame. The phrase "In June never came up" likely refers to the fact that in June 1996 Trie had not become a public figure connected to the DNC fundraising controversy. The phrase "W.H. counsel: agreed on disclosure" likely refers to the fact that the White House counsel's office (many of whom were at the May 9 White House meeting) agreed with the method of disclosure used in the mid-1996 bi-annual report which omitted any reference to returned contributions. Finally, the phrase "Jack, Bruce, Cheryl—not disclose info until after election" speaks for itself. Cardozo admitted that this note referred to Jack Quinn, Bruce Lindsey and Cheryl Mills—all White House Counsel and all attendees at the May 9 White House meeting. Indeed, at the bottom of the this page of notes, also in Cardozo's handwriting, are the names Mike McCurry and Lanny Davis, both senior White House aides who would have been privy to this information. Cardozo admitted during public hearing that he spoke to both of them.[109]

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[107] Testimony of Michael Cardozo, July 31, 1997, p. 109.
[108] *Id.* at p. 108.
[109] *Id.* at p. 110. Furthermore, this interpretation of Cardozo's notes is consistent with subsequent press reports indicating that the Trie-related contributions were kept away from key White House personnel for fear that they might make the story public. The *Los Angeles Times* has reported that Trie's relationship with the Trust was intentionally kept from Jane Sherburne, former Special Counsel to the President, and Mark Fabiani, former White House counsel in charge of press inquiries about Whitewater, until at least after the election because they were known to be advocates of disclosing negative stories rather than trying to hide them. Jane Sherburne was interviewed by the Committee and confirmed that she was not notified

XII. TRIE'S RELATIONSHIP WITH THE TRUST IS MADE PUBLIC

The Trust and the White House kept the Trie story private until after the election, but their hopes of keeping it out of the public completely ended with a phone call in December from a reporter working on a story for NBC News. Once Cardozo realized the story was going to become public, he worked closely with the White House to make sure that it was released on their terms and with their spin.

A. Cardozo's Call From John Mattes

On December 2, while on a business trip to Los Angeles, Cardozo was informed by his office that he had received a telephone call from John Mattes. When Cardozo called him back, Mattes informed him that he was working on a story for NBC News regarding a large number of contributions from Asian-Americans to the Trust which had been returned. He also told Cardozo that the producer he was working with was a Mr. Oetgen. He was aware of the donors' association with Ching Hai, but gave no indication that he was aware of Charlie Trie's involvement.[110]

Cardozo told Mattes that he was in conference and would have to contact him later. Cardozo immediately called Cheryl Mills, Deputy White House counsel, and set up a meeting the next day at the White House to discuss the matter.[111]

B. The December White House Meetings

On December 4, and December 11, Cardozo, Schwartz and Libow once again met at the White House with senior White House aides Quinn, Lindsey, Mills, Lieberman and Williams. The group discussed the telephone call from Mattes and logistically how the Trust should go about making the story public. In the December 4 meeting, Cardozo told the the White House employees about his call from Mattes and expressed his concern that if the story was to go public he wanted to make sure that the Trust was able to tell the story from its perspective. Mills advised Cardozo to call Oetgen to see if Mattes was "for real" before making any arrangements to make the story public. This was the first meeting at which making the story public was discussed or even contemplated.[112]

Following the December 4 meeting, Cardozo called Oetgen and found out that Mattes was indeed working on a story for NBC. Both Cardozo and Oetgen were planning to be out of town in the near future, so they agreed that Oetgen would call back the next week to follow-up on the story. Oetgen, however, failed to call the next week.[113] Nonetheless, as a result of the call from NBC, Cardozo, with help from the White House, proceeded with plans to make the Trie story public.[114]

Having determined that Mattes was "for real," another meeting was held at the White House on December 11 to decide how to dis-

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about the Trie-related contributions until after Trie's name surfaced in the press. Memorandum of interview of Jane Sherburne, September 19, 1997, p. 13.

[110] Deposition of Michael Cardozo, May 8, 1997, p.52.

[111] *Id.* at p. 49.

[112] *Id.* at p. 57.

[113] *Id.* at p. 56.

[114] *Id.* at p. 57.

close the story publicly. The White House aides determined that the best method was a press conference and they suggested that Cardozo contact Mark Fabiani, a former White House counsel who had handled press inquiries regarding Whitewater, for help in making logistical decisions.[115]

Following the meeting, Cardozo called Fabiani on two occasions and took notes of the conversations. Included in the notes is a reference to NBC which reveals that the call from Mattes was indeed the impetus behind the decision to go public—"NBC changes everything, could come back with a lot more info."[116] Another portion of Cardozo's notes states, "Trie is a big-time player, Daschle, Congress."[117]

[115] *Id.* at p. 67.
[116] Cardozo's handwritten notes of conversation with Fabiani, December 12, 1996, p. 1 (Ex. 17).
[117] Cardozo's handwritten notes of conversation with Fabiani, December 11, 1996, p. 2 (Ex. 18).

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When asked what this meant, Cardozo said that Fabiani was aware that Trie was well known on Capitol Hill and had raised money for several Democratic members of Congress.[118] Cardozo and Fabiani also discussed whether NBC should be contacted prior to the press conference since they were preparing a story, however NBC was not contacted.[119]

C. The December 16, 1996 Press Conference

Cardozo scheduled the press conference for December 16, 1996, less than two weeks after first speaking with Mattes.[120] With regard to the NBC story, the following exchange of questions and answers took place:

> A PARTICIPANT. Are you aware, sir, of a story being prepared at this moment, prior to this calling of this conference today?
>
> Mr. CARDOZO. No.
>
> A PARTICIPANT. In other words, are you trying to head off a story that was thought to be——
>
> Mr. CARDOZO. No.[121]

Cardozo did not explain to the press that the impetus for the press conference was the call from Mattes or that there had been no discussion and no intention whatsoever of making the donations public prior to that call. Cardozo later testified before the Committee that at the time this question was posed he did not think NBC was working on the story since Oetgen had not called him back.

Although Cardozo was aware from press accounts that Trie's fundraising activities were being investigated by the Justice Department, he made no attempt to notify them of Trie's activities concerning the Trust until two days prior to the press conference.[122]

XIII. CONCLUSION

As a result of its investigation into Trie's activities with the Trust, the Committee gained further insight into Trie's close relationship with the White House, and how, as a major fundraiser, Trie raised and laundered contributions for the benefit of the President and First Lady. The evidence uncovered by the Trust's own investigators reveals that the donations were laundered through members of a controversial Buddhist sect, many of whom were coerced into making the donations. The evidence also reveals that senior members of the White House staff were informed of this disturbing fact, yet still acquiesced in a plan to have the donations returned to the contributors, and then resubmitted to the Trust. This plan soon became untenable because of Trie's sudden notoriety over his relationship with John Huang and the growing DNC fundraising controversy. Rather than publicly disclosing Trie's involvement with the Trust, however, the White House sought to keep the matter secret until after the presidential election. Moreover, despite all

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[118] Deposition of Michael Cardozo, May 8, 1997, p. 100.
[119] *Id.* at p. 88; Ex. 17.
[120] *Id.* at pp. 66, 69–70.
[121] Transcript of December 16, 1996 press conference (Ex. 19) p. 38.
[122] Deposition of Michael Cardozo, May 8, 1997, p. 164.

of the warning signs they were given, these same White House aides, particularly Harold Ickes and Bruce Lindsey, made no effort whatsoever to alert the DNC that a major DNC fundraiser was involved in money laundering with the Trust.

The investigation also demonstrated that Trie was granted several special favors by the White House at or about the same time that he was raising and delivering the questionable funds to the Trust. One question which remains unanswered is whether these favors—the appointment of Trie to the trade commission, Wang Jun's invitation to meet personally with the President, or the personal reply letter from the President prepared by the NSC explaining U.S. foreign policy—were linked in any way to the Trust donations. These same types of questions were raised by the Trustees in their initial meetings concerning Trie. Inexplicably, neither the Trust nor the White House ever made any attempt to investigate these matters. Because Trie had fled to China during the course of the Committee's investigation and did not return until early February 1998, and Mark Middleton has asserted his Fifth Amendment privilege against self-incrimination, the Committee could not conclusively answer these questions.

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THE SAGA OF ROGER TAMRAZ

The testimony of Roger Tamraz provided the Committee with the chance to hear from an unrepentant access-purchaser. The hearing at which he appeared revealed efforts by officials of the DNC to reverse National Security Council (NSC) policy regarding Tamraz's access to the President and pressure NSC officials to change their position on the merits of Tamraz's Caspian Sea pipeline scheme.

The Tamraz affair also stands out as one which produced a genuine hero—or, to be more precise, a genuine heroine. For despite the ugly window it provides upon high-level venality, the Tamraz story is also the story of Sheila Heslin, a courageous NSC staff member who resisted inappropriate and possibly unlawful attempts by senior officials to change U.S. Government policy in pursuit of Tamraz's money. This episode also provides a reminder that despite all such wrongdoing, there are decent people in government with noble ideals of public service.

BACKGROUND

Roger Tamraz, an international financier and entrepreneur in the oil business, is presently wanted by police in at least two countries. A naturalized American citizen, he has been ordered by a French court to pay the equivalent of some $ 57 million in connection with the collapse of a French bank and faces an Interpol arrest warrant for allegedly embezzling between $154 and $200 million from the failed Al Mashreq Bank in Lebanon, of which he had been the chairman. In June 1995, Tamraz—who had left Lebanon in 1989 with the assistance of Syrian authorities—was also sentenced *in absentia* to 15 years in prison by a military court in Lebanon.[1] Tamraz has also been closely involved in business dealings with Libya's state-controlled National Oil Company, to which he sold or with which he merged his own Tamoil company.[2]

Tamraz acknowledges his various continuing legal problems, admitting that "if anyone puts my name in NEXIS-LEXIS, you get a lot of horror stories."[3] Nevertheless, he maintains that he is entirely innocent of wrongdoing, having been unfairly persecuted by his enemies because of his efforts on behalf of "the U.S. and peace" and because he was "portrayed as a Jew, a dirty word in the context in which it was used."[4]

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[1] Transcribed Interview of Roger Tamraz, May 13, 1997, pp. 4 & 8–10.
[2] Alejandra Y. Castillo, memorandum to Donald Fowler, July 12, 1995, p. 2 (Ex. 1).
[3] Tamraz interview, p. 6.
[4] Testimony of Roger E. Tamraz, September 18, 1997, pp. 4–6. According to researchers at the DNC, Tamraz's claimed "kidnapping" and "torture" in Lebanon—*see, e.g., Id.* at p. 4—may have arisen out of the failure of the Al-Mashreq Bank when a commander of a Christian militia group in Lebanon held Tamraz hostage pending repayment of some $3 million allegedly lost by that commander when the bank collapsed because Tamraz used its funds to bankroll his private business projects. Tamraz had apparently denied paying the $3 million ransom reportedly demanded of him. *See* Ex. 1, p. 2.

Among Tamraz's business interests is a company called Oil Capital Limited, which seeks to develop oil pipeline concessions in the Caucasus. After the collapse of the Soviet Union, extraordinary possibilities for oil production had opened up for the huge reserves of the Caspian Sea region. While governments such as that of the United States worked to speed this oil to Western markets, to lessen the dependence of the oil-rich countries of the region upon Russia, and to break Russia's monopoly upon pipeline transit routes out of the Caspian,[5] international financiers and oil companies—Oil Capital Limited among them—scrambled to take advantage of the commercial opportunities presented by a variety of proposed new pipeline projects.

In mid-1995, negotiations were underway for an "early" oil pipeline deal for Caspian oil by the terms of which small new pipelines would be built—or old ones refurbished—in order to provide an interim solution to the problem of how to bring this oil to Western markets. Also underway was a longer-term project to find a "final" pipeline route for Caspian crude oil. Both the "early" and the "final" oil projects involved much debate over optimal pipeline routings; vast potential profits hung in the balance.[6]

Unfortunately, the Caucasus also remained a politically and militarily unstable area, nowhere more so than with respect to the long-simmering conflict between Armenia and Azerbaijan over the ethnically-Armenian enclave of Nagorno-Karabakh within Azerbaijan, a territory over which a bloody war had been fought between 1990 and 1994. As a result, it became an important objective of U.S. policy in the region both to facilitate oil development and to do so in ways that preserved and enhanced regional stability. Moreover, because certain prior oil concessions in the Caspian region had been arranged and executed in part through bribery and corruption—and because this "was beginning to destabilize governments in the region because they were having no money come into their countries" on account of such illicit diversions[7]—it was also an important objective to ensure that future deals complied with "international commercial standards."[8]

Tamraz had ambitious plans, however, for his own Caucasian pipeline. As he put it in a letter to President Gaidar Aliyev of Azerbaijan, Tamraz proposed a "tentative agreement which could be negotiated with Nagorno Karabakh" by the terms of which "[o]il and gas pipelines will be built by Oil Capital [Limited] from [the Azeri coastal city of] Baku to the Mediterranean, passing through Nagorno Karabakh, Armenia, Nakhichivan and Turkey." These pipelines would be "paid for, owned and constructed by Oil Capital Ltd., Inc," and his company would have the right to purchase five percent of the resulting consortium.[9] In Tamraz's depiction, this pipeline would help bring peace to Nagorno-Karabakh, in part through being accompanied by the creation of a demilitarized "lib-

[5] Testimony of Sheila Heslin, Sept. 17, 1997, p. 4.
[6] *See generally* Memorandum of Interview of Sheila Heslin, May 28, 1997 [redacted and declassified version], pp. 2–3.
[7] Heslin testimony, p. 10.
[8] *See generally* Heslin interview, p. 3; Hesline testimony, p. 10.
[9] Roger Tamraz, letter to Harry Gilmore, U.S. Ambassador to Armenia, attaching a May 3, 1995 letter to President Gaidar Aleyev, May 10, 1995, pp. 3–4 (Ex. 2).

erated territory" joined by a corridor to Armenia.[10] Furthermore—and perhaps more importantly—this plan would make Tamraz very rich: his share of the proposed Caspian Pipeline Consortium would have been at least $125 million, and possibly much more.[11] As described below, U.S. foreign policy officials regarded his plan as unworkable, undesirable, and perhaps even dangerous. It is clear, however, that the stakes for Tamraz were quite high.

It should be noted in this regard that Tamraz had long aspired to playing a role in the formulation of United States foreign policy in areas of the world in which he had business interests—and had long sought to use political fundraising as the means by which to do so. As he saw it, political contributions were a time-tested means to high office in the United States:

> [A] lot of our Cabinet ministers and a lot of our ambassadors have spent just that amount of money for just [this] reason . . . . You know, we have got Felix Rohatyn, who is ambassador in Paris. We have got a Mr. Rubin who is a Cabinet minister, and they have all given much more than I have.[12]

"Usually," he explained, "you don't pick up Madeleine Albright from her kitchen and make her into Secretary of State."[13] For Tamraz, financial contributions to political parties lay at the core of the U.S. political process. Never bothering to vote since becoming an American citizen in 1989, Tamraz believed himself to possess "more than a vote" by virtue of his campaign contributions.[14] Thus did he hope to advance himself and his business interests.

In the mid-1980s—with Ronald Reagan in the White House—Tamraz's hopes of purchasing such a role in U.S. policy entailed donations to Republican causes. Despite giving enough money to become a "Republican Eagle," Tamraz received no response to his overtures from the Reagan Administration; he could not even gain access to the Reagan White House.[15] Accordingly, Tamraz put his plans aside.[16] At that point, at least, access to U.S. officials and policy concessions were not for sale.[17]

In 1994 and 1995, however, Tamraz received unsolicited letters from the DNC, asking for money.[18] The timing of these solicitations was perfect: Bill Clinton and Al Gore now occupied the White House for the Democratic Party, and oil issues were moving to the top of the Clinton Administration's foreign policy agenda for the Caspian even as Tamraz put the finishing touches on his own pipeline proposal in early 1995. Hoping to promote his pipeline project—and finally to be able to "play a role which I aspire to" in

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[10] *Id.,* p. 4.
[11] Heslin interview, p. 3 (giving $125 million figure); Tamraz testimony, p. 94 (stating that he would have owned "[m]uch more than 5 percent" of Caspian pipeline deal).
[12] Tamraz testimony, pp. 81–82.
[13] *Id.,* p. 62.
[14] *Id.,* p. 158–159.
[15] *Id.,* p. 150–51.
[16] Tamraz interview, pp. 36–37.
[17] The Minority has tried to make much out of a June 1985 letter recommending Tamraz for some presidentially-appointed board or commission ostensibly signed by RNC Chairman Frank Fahrenkopf, Jr. This letter, however, was not written, authorized or signed by Fahrenkopf. *See* Frank Fahrenkopf, letter to Senator John Glenn, Sept. 16, 1997 (Ex. 3).
[18] Tamraz interview, p. 37.

U.S. policy making[19]—Tamraz contacted the DNC. As a result, Tamraz had an initial meeting with the DNC's Ari Swiller in July 1995; at a subsequent meeting, Swiller introduced him to DNC Chairman Donald Fowler.[20] Significantly, it was no coincidence that Tamraz's decision to respond to the DNC's fundraising solicitations should come in July 1995: it was at this point that Tamraz first ran into opposition from U.S. officials who viewed him as disreputable and who regarded his Caspian schemes as a disruptive "pipe dream."

REJECTION AND RETURN

In mid-1995, Sheila Heslin was a staff member of the NSC. Her duties as the NSC's Director of Russian, Ukrainian, and Eurasian Affairs[21] made her responsible for coordinating policy with regard to the States of the South Caucasus in Central Asia and with regard to oil and gas issues throughout the former Soviet Union, with a particular focus on pipeline issues.[22]

Heslin was deeply involved in U.S. efforts to negotiate the Caspian "early" oil pipeline agreement, and she chaired an interagency working group—the "Caspian energy working group"[23]—that dealt with this and related issues.[24] These responsibilities made her the natural object of Tamraz's attentions.

With the help of Ed Pechous, a former CIA official then in Tamraz's employ,[25] Tamraz arranged to meet with Heslin on June 2, 1995 to discuss his own pipeline plan for the region. Even before this meeting, however, Tamraz had raised Heslin's suspicions—and those of the other members of her Caspian energy working group. Before the June 2 meeting with Heslin, Tamraz had been meeting with various U.S. officials in the Departments of State, Energy,[26] and Commerce.[27] At these meetings, Tamraz represented that his plan had the support of "various entities and governments," among them a number of major American oil companies. It soon became apparent that these representations were false: representatives of several oil companies, for example, telephoned Energy Department officials and Heslin to complain that they did not, in fact, support Tamraz's proposed pipeline.[28] Moreover,

> we got reporting from embassies suggesting that, in fact, Roger Tamraz had not had the level of access, the Presidential level of access in Armenia or Azerbaijan [he had

[19] *Id.* at p. 38.
[20] *Id.*
[21] As such, she reported to Coit ("Chip") Blacker, the NSC's Senior Director for Russian, Ukrainian, and Eurasian Affairs.
[22] Heslin testimony, p. 3.
[23] This group included representatives from the NSC, the Department of Energy, the Department of State, the Department of Commerce, the Overseas Private Investment Corporation (OPIC), the Trade & Development Agency, the Department of the Treasury, and the Export-Import Bank. *See* Heslin interview, p. 5.
[24] Heslin testimony, pp. 4–5.
[25] Tamraz testimony, p. 45; Tamraz interview, pp. 22–23 & 121; Heslin interview, p. 7.
[26] One of these meetings took place with Energy Department official Jack Carter, who met with Tamraz in the company of Carter's colleague Theresa Beman, a lawyer from Philadelphia, and with Tim Denna of Bethlehem Steel—a company which wished to sell Tamraz the steel with which to build his pipeline. *See* Deposition of John Carter, June 23, 1997, pp. 30–32; Deposition of Charles Kyle Simpson, June 25, 1997, p. 36; Tamraz interview, pp. 29–30.
[27] Tamraz interview, p. 26; Heslin testimony, p. 8; Heslin interview, p. 7.
[28] Indeed, they apparently described him as a "flake," and resented his representations of their endorsement. *See* Heslin testimony, p. 8; Heslin interview, p. 7.

> claimed] . . . and that in fact, Azerbaijan had been hostile to him, and then open source information, which the State Department collected, indicated that he had a highly controversial history, and then the agency, the CIA, also provided some information which indicated—well, a very controversial past.[29]

On top of Tamraz's "controversial past" and his misrepresentation of support, it was the assessment of the working group that "his commercial proposal [did] not have a lot of potential."[30]

Nevertheless, Heslin agreed to meet with Tamraz on June 2 in order to "clear up . . . whether, in fact, there was something there or whether these problems that had cropped up, were, in fact, correct."[31] During their meeting, Tamraz sought to persuade Heslin that the U.S. Government should endorse this proposal—or at least announce that Washington did not object to it. Heslin, however, did not think his plan realistic; she posed "tough questions" to Tamraz about his proposal, "and didn't get very satisfactory answers."[32] She made it clear to Tamraz that "we were not going to be able to—the U.S. Government—endorse him in any way."[33]

The next day, the interagency Caspian energy working group determined that Tamraz's pipeline should *not* be given support and that he should be denied high-level U.S. Government access: the group agreed that there were too many "holes" in the commercial aspects of his plan, and that its other aspects were unacceptably weak.[34] The official position of the U.S. government, therefore, was that Tamraz's pipeline should not be supported and that Tamraz should be given no further access to senior U.S. officials.

Tamraz first began to promote his pipeline idea to Heslin through certain contacts of his in the CIA even before his June 2, 1995 meeting with Heslin. After Jim Collins, a State Department official, first suggested in May 1995 that she meet with Tamraz, Heslin had inquired about Tamraz with a friend of hers at the CIA's Directorate of Intelligence (DI).[35] As a result of this inquiry, Heslin received a report on Tamraz from the DI. She also, however, received a separate report on Tamraz from the Agency's Directorate of Operations (DO), which the DO had undertaken to provide to her on its own initiative. According to Heslin, these two reports were quite different: the DI report was "more direct" in recounting information unflattering to Tamraz, whereas the DO report contained little adverse information—referring only vaguely to certain "unsubstantiated allegations" against him.[36]

After Heslin's rebuff in early June 1995, however, Tamraz's lobbying efforts through the CIA moved into higher gear. Shortly after Heslin's meeting with Tamraz on June 2, Heslin received a tele-

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[29] Heslin testimony, pp. 8–9.
[30] *Id.* at p. 8.
[31] *Id.* at p. 9.
[32] *Id.* at p. 9–10.
[33] *Id.* at p. 11.
[34] Heslin interview, p. 8; *see also* Heslin testimony, pp. 12–13.
[35] The CIA's DI performs the Agency's analytical functions and is responsible for providing "finished" intelligence information to national policymakers. Its Directorate of Operations ("DO") is the Agency's clandestine division, with responsibility for such things as covert "spying" abroad.
[36] Heslin interview, pp. 6–7.

phone call from a CIA officer named "Bob," [37] who said that he wished to speak with her about the report on Tamraz recently sent her from the DO. According to Bob, the DO's report had been incomplete: it left out certain favorable information about Tamraz. As Heslin recounted it, the CIA officer "went on, you know, at some length" with "real reverence in his voice" about Tamraz's virtues and accomplishments.[38] Bob said that his superior, William Lofgren, had requested that he contact Heslin to supply information that had not found its way into the earlier DO report.[39] Heslin found this a "strange call" because the CIA man "definitely called me right after" her meeting with Tamraz—so quickly, in fact, that "[i]t surprised me: how would he know my meeting [with Tamraz] went badly [for Tamraz]?" [40]

On at least two, and perhaps three, occasions thereafter, Heslin received additional calls from Bob at the CIA. Each call was quite similar: "it was always in this lobbying effort . . . [i]t was *just* like a lobbyist. . . . It sounded like he was representing Tamraz. . . . He was basically telling Tamraz's story." [41] Bob's efforts on behalf of Tamraz in this regard, however, came to naught: Heslin refused to reconsider the Tamraz issue, sticking by the official U.S. position adopted by the interagency working group in June 1995.

Heslin's rebuff of Tamraz's advances in June 1995 helps put into perspective Tamraz's July 1995 overtures to Ari Swiller at the DNC: he had a very concrete problem to overcome, and apparently had very concrete ideas as to how to overcome it. On July 11, 1995, Tamraz met with Don Fowler and Ari Swiller in Fowler's office at the DNC. As the DNC briefing notes for this meeting put it, the chairman of Oil Capital Limited, Matt Steckel, had "spoke[n] with Don [Fowler] about contributing $250,000 to the DNC." Accordingly, at this meeting Fowler was to "ask Mr. Tamraz to contribute $250,000 to the DNC." [42] This request was apparently a resounding success: another internal DNC memorandum, written the day after Fowler's meeting with Tamraz, recounted that "[i]n a conversation held with Ari Swiller yesterday, Mr. Tamraz expressed his desire to contribute $300,000 to the DNC." [43]

As Tamraz himself has noted, even a cursory search of LEXIS–NEXIS news databases uncovers "horror stories" about him.[44] To the DNC's credit, its staffers did not overlook this. Alejandra Castillo, for example, sent a memorandum to Fowler on the day after his July 11 meeting with Tamraz. In it, she warned that

> As a potential Managing Trustee member, Mr. Tamraz's business dealing may potentially, if not definite[ly], [raise] political and ethical implications on the DNC fundraising

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[37] Bob's last name—known both to Heslin and to the Committee, and confirmed by the CIA—is classified on account of his involvement in clandestine CIA activities with the DO.

[38] Heslin interview, pp. 8–9.

[39] Heslin testimony, p. 12.

[40] Heslin interview, p. 9; *see also* Heslin testimony, p. 12 ("He went on to almost seem to rebut every tough question that I had in my own meetings [with Tamraz]. So he seemed to be aware of what happened in my meeting, which was strange.").

[41] Heslin interview, p. 10 (emphasis in original).

[42] Briefing notes for Don Fowler and Ari Swiller on "Private Meeting w/Roger Tamraz," July 11, 1995 (Ex. 4).

[43] Ex. 1, p. 3. Castillo's memorandum also advised Fowler that "[i]f Mr. Tamraz is able to commit to $250,000, then you may extend an invitation to attend the NY Managing Trustee dinner this evening."

[44] *See supra* note 3.

> operations. I have had several conversations with Carol Khare and Ari Swiller regarding Mr. Tamraz's background. . . .
>
> * * * * *
>
> . . . [Tamraz's] contribution is greatly appreciated and highly needed, however, his past involvement in shaky international business and para-military organizations may generate considerable problems for the DNC. Mr. Tamraz seeks political leverage to secure his oil ventures in the Russian Republics (Caspian Oil Project).
>
> . . . His business background has proved to be full of significant financial and ethical troubles. Pay attention to these warning signals![45]

To the DNC's discredit, however, these warnings were ignored by the party's senior leadership. Indeed, DNC officials not only accepted Tamraz's money but also went to great lengths in an attempt to provide Tamraz the "political leverage" he sought in his Caspian ventures.

Over the next few months, Tamraz directly contributed or helped solicit great sums of money to the DNC and to various state Democratic parties at Fowler's direction. As Tamraz testified, the "only reason" he made these donations was in order to secure him the White House access he desired in order to promote his pipeline plan to the President.[46] The first installment of these payments—totaling $90,000—occurred just over a week after Tamraz's meeting at the DNC with Fowler and Swiller: on July 19, 1995 Tamraz wrote a $20,000 check to the DNC, a $25,000 check to the Virginia Democratic Party, a $20,000 check to Richard Molpus' campaign for governor of Mississippi, and a $25,000 check to the Louisiana Democratic Party. The DNC tracking form for Tamraz's DNC contribution listed Swiller as the DNC staff contact and Fowler as having solicited the donation.[47]

Fowler subsequently forwarded another $5,000 check from Tamraz to the Molpus campaign,[48] and another $75,000 check to the Virginia Democratic Party.[49] Tamraz helped solicit an additional $60,000 for the DNC from four of his friends,[50] and himself gave the DNC an additional $50,000 on September 10, 1995.[51] All

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[45] Ex. 1, pp. 1–3.

[46] Tamraz testimony, p. 63 ("Senator Levin: . . . Was one of the reasons that you made these contributions because you believed it might get you access? That is my question. / Mr. Tamraz: Senator, I'm going even further. It's the only reason—to get access. . . .").

[47] Ex. 5 (Roger Tamraz check #1021 to Richard Molpus for Governor on July 19, 1995; Roger Tamraz check #1022 to DNC on July 19, 1995, with associated DNC tracking form; Roger Tamraz check #1023 to Virginia Democratic Party on July 19, 1995; Roger Tamraz check #1024 to Louisiana Democratic Party on July 19, 1995).

[48] Ex. 6 (Roger Tamraz check #1501 for $5,000 to Richard Molpus for Governor and accompanying note from Don Fowler reading "Here's a little more help for your campaign.").

[49] Virginia Democratic Party campaign contribution records, Oct. 26, 1995 (Ex. 7) (indicating $75,000 contribution on October 19, 1995). This contribution was made in the name of Tamoil, Inc. rather than in Tamraz's own name. As Matthew Steckel of Tamoil explained in a subsequent letter, "Tamoil, Inc. is 100% owned by Mr. Tamraz." Matthew Steckel, letter to Richard Newcomb, Nov. 6, 1995 (Ex. 8).

[50] *See* Richard Sullivan and Ari Swiller, Memorandum for Roger Tamraz, March 28, 1996 (Ex. 9) (indicating $20,000 solicitation from Elias and Norma Haddad on July 29, 1995 and $20,000 each from Gil and Marcia Sireni on September 1, 1995).

[51] DNC Check Tracking Form for Roger Tamraz check #0086, Sept. 10, 1995 (Ex. 10). In November 1995, Fowler also helped put Tamraz in touch with Kevin Mack of the Democratic Lead-

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in all, according to internal DNC memoranda, by the end of March 1996 Tamraz had made contributions totaling $100,000 to the Virginia Democratic Party, $25,000 to the Virginia Legislative Conference, $20,000 to the Molpus campaign,[52] $25,000 to the Louisiana Democratic Party, and $130,000 to the DNC.[53] Tamraz apparently also gave "either a thousand or two" to the Presidential Legal Expense Trust (PLET).[54] Buoyed by their success in winning such large sums from Tamraz, DNC Finance Director Richard Sullivan recounted, "all of us were continually asking him for money through the course of the year"—perhaps "every six weeks" during 1996.[55] These figures, and the DNC's eagerness to solicit further contributions from Tamraz, make clear why Alejandra Castillo's warnings went entirely unheeded.

Both the extent of the NSC's opposition to allowing Tamraz high-level U.S. government access and Tamraz's success in circumventing this opposition through his campaign contributions may be seen in what Sheila Heslin later termed "the VP thing."[56] At some point in August or early September 1995, at a White House coffee or a DNC breakfast, "the Vice President met with a friend of Tamraz's named Haroun [or, variously, Harut] Sassounian."[57] After Vice President Gore expressed interest in Tamraz's pipeline and "requested that Harut Sassounian set up a meeting" about the proposal,[58] Sassounian reportedly "said he would be sending a letter and seeking an appointment through normal channels" so that the Vice President could discuss the issue with Tamraz personally.[59] As a result, Tamraz was invited to a breakfast with the Vice President scheduled for October 5, 1995.[60]

Heslin learned from one of the Vice President's national security aides, Rick Grimes, that Tamraz was seeking an appointment with the Vice President through a "political link" or "political channels." She related to Grimes her concerns about Tamraz and his business dealings, and told Grimes that she felt "very strong[ly]" that Tamraz should get no high-level access to U.S. officials.[61] Grimes apparently notified his superior, Leon Fuerth, who sent a memorandum to Vice President Gore on September 13 warning him that Tamraz had a "shady and untrustworthy reputation" and that his pipeline proposal was "commercially questionable at best." Fuerth also warned the Vice President that

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ership Campaign Committee (DLCC); Tamraz was reportedly "inclined to support" the DLCC, and Mack hoped to ask him for $100,000. *See* Kevin Mack, memorandum to Donald Fowler, Nov. 14, 1995 (Ex. 11).

[52] As indicated by the figures above, this DNC summary apparently neglected to record the second check—for $5,000—Tamraz gave to the Molpus campaign.

[53] Richard Sullivan and Ari Swiller, Memorandum for Roger Tamraz, March 28, 1996 (Ex. 12).

[54] Tamraz interview, p. 128.

[55] Deposition of Richard Sullivan, June 25, 1997, pp. 75–76.

[56] Heslin interview, p. 10.

[57] Richard Grimes, e-mail message to Leon Fuerth, Sept. 6, 1995 (Ex. 13); *cf.* Scott Pastrick, memorandum to Kimberly Tilley, undated (Ex. 14) (giving September 7, 1995 as date); Leon Fuerth, memorandum to Albert Gore, Sept. 11, 1995 (Ex. 15) (giving date as August 8, 1995); Leon Fuerth, Memorandum for the Vice President, Sept. 13, 1995 (Ex. 16) (later copy of same document).

[58] Ex. 14.

[59] Ex. 13.

[60] *See* DNC memorandum re: "Vice Chair Breakfast w/Vice President Gore," Oct. 5, 1995, p. 3 (Ex. 17) (listing Tamraz as guest).

[61] Heslin interview, p. 11.

> Tamraz's penchant for making false claims is now impacting on the US Government . . . . The NSC has advised that senior US Government officials not meet with Mr. Tamraz should he or his associates seek appointments. I concur with that recommendation. . .. We just must be certain not to give his project even the appearance of US Government support.[62]

As a result of Fuerth's memorandum, Tamraz's invitation to breakfast with the Vice President was rescinded shortly before October 5.[63] Heslin's effort to stop Tamraz's access to Vice President Gore worked—or so it seemed.

In fact, however, Tamraz's "political channels" contained a great deal of redundancy. As Tamraz described it later, he was not unhappy to lose his invitation to the October 5 meeting with the Vice President because he had other options: "if they kicked me from the door, I will come through the window."[64] This "window" was opened for Tamraz by his DNC contacts, on the strength of which he was invited to a private fundraising dinner on October 2, 1995 for Senator Edward Kennedy at the Senator's house in Virginia—a dinner at which Tamraz was seated at the head table with Senator Kennedy and Vice President Gore.[65] As Tamraz recalled it, his attendance had been arranged by "somebody from the Democratic Party" after he had started making contributions to the DNC and after he had donated "10 [or] 20" thousand dollars either to Senator Kennedy's campaign or to the Massachusetts Democratic Party.[66]

Indeed, this dinner with the Vice President on October 2, also promised to open further opportunities for Tamraz. Also at the head table with Tamraz sat DNC Finance Chairman Marvin Rosen, who in addition to his voluntary DNC duties obtained his principal livelihood as a partner in the Miami-based law firm of Greenberg, Traurig. At the recommendation at this dinner of Senator Kennedy's wife Vicki, who was also at the time a partner at Rosen's firm, Tamraz subsequently retained Greenberg, Traurig to do work for his company.[67] The choice of a firm the profits of which flowed in part to the DNC's finance chairman may have added an additional layer of redundancy to Tamraz's political lobbying campaign: Richard Sullivan later claimed to have heard from DNC Treasurer Scott Pastrick that Tamraz was no longer contributing to the DNC because he "had employed Marvin's law firm and . . . was kind of getting taken care of by Marvin's law firm."[68]

Leaving no stone unturned, however, Tamraz apparently never gave up hope of winning Heslin and her interagency Caspian en-

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[62] Ex. 16.

[63] Tamraz testimony, p. 16.

[64] *Id*. at p. 66.

[65] Briefing notes for Vice President's dinner event, Oct. 2, 1995, p. 11 (Ex. 18); *see also* Tamraz testimony, p. 66.

[66] The Vice President's briefing notes for this dinner described Tamraz as being "very involved with the DNC." *See* Ex. 18, p. 10.

[67] Tamraz interview, pp. 89–90; *see also* Tamraz testimony, p. 143.

[68] Deposition of Richard Sullivan, June 25, 1997, pp. 76–77. Tamraz, however, has claimed that efforts to attribute his slowing of DNC contributions to the Rosen connection were merely an attempt to escape blame for the failures of Sullivan and Pastrick as fundraisers. *See* Tamraz testimony, pp. 43–46. In fact, neither of these accounts is probably accurate: Tamraz most likely stopped giving money to the DNC in 1996 after it became clear that his contributions were not going to reverse the U.S. Government's policy on Caspian energy issues.

ergy working group to his cause. To this end, he enlisted the help of both the DNC and Bob of the CIA. On the afternoon of October 6, 1995, Tamraz met with Fowler and Sullivan at Fowler's office.[69] The subject of this meeting was Tamraz's "disinvitation" from the Vice Presidential breakfast the day before: Fowler told Tamraz that "there was resistance" to Tamraz attending White House social events, and that the White House "want[ed] more information about you before you can attend these events."[70]

According to Tamraz, upon being told that the White House "needed information" about him,

> I told them that they should go and get information from Government departments. . . . I told [Fowler] he could go to any department, including the CIA. . . . I told him to tell the people who were requesting from him information to tell the people to go to any department, including the CIA. . . . I may have given a name of a person at the CIA to contact, just to check if information was, in fact, sent.[71]

Indeed, Tamraz gave Fowler and Sullivan the name of his friend Bob at the CIA—the same DO official who had been "lobbying" Heslin on Tamraz's behalf since June 1995—and the CIA officer's classified office telephone number.[72] Handwritten notes taken by both Fowler and Sullivan bear this out, indicating their intention to call Bob about Tamraz and making clear Bob's CIA affiliation.[73]

Tamraz also met subsequently with Sullivan and Rosen later in October 1995 to discuss "the lack of information about me in order to go to the [White House] functions."[74] The DNC officials, he said, were "embarrassed . . . for a donor to be disinvited,"[75] and "wanted to excuse themselves that I was disinvited, and they hoped that if more information would be available that somebody would review again my status."[76] Tamraz repeated his suggestion that if more information about his bona fides were needed, the CIA should be able to provide it.[77]

On October 18, 1995, Tamraz called Bob at the CIA in order "to say that he had given [Bob's] name to Fowler as a reference." The next day, as Bob recorded it in an internal CIA memorandum,

> Don Fowler called me at the request of . . . Roger Tamraz. . . . During the conversation, Fowler said that he understood that I was in contact with the Vice President's

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[69] Schedule for National Chair Donald L. Fowler, Oct. 6, 1995, p. 3 (Ex. 19) (showing meeting at 3:00 p.m. with Tamraz and Sullivan). The notation indicating Fowler's appointment with Tamraz is handwritten, suggesting that the meeting was arranged at the last minute—which would be entirely in keeping with Tamraz's recollection that this meeting had been called to discuss Tamraz's "disinvitation" to the Gore event only the day before.

[70] Tamraz interview, pp. 31–35 & 46.

[71] *Id.* at pp. 51–53.

[72] *See* Tamraz interview, pp. 51–53, 59 & 71. Providing classified information to individuals without a security clearance is illegal. *See* 18 U.S.C. § 793(d) (prohibiting disclosure "to any person not entitled to receive it" of lawfully-possessed information which "the possessor has reason to believe could be used to the injury of the United States or to the advantage of any foreign nation").

[73] Handwritten notes by Don Fowler (Ex. 20) (reading "Roger Tamraz 6 Oct 95 . . . Leon Fuerth—go to CIA Bob . . . Sheila Heslin at NSC"); Handwritten notes by Richard Sullivan (Ex. 21) (reading "CIA—> Bob").

[74] Tamraz interview, p. 56.

[75] *Id.* at pp. 87 & 91.

[76] *Id.* at p. 57.

[77] *Id.* at pp. 87–88 & 127.

> office concerning Tamraz. Fowler said he was attempting to arrange a meeting between the Vice President and Tamraz concerning Tamraz's oil pipeline from Ceyhan, Turkey to Baku, Azerbaijan, but was aware that there was opposition in the White House . . . . Fowler queried whether I could provide him a copy of any correspondence on Tamraz I might prepare for the Vice President.[78]

At some point in October 1995, Heslin received another telephone call from Bob at the CIA, who continued, she said, "plying his lobbying methods" on behalf of Tamraz's pipeline scheme.[79]

By now, however, Heslin was being "really careful with [Bob]," having concluded that "he was a lobbyist" for Tamraz.[80] Accordingly, Fowler apparently decided to try again. As indicated by Fowler's DNC telephone records, he tried to telephone Bob at the CIA officer's classified work telephone number on December 11 and 12, 1995.[81] On December 13, Fowler finally reached Bob at the Central Eurasia (CE) Division of the DO.[82] According to an internal CIA memorandum later prepared by Bob, "Don Fowler called CE Division to ask if it could provide a letter on Tamraz to clear Tamraz's name with the President."[83]

Fowler has been less than candid in his recollection of these events. In March 1997, he issued a press release in which he asserted flatly that

> In spite of the fact that my memory is imprecise on some of the details associated with this sequence of events, on one point I am clear and certain: I did not in this situation, or in any other, call or contact the CIA to ask them to supply information to Ms. Heslin, Dr. Soderberg [sic] or anyone else, nor did I direct anyone else to do so.[84]

As noted above, this assertion was false. When confronted with evidence of his calls to Bob—evidence of which he was unaware until shown it by Senator Thompson on September 9, 1997 at the public hearings[85] Fowler changed his story. Having discovered that the Committee possessed Bob's memoranda recounting the CIA officer's discussions with him, Fowler then testified under oath that he had "no memory" of having ever called anyone at the CIA. He said, in fact, that he had been "flabbergasted" to read reports to this effect in the media; "I have at midnight, at noontime, and almost every other minute of the day plumbed my memory in every way that I

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[78] Bob of the CIA, Memorandum for the Record, Oct. 20, 1995 (Ex. 22) [redacted and declassified].

[79] Heslin interview, p. 12.

[80] *Id.; see also* Bob of the CIA, Memorandum for the Record, Dec. 28, 1995, p. 2 (Ex. 23) ("Based on conversation with Sheila Heslin at the NSC, it is our understanding that the NSC would like to deny Tamraz access to the President and the Vice President.").

[81] Donald Fowler, telephone log, Dec. 11, 1995 (Ex. 24) (listing Bob with telephone number); Don Fowler, telephone log, Dec. 12, 1995 (Ex. 25) (same).

[82] Also on December 13, Fowler and Richard Sullivan met again with Roger Tamraz at Fowler's DNC office. Schedule for National Chair Donald L. Fowler, Dec. 13, 1995, p. 2 (Ex. 26) (indicating meeting at 11:30 a.m. "per DLF's phone conversation w/Tamraz").

[83] Ex. 23, p. 2.

[84] Donald Fowler, press release, March 18, 1997 (Ex. 27). According to her comments when interviewed by the Committee, Soderberg has not received a Ph.D. *See* Memorandum of Interview of Nancy Soderberg, May 29, 1997, p. 1 (recounting finishing graduate school with Master's degree in International Relations).

[85] *See* Testimony of Donald Fowler, Sept. 9, 1997, p. 51 (remarking, when shown memorandum of conversation by Bob of the CIA, that "this is the first time I have ever seen that document").

can, and I have no memory of ever having talked to anybody at the CIA."[86] When probed more specifically about his contacts with Bob, Fowler said that he did not know who the man was;[87] Fowler also claimed not to recall Tamraz ever asking him to contact the CIA.[88]

It is likely that Fowler's September 9, 1997 claim of "no memory" is as false as his March 1997 press release absolutely denying any CIA contacts. The evidence makes clear that Fowler was closely engaged in efforts to contact Bob at the CIA. As mentioned above, Fowler's own handwritten notes indicate his intention to call a CIA officer named Bob; these notes also make clear that Fowler understood the man's CIA affiliation.[89] Fowler's telephone records document his efforts to reach Bob at his work telephone number.[90] Moreover, as described in more detail below, Fowler mentioned "Bob . . . of the CIA" both in a call to Heslin,[91] and in a conversation he had with Deputy National Security Advisor Nancy Soderberg about Tamraz.[92] Because Fowler twice talked to Bob, recorded Bob's full name and CIA affiliation in his notes, and told at least two other people of his contacts with the CIA officer, it is extremely unlikely that Fowler genuinely did not recall his contacts with the CIA.

After Bob refused Fowler's request that he provide a letter to "clear Tamraz's name with the President,"[93] Fowler contacted Heslin himself. According to Fowler's DNC telephone records, he left a message for Heslin at her NSC office on December 14.[94] Uneasy with having received a message from the chairman of the DNC, Heslin sent an e-mail message to Soderberg.[95] In this e-mail, Heslin stated that

> Don Fowler, DNC Chairman[,] has a call in to me (subject unclear). I wanted to check with you about whether to refer this call to you or more generally, if I should follow a particular procedure in returning the call.[96]

Four days later, NSC legal advisor Alan Kreczko sent an e-mail to Heslin by e-mail, advising her that "[y]ou can always return a call. But anything beyond that you would need to check with us."[97]

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[86] Deposition of Donald Fowler, May 21, 1997, p. 242; *see also* Fowler testimony, pp. 47–48; *see also id*. p. 53 (affirming lack of recollection).

[87] Fowler deposition, p. 244.

[88] Fowler testimony, p. 53.

[89] Ex. 20 (handwritten notes by Fowler reading "Roger Tamraz . . . Leon Fuerth—go to CIA/Bob [last name redacted]/Sheila Heslin at NSC"). It is clear from these notes and from Fowler's discussions of "Bob of the CIA" with Heslin and Soderberg, *see infra* text accompanying notes 91 & 92, that even if Fowler never discussed Bob's CIA affiliation, Fowler already knew it. *Cf.* Bob of the CIA, redacted and declassified deposition, pp. 67, 93 & 95 (recounting that Fowler and Bob did not discuss Bob's CIA affiliation). (The CIA officer did, however, make it clear to Fowler that he was part of some government agency, *id*. p. 94, and suggested that Fowler seemed already to know of his CIA affiliation, *id*., p. 97 ("If Tamraz has told him I'm CIA, there's not much I can do about it at that point.").

[90] *See supra* note 81.

[91] Heslin testimony, p. 23; *see also* Heslin interview, p. 13.

[92] Nancy Soderberg, handwritten notes (Ex. 28) ("Bob [last name redacted] friend in CIA/memo to Sheila."); *see also* Soderberg interview, p. 5 (identifying notes as pertaining to conversation with Fowler).

[93] Ex. 23, p. 2.

[94] Donald Fowler, telephone log, Dec. 14, 1995 (Ex. 29) (showing "message" left for Heslin at 3:45 p.m.).

[95] Heslin testimony, p. 22.

[96] Sheila Heslin, e-mail message to Nancy Soderberg, Dec. 14, 1995 (Ex. 30). Heslin apparently returned Fowler's call on December 14, but did not reach him. *See* Donald Fowler, telephone message slip, apparently Dec. 14, 1995 (Ex. 31).

[97] Alan Kreczko, e-mail message to Sheila Heslin, Dec. 18, 1995 (Ex. 30).

Also on December 18, Kenneth Baldwin, Nancy Soderberg's assistant, contacted Heslin with a response from Soderberg saying "Sheila: I'll call him."[98] Accordingly, Soderberg called Fowler that afternoon; Fowler returned her call on the morning of December 19.[99] Soderberg's handwritten notes from her talk with Fowler make clear that the subject of their conversation was Tamraz, and suggest that Soderberg was aware of the efforts of Fowler and Tamraz to enlist the CIA's assistance in changing Heslin's mind about permitting Tamraz to attend events or make appointments to visit officials at the White House. Under the heading "Roger Tamraz" and "Don Fowler," Soderberg wrote in her notebook that "WH event/appt. . . . Bob [last name redacted] friend in CIA } memo to Sheila."[100]

That same day, Fowler telephoned Heslin. As Heslin recounted it, this conversation was "very short":

> He said hello. I answer[ed], "NSC, Sheila Heslin," and he said "Hello, Sheila"—"Hello, Ms. Heslin. This is Don Fowler of the DNC, and I'm calling to inform you that Bob"—using his full name —"of the CIA will be sending you a report on Roger Tamraz, so that . . . you will understand everything about his background, and you won't have any further concerns about having him go into the White House."[101]

Alarmed by this call, Heslin called her contact at the CIA's DI to complain about this message, asking this official: "What the hell is your agency doing? You won't believe the phone call I just got from Don Fowler of the DNC!" Heslin expressed her outrage at the apparent involvement of officers from the DO with the DNC. "I totally didn't trust [the DO] on this issue," Heslin recalled later, adding that "I just couldn't understand what they were doing."[102]

Heslin also telephoned Soderberg to complain about Fowler's call. Soderberg was "adamant that she'd take care of Fowler," but also seemed interested in seeing if there were some way that Tamraz could attend a White House function. Soderberg inquired of Heslin, for example, whether Tamraz might be able to meet the President in a small group, or if that were not possible, whether he could visit as part of a large group.[103] Heslin did not question

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[98] Kenneth Baldwin, e-mail message to Sheila Heslin, Dec. 18, 1995 (Ex. 30). Soderberg had known Fowler for many years from working together for various prior political campaigns. *See* Soderberg interview, p. 2.

[99] *See* Nancy Soderberg appointment schedule, Dec. 18, 1995 (Ex. 32) (showing "Dan [sic] Fowler" call at 4:00 p.m.); Donald Fowler, telephone log, Dec. 19, 1995, p. 2 (Ex. 33) (showing call to "Nancy Soderberg for Sheila Heslin" as "DONE" at 10:15 a.m.).

[100] Ex. 28. Soderberg claimed later to have agreed with Heslin about Tamraz, and to have communicated this view to Fowler in their conversations on the subject. Soderberg interview, pp. 5–6. In any event, Soderberg admitted that Fowler told her that his friend Bob at the CIA had sent (or would send) information about Tamraz to Heslin. *See* Soderberg interview, p. 6. As suggested by her own handwritten notations upon her copy of one of the CIA reports given to Heslin, Nancy Soderberg also spoke with DNC Finance Chairman Marvin Rosen about the Tamraz issue. *See* Soderberg interview, p. 7 (declaring that "[o]bviously Rosen did call me because his name appears right there," but claiming to have no specific recollection of any such conversation).

[101] Heslin testimony, p. 23.

[102] Heslin interview, p. 13; *see also* Heslin testimony, p. 22 ("I actually also called the Directorate of Intelligence at the CIA and I said 'What the hell is going on? . . . [W]hy are your people working with Fowler?'").

[103] Heslin interview, p. 13.

Soderberg's motives,[104] but she sent Soderberg a memorandum the next day rearguing the point that Tamraz should be denied high-level U.S. government access; Heslin attached to this message the text of Leon Fuerth's September 1995 memorandum to Vice President Gore about Tamraz.[105] In her message to Soderberg, Heslin warned that

> Tamraz desperately needs the mantle of the President to advance his goal. He will use any meeting with the President . . . to the potential detriment of our policy goals in the Caucasus region.[106]

In response to Heslin's call and e-mail message, Soderberg asked Randy Beers, the NSC's senior director for intelligence matters, to look into the Tamraz issue.[107]

Just as Fowler had indicated would occur, at some point in December, Heslin received, through Beers' office, another report on Tamraz from the CIA's DO. Heslin found this entirely unsolicited report "pretty dismaying" and wholly inadequate. Indeed, it was "even worse than the last DO report": while the earlier report from the DO had at least contained veiled references to "unsubstantiated allegations" against Tamraz, this one contained *no* adverse information whatsoever. She felt this DO report to be "wholly divorced from the reality of what the guy was about."[108]

Heslin's determination to deny Tamraz access to top officials and to prevent giving him even an apparent U.S. endorsement of his pipeline project remained adamant throughout these efforts by Roger Tamraz, his friend Bob at the CIA, and Fowler at the DNC. Indeed, at the suggestion of Jamuna Broadway, an assistant to Heslin's immediate superior, Chip Blacker, Heslin tried to arrange for Tamraz's name to be put on what Broadway described as a list that would ensure that he was denied access to the White House.[109] All of Heslin's efforts, however, were in vain.

Through his DNC and other DNC-coordinated Democratic Party donations, Tamraz was able to attend events with President Clinton on no fewer than six occasions from September 1995 through June 1996: (1) a reception for the DNC's Business Leadership Forum on September 11, 1995; (2) a DNC dinner on September 15, 1995; (3) the DNC Chairman's holiday reception on December 13, 1995; (4) a DNC Trustee's dinner on March 27, 1996; (5) a Presidential coffee on April 1, 1996; and (6) a buffet dinner and private screening of the film *Independence Day* on June 22, 1996.[110] Once

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[104] Heslin claims to have simply assumed at that point that Soderberg was accumulating information with which to rebut possible counter-arguments by Donald Fowler. See id.

[105] Sheila Heslin, e-mail message to Nancy Soderberg, Dec. 20, 1995 (Ex. 34).

[106] *Id.*

[107] *See* Heslin interview, p. 13; *see* also Nancy Soderberg, e-mail message to R. Rand Beers, Dec. 20, 1995 (Ex. 34) (forwarding Heslin's message to Beers).

[108] Heslin interview, pp. 14–15.

[109] Heslin interview, pp. 11-12. According to Heslin, when Broadway suggested to her that "a friend" could arrange for Tamraz to be thus listed, Heslin replied "great!" Broadway later told Heslin that this matter had been "taken care of," and that Tamraz would now be unable to get into the White House "through some social event." *Id.* No such list was ever produced to the Committee, but Heslin was given the impression that this had occurred. *See also* Ex. 23, p. 2 (Bob of CIA recounting that "Heslin told [the DO's Central Eurasia Division] that Tamraz's name had been put on a White House watch list to prevent him from seeing senior officials.").

[110] WhoDB Contact Manager Information database printout re: Roger Tamraz, undated (Ex. 35).

again, after being denied access through the "door," Roger Tamraz had found his way in through a "window."

TAMRAZ ATTEMPTS TO CHANGE U.S. POLICY

For Roger Tamraz, however, purchasing access to the White House was not enough. Despite the NSC's objections, he had little trouble getting into the White House, having succeeded in doing so three times in 1995 alone. In 1996, however, what Tamraz still lacked—and as Heslin put it, what he "desperately need[ed]" [111]—was the U.S. Government's actual or apparent endorsement of his pipeline deal. Ideally, Tamraz would have preferred that the President promote his pipeline deal to the governments of the Caspian region, hoping that the White House would endorse his deal as part of its efforts to promote U.S. business interests overseas. [112] Failing this, Tamraz recalled, "I was looking for somebody to say, 'We have no objection.'" [113]

As described above, however, United States policy, established by the Caspian energy working group chaired by Heslin, remained firm in ruling out precisely what Tamraz wanted. As set by this interagency group, U.S. policy held that Tamraz's pipeline should get neither actual support nor any mere "non-objection." In the spring of 1996, therefore, Tamraz directed his energies toward turning the Presidential access he had purchased through Fowler and the DNC into real policy change.'

Arranging through the DNC to attend a dinner with the President for "top supporters of the [Democratic] party" on March 27, 1996, [114] Tamraz used his victory in the "guerilla fight to get close to the President" [115] in order to promote his pipeline proposal. President Clinton expressed interest, and assured Tamraz that he would look into the issue. As White House Social Secretary Ann Stock summarized their talk in a memorandum to Clinton the next day,

> Roger Tamraz . . . wanted to discuss the pipeline that will go from the Caspian Sea to Turkey. You told him that someone would follow-up with him. [116]

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[111] Ex. 34.

[112] *See, e.g.,* Tamraz testimony, p. 166 ("Chairman Thompson: . . . Do you think you have a constitutional right to have your business deal personally considered by the President of the United States? / Mr. Tamraz: Well, the President picked up the phone once and called King Fahd [of Saudi Arabia] and told him, 'I would like you to buy Boeings instead of Airbus [airliners],' and another time, he called up and he said, 'I want you to buy AT&T instead of Ericsson.'").

[113] *Id.* at p. 139.

[114] *See* Richard Sullivan, memorandum regarding March 27 dinner (Ex. 36) (describing dinner); Marvin Rosen & Richard Sullivan, memorandum to Karen Hancox, Feb. 28, 1996 (Ex. 37) (forwarding list of names for March 27 dinner—including that of Roger Tamraz—to White House); Ann Stock, memorandum to the President on March 27 dinner (Ex. 38) (briefing President on DNC dinner).

[115] As Tamraz colorfully described it,

> You think you get into the White House so you've won. It's only the fight begins when you get into the White House. Then there's a guerrilla fight to get close to the President . . . First the President is surrounded by the ladies because they swoon around him . . . Secondly, you have his bodyguards, and thirdly you have the handlers, the same handlers that get you into the White House are sure once you get in, that you don't get the chance to get what you want. They act like a basketball team professionally around the President and anyone getting too close to the President is waltzed away.

Tamraz testimony, p. 58.

[116] Ann Stock, memorandum to the President, March 28, 1997 (Ex. 39).

So interested was President Clinton, in fact, that he made a handwritten notation on Stock's memorandum asking about the likely reaction of the government of Azerbaijan and suggesting that a copy of this document be forwarded to Counselor to the President Thomas F. ("Mack") McLarty.[117]

McLarty also spoke with Tamraz about his pipeline at this dinner. As McLarty recalled it,

> [he] did talk about his oil pipeline in the Caspian Sea and the importance of it. As I remember, I related to him that we had constructed a major pipeline in the midcontinent, and I understood how important bringing reserves to market were [sic], and we discussed, as I remember it, kind of the importance of lessening the U.S. dependence on the Middle East for energy supplies, something that I have felt very strongly about for a number of years . . . .[118]

McLarty admitted that it was "possible" that Tamraz gave him some document or documents that evening, but he said they had not discussed Tamraz's political contributions.[119] At some point after this dinner, in keeping with the Stock memorandum about Presidential "follow-up," McLarty learned that

> the President wanted more information about the pipeline and for someone to follow up with Mr. Tamraz, and I think I learned that I was to do that, and I proceeded to do so.[120]

As these accounts of the March 27 dinner make clear, Tamraz's focus was no longer upon *access* to U.S. officials: by the time he was able personally to convey his views to President Clinton and McLarty, of course, such access was a foregone conclusion.[121] Rather, Tamraz now focused upon the substantive merits of his pipeline project. He sought to change U.S. Government policy with regard to Caspian energy issues.

On March 28, 1996, the day after Tamraz's discussion with the President about the pipeline and the same day that Ann Stock memorialized the President's desire to "follow-up" on the Tamraz pipeline issue, Sullivan and Swiller at the DNC prepared two memoranda summarizing Tamraz's various political contributions and the fundraising solicitations he had undertaken. One memorandum listed a total of $205,000 in various contributions and fundraising solicitations,[122] while the other listed $300,000 in contributions to various Democratic institutions.[123] As will be discussed below, the figures given by this first memorandum correspond closely to sums

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[117] *Id.* (handwritten additions). A handwritten note on this document indicates that a copy was to be forwarded to Nancy Soderberg as well, while another note reads "Make copies as noted." (The President's notations on this document appear as typewritten substitutions; it is White House policy to avoid releasing samples of the President's handwriting.)

[118] Deposition of Thomas F. McLarty, June 30, 1997, pp. 28–30.

[119] *Id.* at p. 38.

[120] *Id.* at pp. 33–35.

[121] Indeed, according to Tamraz, there was never any real chance for anyone at the NSC to bar major campaign contribution from meeting President Clinton. "If we wanted an appointment," Tamraz said, "[the President] would have told me, 'Come tomorrow for a golf game.' It could have been expensive, but we could have done it." Tamraz testimony. p. 51.

[122] *Ex.* 9.

[123] *Ex.* 12.

apparently recounted to Jack Carter at the Department of Energy by his colleague Charles Kyle Simpson.

McLarty dealt frequently with energy issues for President Clinton, and for this purpose often worked with Associate Deputy Secretary for Energy Kyle Simpson.[124] Simpson was himself a longtime political supporter of the President, having been active in Democratic politics in his native Texas and having served both as an advisor to the Clinton/Gore campaign and as a member of the President's transition team.[125] It was natural, therefore, for McLarty to contact Simpson in order further to delegate President Clinton's request to "follow-up" with regard to the substantive merits of Tamraz's pipeline idea.

Indeed, on March 29—the day after the President asked McLarty to "follow-up" with the Tamraz issue and DNC officials prepared their $205,000 and $300,000 memoranda listing Tamraz's political contributions—McLarty inquired of Simpson about a certain "list." In a telephone message slip produced to the Committee in response to its request for Tamraz-related documents, McLarty's secretary informed him that Simpson had called "re: List—I told him you found out what you needed to know from someone else so he could disregard it for now."[126]

On April 1, Tamraz attended another event with President Clinton, this time a DNC-sponsored coffee in honor of "the top supporters of the DNC."[127] The briefing materials for this event listed Tamraz as "pursuing the possibility of building an oil pipeline,"[128] and he indeed took advantage of this opportunity to promote his project to McLarty, who later recalled meeting Tamraz at this coffee, but claimed to remember nothing of their conversation.[129] In a memorandum prepared the next day, however, McLarty advised the President that

> [p]er your direction, I had a good visit with Roger Tamraz, President of Oil Capital Ltd., at the Monday morning coffee. Roger was pleased with your interest, and we will follow-up in a supportive but prudent and appropriate way.[130]

Tamraz also apparently gave McLarty an Oil Capital brochure and a copy of his business card, which McLarty duly forwarded to Kyle Simpson, with a copy also being sent to President Clinton.[131] Indeed, McLarty appears by that point already to have faxed Simpson information relating to Tamraz. In his April 2 note forwarding Simpson the business card and brochure, McLarty noted that this

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[124] *See* McLarty deposition, p. 6.
[125] *See* Simpson deposition, pp. 9–14.
[126] Thomas F. McLarty, telephone message slip, March 29, 1996 (Ex. 40).
[127] Richard Sullivan, memorandum on April 1, 1996 coffee, March 29, 1996 (Ex. 41).
[128] List of "POTUS April 1 Coffee Attendees," p. 3 (Ex. 42).
[129] McLarty deposition, p. 44.
[130] Mack McLarty, memorandum to William J. Clinton, April 2, 1996 (Ex. 43).
[131] Mack McLarty, letter to Kyle Simpson, April 2, 1996 (Ex. 44) (forwarding attachments to Simpson for discussion and including handwritten notation "bcc: The President"). Although he apparently did not speak with Tamraz about the pipeline after the March 27 dinner, President Clinton remained quite interested in Tamraz's idea. According to McLarty, after the April 1 coffee, the President "again mentioned to me his interest in learning more about the matter." Statement of Thomas F. ("Mack") McLarty, III, Sept. 17, 1997, p. 1 (Ex. 45).

information "[r]elates to the fax I sent you last week."[132] Neither McLarty nor Simpson claim to remember any such fax or "list."[133]

At some point, most likely after the April 1 coffee, McLarty contacted Simpson about Tamraz. According to McLarty, he asked Simpson for

> additional information about the [Tamraz pipeline] project. I asked what he knew about it and for him to provide me additional information, and I believe that I told him that the President had given me this task.[134]

Simpson recalls their conversation similarly. According to him,

> [McLarty] said the President had met with Mr. Tamraz and Mr. Tamraz had talked about his pipeline proposal and . . . he asked Mr. McLarty to find out if there was anything we needed to do about it if it was important.
>
> And McLarty was calling me to find out if there was anything unique about this pipeline because it is the policy, the importance, the strategic and economic importance of getting a pipeline built from that region [that] is very . . . critical.
>
> So he wanted to know if this was one [project] that had unique characteristics that we should be supporting . . . . As I understood it, he wanted me to find out if there was anything about this pipeline proposal that was important enough, unique enough, different enough that would cause it to rise above other proposals that were in play in the Caspian. That's what he wanted to know.[135]

As this account shows, the emphasis at this point was clearly upon whether the U.S. Government should support Tamraz's pipeline proposal.

Having received this request from McLarty, Simpson passed it along to his Energy Department colleague Jack Carter—a former Clinton/Gore fundraiser from Texas who was perhaps particularly eager to assist because he had been seeking a job at the White House working for McLarty.[136] Simpson mentioned McLarty's message and asked Carter to

> [f]ind out what he could about this pipeline proposal, and learn if there is anything, then tell me if there was anything different about this one or unique about this one that would cause us to be more interested in it than in any others. . . .[137]

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[132] Ex. 44 (forwarding attachments and noting "Please review and let's discuss the attached. (Related to the fax I sent you last week.)").

[133] *See, e.g.,* Simpson deposition, pp. 39–42; McLarty deposition, pp. 38–39, 41 & 46. In October 1996, when the Clinton Administration's campaign-finance scandals began to emerge in the press, McLarty's staff tried, apparently unsuccessfully, to find the "fax" in question. One telephone message given to McLarty "Just FYI," for example, refers to his April 2, 1996 "Memo to POTUS" and recounts that the author had been "asked if we have the fax mentioned in the note—I don't." Telephone message slip, Oct. 24, 1996 (Ex. 46).

[134] McLarty deposition, pp. 53–58.

[135] Simpson deposition, pp. 43 & 47–48; *see also* Charles Kyle Simpson, letter to Senators Fred Thompson and John Glenn, Sept. 17, 1997 (Ex. 47) (recounting that McLarty asked "whether there was anything unique about this pipeline proposal").

[136] *See* Carter deposition, p. 21; McLarty deposition, pp. 12–14.

[137] Simpson deposition, pp. 53–57; *see also* Ex. 47, p. 2 (Simpson recounting that he asked Carter to "find out what he could about Mr. Tamraz' pipeline proposal and report to me whether there was anything unique about it that would cause the United States to be interested in it.").

Significantly, as noted above, the purpose of the President's inquiry and the efforts to "follow-up" upon the President's talk with Tamraz was entirely substantive, relating to the merits or demerits of Tamraz's pipeline project and whether any reason could be found for the U.S. Government to support it. Indeed, McLarty himself insisted that the issue of a Presidential meeting with Tamraz "never came up in my discussions with Mr. Simpson. I just simply asked for information about the pipeline and the region. . . . Meetings were never discussed with Mr. Simpson."[138] Mere access, in other words, had nothing to do with it.[139] As Simpson's account makes clear, Tamraz had actually persuaded President Clinton, McLarty, and Simpson to begin looking for reasons to support Oil Capital's pipeline proposal.

The key to understanding why these officials found the idea of endorsing Tamraz's pipeline to be so attractive five months before the presidential election may lie in Simpson's communications to Carter and in Carter's own subsequent communication with Heslin. By this point, after all, Heslin was the principal obstacle that remained for Tamraz. Buying access to U.S. Government officials had been comparatively easy, but the interagency working group headed by Heslin remained opposed to offering the official support Tamraz "desperately need[ed]."[140] After receiving his instructions from Simpson, therefore, it was not surprising that Carter should continue to "follow-up" on the Tamraz issue by contacting her at the NSC. What is particularly significant about this contact, however, is the degree to which the two Energy officials apparently understood this "follow-up" to revolve around Tamraz's campaign contributions.

Carter's meeting with Simpson—at which Simpson asked his colleague to find out "if there was anything different" about Tamraz's pipeline which might justify supporting it—apparently came at the end of another meeting on an unrelated subject. As Carter left this meeting, he remembers, he noticed a notepad of Simpson's that contained the words "Oil Capital or Tamraz or both" and "some numbers" apparently in Simpson's handwriting. Recognizing these names from his own work with the interagency Caspian energy working group, Carter asked Simpson about them, and their discussion ensued. The figures, Carter said, included the number 200,000 and the number 400,000; Simpson "probably" explained to him that Tamraz had given $200,000 to the Democratic Party and might yet give another $400,000.[141]

> Kyle told me that McLarty had called and [that] they wanted to find out something about the guy and whether the President should meet with him. . . . Kyle either on the pad or mentioned that the fellow [Tamraz] had made

[138] McLarty deposition, pp. 60 & 71.

[139] Interestingly, Fowler's contacts with Bob of the CIA also appear to have been more about substantive policy change than about access. As Bob recalled later, Fowler complained to him over the telephone that "big oil companies were muscling out [Fowler's] friend here Roger Tamraz, and that he intended to give this guy a fair hearing . . . ." Fowler told Bob that Sheila Heslin "was keeping consideration of Tamraz's pipeline from being fairly considered or something like that." Bob deposition, pp. 93 & 95.

[140] Ex. 34.

[141] Carter deposition, pp. 49–50.

> a contribution, was going to make more contributions apparently to somebody, political contributions.[142]

Carter's handwritten notes of his encounter with Simpson corroborate that they discussed Tamraz and suggest also that Simpson made clear President Clinton's interest in the matter.[143]

Simpson denies having discussed Tamraz's campaign contributions with Carter, denies ever possessing any list of such donations, and claims to have no memory of receiving any such information from McLarty or anyone else.[144] Significantly, however, Simpson admits that after the Tamraz story broke in the press, he called McLarty to discuss these issues. At that point, apparently on March 17 or 18, 1997, McLarty had "refreshed" Simpson's memory of these crucial events: "[he] told me that he had called me because the President had met with Tamraz and he wanted to know—he was following up on a request from the President to get more information." [145] Simpson admits having had a poor memory of his dealings with relation to Tamraz.[146] He apparently bases his present account, therefore, in large part upon this memory "refreshment" given him in March 1997 by McLarty in response to reporters' discovery of the Tamraz affair.[147]

Interestingly, Carter seems to have misunderstood Simpson's objectives. As noted above, the request from President Clinton and McLarty through Simpson was exclusively concerned with the substantive merits of Tamraz's pipeline—*i.e.,* whether or not some reason could be found for the Administration to reverse the interagency working group's determination that the scheme did not deserve U.S. support. As his testimony shows, however, Carter seems to have understood Simpson to be asking "whether Mr. Tamraz should have a meeting with the President." [148] This was clearly not the case: the request from McLarty and Simpson only occurred because Tamraz had *already* met with President Clinton. Nevertheless, aware of Tamraz's significance to the Democratic Party and of the interest of McLarty and the President in this matter, Carter called Heslin on April 4, 1996.

As Heslin recalls it, this talk with Carter was the most uncomfortable conversation of her entire government career.

> Jack called me . . . and he said that he wanted to speak to me about Roger Tamraz; that he—that he was calling basically at the behest of Mack McLarty who had recently

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[142] *Id.* at p. 45; *see also* Testimony of John Carter, Sept. 18, 1997, pp. 29–30.

[143] John Carter, notes of meeting, undated (Ex. 48) (recording name "Oil Capital" and phrase "do background on Tamraz/consider distance—memo to Prez").

[144] Simpson deposition, pp. 40–42, 54–55, & 74–75.

[145] *Id.* at pp. 81–84.

[146] *See id.* at pp. 91–92 (claiming that he had mistakenly given a factually incorrect account to *Wall Street Journal* reporter).

[147] Simpson's credibility is also called somewhat into doubt by his testimony under oath before the Committee that he was never involved in any fundraising for the Democratic Party during the 1995–96 election cycle, *see* Charles Kyle Simpson testimony, Sept. 18, 1997, p. 101—testimony which is inconsistent with a document prepared by the DNC in connection with a June 21, 1996 presidential reception which includes Simpson's name on a list of people "each raising $10,000 for the gala." *See* Doug Sosnik and David Wofford, Memorandum on "Democratic National Committee Presidential Reception and Gala Celebration," June 21, 1996 (Ex. 49). (It is a potential Hatch Act violation for a government employee to raise money for a political campaign. *See* 5 U.S.C. § 7323(a)(2).)

[148] Carter testimony, p. 30.

> met with Roger Tamraz and really liked his pipeline proposal.[149]

Heslin reminded Carter of the interagency working group's determination that there was "nothing there" in Tamraz's pipeline scheme to justify U.S. support. Carter, however, responded that

> well, Mack McLarty really likes [Tamraz] and he wants him to have a meeting with the President . . . . Jack said this could mean a lot—this would mean a lot of money for the DNC, and I said to Jack, well, I don't really care about $100,000, and he said this is not 100,000, this is five or six times that amount, and I said, well, what do you mean, and he said, well, he's already given 200,000, and if he got a meeting with the President, he would give the DNC another $400,000.[150]

Not caring how much money Tamraz might give to the DNC, Heslin repeated her opposition to the idea, telling Carter that she would "go to [National Security Advisor] Tony Lake to block this if such a meeting were scheduled." Carter, however, continued "pressuring me."

> [H]e wasn't very gentlemanly during that talk, and he said, that—he said that Mack [McLarty] was also representing this because the President wanted him to do this . . . and he said, well, Mack can push this through . . . .[151]

Indeed, Heslin recalled, Carter threatened her by saying that "it was something that Mack really wanted" and telling her that McLarty might be the next Secretary of Energy; if McLarty got this position, Carter suggested, it would be difficult for Heslin to work on oil and gas issues if McLarty were displeased with her.[152]

Heslin's handwritten notes of this conversation corroborate Carter's recitation of the $200,000 and $400,000 figures and his reference to President Clinton and McLarty.[153] In fact, Carter himself admitted in his sworn deposition that he had "probably" mentioned the $200,000 and $400,000 figures to Heslin and that he must have said "something to the effect that there has been contributions made by Tamraz and more contributions are considered by Tamraz, political contributions."[154]

> I would have been telling her that did she know that there had been contributions made by Tamraz and that he was—that he was thinking about making more contributions to 200 and 400. . . . I understood from others that he was thinking about making a contribution, more further contributions, and the question to us was, was there

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[149] Heslin testimony, p. 29.
[150] *Id.* at pp. 29–30.
[151] *Id.* at p. 30.
[152] Heslin interview, p. 16.
[153] Sheila Heslin, handwritten notes, April 4, 1996 (Ex. 50) (bearing notation "Oil Capital / Roger Tamraz—DNC / $400,000—$200,000 } $600,000 / Pres. want / Mack McLarty"). (The words "Mack McLarty" are circled and underlined twice.)
[154] Carter deposition, p. 61.

> any reason that the President should meet with Tamraz.[155]

Carter also admitted that he might have mentioned the DNC in his discussion with Heslin, and that "I indicated to her that McLarty had asked the question, that I understood Mack [McLarty] had made the inquiry about whether the President should take a meeting with Tamraz."[156] Heslin, who had no idea that Tamraz had already met with President Clinton, apparently shared Carter's misunderstanding that the matter at issue was simply one of access, rather than whether the U.S. should endorse the Oil Capital plan.

Despite Carter's pressure and his crude exhortation "that [she] shouldn't be such a Girl Scout,"[157] Heslin refused to back down. Indeed, Heslin had the impression that

> Jack himself didn't really believe [that Tamraz should be accommodated]. He was—Jack knew our policy, and he had promoted it in the region. He had fought for it. I think Jack was acting at the behest of someone else, and he knew dates when Mack McLarty had met [with Tamraz]. He knew dollar figures, and he never spoke to me again like that before [or] after . . . I'm just very sorry that that conversation took place.[158]

In the end, she said, Carter retreated, acknowledging that he clearly understood "what your position is."[159]

By now thoroughly alarmed, Heslin quickly contacted Nancy Soderberg. As Heslin recalls it, Soderberg, upon being told of Carter's telephone call and references to McLarty, said "Oh my God, Mack shouldn't be doing that, he should know better, that's illegal."[160] Soderberg does not recall making this comment, but remembers that Heslin recounted being pressured by an Energy Department official for "political reasons" to change her position on Tamraz. Soderberg does recall, however, that McLarty's name somehow came up in her conversation with Heslin. Soderberg says she told Heslin that the Energy official was "acting inappropriately."[161]

According to Heslin, Soderberg then recommended that Heslin draft a letter for McLarty to send to Tamraz, phrased in such a way that "we could issue [it] to deflate" any subsequent claims by Tamraz that the U.S. Government supported his project.[162] Heslin also remembers a second conversation with Soderberg on this subject, in which Soderberg asked about her progress in drafting the letter.[163] Soderberg does not recall anything about such a letter,[164] but Heslin remembers trying to work out suitable language with the help of a friend of hers at the State Department[165] and the

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[155] *Id.* at pp. 62–63.
[156] *Id.* at p. 63.
[157] Heslin testimony, p. 30.
[158] *Id.* at p. 31.
[159] *Id.*
[160] *Id.* at p. 32; *see also* Heslin interview, p. 16.
[161] Soderberg interview, pp. 10–11.
[162] Heslin interview, p. 16; *see also* Heslin testimony, pp. 32–33.
[163] Heslin testimony, pp. 33–34.
[164] Soderberg interview, p. 12.
[165] Heslin interview, pp. 16–17.

White House provided the Committee with a draft of this letter.[166] The letter was, however, never sent.[167]

With one exception, this ended Heslin's dealings with Tamraz during her time at the NSC. In July 1996, Heslin received a telephone call from Dan Riordan of the Overseas Private Investment Corporation (OPIC). Riordan informed her that Tamraz was trying to meet with OPIC's president, Ruth Harkin and that "Ruth was under enormous pressure" to meet with Tamraz.[168] Heslin told Riordan that Harkin should refuse to meet Tamraz.[169] It was, therefore, perhaps not by coincidence that in November 1996, Tamraz both contributed $35,000 to the Iowa Democratic Party at the request of Ruth Harkin's husband, Senator Tom Harkin of Iowa,[170] and Tamraz's representative met with mid-level OPIC officials in Washington, D.C.[171] Nevertheless, he still did not obtain an official meeting with Ruth Harkin about his pipeline.

CONCLUSION

The implications of the Tamraz affair are disturbing. President Clinton was clearly aware that Tamraz was a major DNC contributor, having met him at an event for the DNC's "top supporters" and having written to thank Tamraz for his support for the DNC on the day after McLarty notified Clinton of his "good visit with Roger" pursuant to Clinton's "direction[s]." As the President wrote in this April 3, 1996 letter to Tamraz,

> Your support of the Democratic National Committee and of my Administration has been critical to our efforts and will be increasingly important in the coming months. Thank you for being there when you are asked to help.[172]

After discussing Oil Capital's pipeline scheme with Tamraz at their March 27, 1996 meeting, the President promptly ordered McLarty to "follow-up" on this issue and report back to him. For McLarty, this "follow-up" involved delegating the matter to Simpson, who in turn enlisted Carter to the cause. For his part, Carter's understanding of the financial benefits to the DNC of endorsing Tamraz's proposal, an understanding he says he acquired from Simpson, could hardly have been clearer. Moreover, the $200,000 figure Carter quoted to Heslin closely corresponds to the $205,000 total sum recounted on one of the memoranda compiled for Tamraz by the DNC within 24 hours of Tamraz's meeting with President Clinton, a memorandum which may itself have been the mysterious Tamraz-related "fax" or "list" that passed between McLarty and Simpson at that time. It is difficult not to conclude that Carter's pressure upon Heslin to change U.S. government policy on the

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[166] Draft letter from Mack McLarty to Roger Tamraz, April 15, 1996 (Ex. 51).
[167] *See* Heslin testimony, p. 33; Heslin interview, pp. 16–17.
[168] Heslin testimony, pp. 92–93; *see also* Heslin interview, p. 19.
[169] *See* Heslin testimony, p. 93; *see also* Heslin interview, p. 19 (recommending that if anyone at OPIC were to meet with Tamraz, this should occur at lowest possible level).
[170] *See* Tamraz testimony, pp. 114–15; Iowa Democratic Party itemized receipts (Ex. 52) (indicating $5,000 and $25,000 contributions by Roger Tamraz and $5,000 from Joelle Tamraz at same address); *see also* Tamraz testimony, p. 114; Jane Norman, "Iowa parties argue about fundraising," *Des Moines Register,* June 17, 1997, p. 2.
[171] *See* Jane Norman, "Iowa Republicans Charge "Severe" Law Violations by Harkin," *Des Moines Register,* Sept. 27, 1997, p. 3.
[172] William J. Clinton, letter to Roger Tamraz, April 3, 1996 (Ex. 53).

basis of Tamraz's DNC contributions had its origins in the White House itself, with uncertain but potentially serious legal implications for the various officials involved.[173]

Fortunately, despite his significant financial contributions to the Democratic Party and his success in enlisting both Fowler and at least one CIA official in a lobbying campaign on his behalf, Tamraz did not succeed in persuading the U.S. Government to support his pipeline schemes in the Caucasus. Through his ties to the DNC, however, Tamraz did succeed in subverting the policy of the U.S. Government, as established by the interagency Caspian energy working group, to deny him access to high-level U.S. officials. Despite the working group's firm position against such access, Tamraz found access to the President of the United States to be available for a price through Donald Fowler and the DNC.

More ominously, Tamraz also succeeded through his political contributions, and apparently the promise of additional donations, in enlisting senior United States officials in his attempt to change the working group's policy on Caspian energy issues. The access he purchased through the DNC allowed him the opportunity to lobby for U.S. support for his pipeline scheme; this lobbying, in turn, persuaded White House and Energy Department officials to begin searching for excuses to support the project, applying significant pressure to a member of the NSC staff in the process.

Thanks to the determination of Sheila Heslin to resist such pressures and her refusal to compromise what she understood to be in the national interests of the United States, this attempt to change government policy did not succeed. Tamraz himself, for example, professed disappointment—though he remained unrepentant, suggesting that he had simply not given *enough* money to achieve his goals: "I think next time, I'll give 600,000 [dollars]."[174] Heslin's steadfastness in the face of considerable pressure from Administration officials swayed by Tamraz's campaign contributions led members of the Committee from both political parties to describe her as a "hero."[175]

Apart from Heslin, however, the Tamraz story has no heroes. That Tamraz's effort to purchase access to the President and policy concessions from senior U.S. Government officials proceeded as far as it did, in fact, speaks volumes about the party and the Administration whose officials were involved. In pursuit of his Caspian pipeline deal, Tamraz's methodology of choice was to use political

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[173] It is, for example, a felony if a "public official . . . directly or indirectly, corruptly demands, seeks, receives, accepts, or agrees to receive or accept anything of value personally or for any other person or entity" in return for "being influenced in the performance of any official act." 18 U.S.C. § 201(b)(2). This bribery statute defines "official act" quite broadly, and nowhere suggests that the actor must actually *succeed* in changing government policy in pursuit of such value in order to fall within this criminal prohibition.

[174] Tamraz testimony, p. 86.

[175] *See* Hearing Testimony, Sept. 17, 1997, at 66 (remarks of Senator Collins) ("This investigation has been bereft of heroes and I think you are a real hero."); *see also id.* at 73 (remarks of Senator Lieberman) ("The earlier session ended with Senator Collins calling you a hero and I agree with that. I think you are one of the points of light, if I may borrow a bipartisan phrase, in an otherwise relatively dark firmament."). Despite having been urged to do so by Senators Thompson and Collins, however, the Department of Justice has so far refused to reimburse Heslin for the legal expenses she incurred during investigations into the Tamraz affair. *See* Eva Plaza, letter to Richard Janis, May 13, 1997 (Ex. 54) (denying Heslin request for representation); Donald Remy, letter to Richard Janis, Oct. 9, 1997 (Ex. 55) (refusing to make final decision on Heslin reimbursement until "the conclusion of all relevant investigations"). The Committee believes that Heslin is entitled to have the U.S. Government reimburse her for the legal expenses she incurred in connection with the Tamraz matter.

contributions to buy policy concessions, having reportedly offered $100 million to the reelection campaign of Russian President Boris Yeltsin in 1995 in exchange for Moscow's endorsement of the pipeline project.[176] Any such proposal to Yeltsin, however, apparently went no further than a mere offer. It is ironic indeed that Tamraz seems to have come closer to purchasing policy concessions in the United States of America than he did in the unstable and corrupt new democracy of post-communist Russia.

[176] According to press accounts, Tamraz met in Milan on November 30 and December 1, 1995, with two senior Russian officials, Presidential Security Chief Alexander Korzhakov and presidential advisor Pavel Borodin. Yeltsin was then in the final stages of his hard-fought presidential race, and Tamraz reportedly offered $100 million to the campaign in exchange for Russia's support for his proposed Caspian Sea pipeline. *See* James Risen & Alan C. Miller, "DNC Donor's Officer of Funds to Yeltsin Told," *Los Angeles Times,* Sept. 10, 1997. If built, Tamraz's pipeline would bypass existing pipeline links through Russia in favor of a corridor from Azerbaijan through Armenia to Turkey—and would thus otherwise be expected to face Russian resistance. Russian support would also have been important to securing the new pipeline's acceptance by the other states in the region, since Russia remains highly influential in the former Soviet republics of the region.

Offset Folios 1318 to 1455 insert here

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DNC Efforts to Raise Money in the Indian Gaming Community

INTRODUCTION

The Committee examined in depth two different DNC fund-raising stories relating to Native Americans: the Hudson, Wisconsin casino, and the Cheyenne/Arapaho tribes. To provide context to these stories, what follows first is an introduction to DNC efforts generally to raise money from Indian tribes. Although, in the case of the Cheyenne/Arapaho tribes of Oklahoma, the DNC was certainly not adverse to accepting money from the impoverished tribes, naturally the DNC's labors focused on wealthy tribes.

Wealthy tribes—tribes able to make large political contributions—are all tribes with successful gambling casinos. In examining DNC fund-raising in this area, is it important to bear in mind an increasing reality of Indian country. The advent of gambling (also called "gaming" somewhat euphemistically) facilities owned by tribes, which the federal government permits as a means of tribal economic self-sufficiency, has made a few tribes very wealthy, while leaving the poverty of most tribes untouched. If a tribe lives in a state that allows tribes to operate gambling casinos, possesses land located near a decent-sized city, and receives permission to run a casino, such a tribe is virtually guaranteed wealth.

The transformation that obtaining a successful gaming facility has wrought for the few fortunate tribes is staggering and in that sense, the law that created this, the Indian Gaming Regulatory Act,[1] has worked successfully. However, the law has also created a perfect recipe for the solicitation of political contributions because the federal government is a *sine qua non* participant in Indian gambling. Tribes frequently need federal government action to open new casinos or expand existing ones. Moreover, tribes with existing gaming operations possess what amount to franchises, and the federal government, by accepting or rejecting applications for new casinos from potential competitors, can protect or harm those franchises. In addition, by its authority to impose a tax on gaming revenues (there is no gaming tax now) or alter the provisions of the Gaming Act, the government controls such gaming completely.

Documents received by the Committee reveal just how heavily the DNC focused on raising money in the Indian gaming community. Since many of the documents were received after the Committee completed its depositions of DNC personnel,[2] the Committee has limited testimony on the subject. Nevertheless, the documents speak for themselves. They show a concentrated effort on behalf of certain wealthy tribes, and an overall effort to assist the Indian gaming community. There is also a clear recognition that assist-

[1] 25 U.S.C. section 2701 et seq.
[2] *See* the section of the report on DNC document production.

ance to the gaming tribes would result in increased contributions to the DNC. Moreover, several of the largest contributors to the DNC received favorable action from the Department of the Interior. While the Committee was unable to investigate fully these decisions to see if there was any connection between the financial support to the Democratic Party and the Interior decisions, the circumstances, at a minimum, provide troubling coincidences.

THE MASHANTUCKET PEQUOTS

Since the federal government formally recognized the Pequot tribe in 1983, the Pequots have steadily increased their economic standing. The tribe currently operates the Foxwoods Resort casino in Ledyard, Connecticut. Foxwoods is the one of the world's largest casinos, with approximately 50,000 customers per day and estimated annual revenues of $1 billion.[3] In the fall of 1993, the Pequots, led by their chairman Richard "Skip" Hayward, donated $100,000 to the DNC. According to a DNC memo, "this contribution marked the [Pequot] Nation's commitment to get involved."[4] Though unstated in the memorandum, the contribution also marked the DNC's involvement in working on behalf of Pequot issues. In February 1994, for instance, the Pequots asked for help from the DNC on an issue at the Department of Health and Human Services.[5] The tribe also asked for a meeting with then-DNC Chairman David Wilhelm.[6] Wilhelm apparently met with the tribe, as handwritten notes on his letterhead stationery describe a variety of Pequot issues, including what appears to be some land acquisition matters.[7]

President Clinton took a personal interest in the Pequots. In October 1994, DNC Finance officials included Hayward on a call sheet for President Clinton. The call sheet noted that Hayward had already contributed $650,000 to the DNC that year.[8] While never admitting that President Clinton actually spoke to Hayward, the White House has confirmed that on October 18, 1994, there was a call made from the White House Residence to Hayward's office.[9] According to White House telephone records, the call to Mystic, Connecticut lasted 13 minutes.[10] Hayward's attorney confirmed that Hayward had been called by the President in October 1994 but stated that the President did not specifically ask for contributions to the DNC, and instead talked about his health care initiative.[11] FEC records indicate that the Pequots made three separate $50,000 contributions to the DNC around the time of the President's call—on October 17, November 4, and November 21 of 1994. Hayward's attorney offered no explanation for those contributions.[12]

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[3] Lyn Bixby, "Baccarat, Blackjack and Luxury," *The Hartford Courant,* Nov. 23, 1997, p. E2; Robert Hamilton, "East Side, West Side: Casino on the Thames," *New York Times,* June 18, 1995, Section 13CN, p. 1.
[4] Briefing Paper for David Wilhelm and handwritten notes, undated (Ex. 1).
[5] Memorandum from Bob Kearney to Laura Hartigan, Feb. 18, 1994 (Ex. 2).
[6] *Id.*
[7] Ex. 1.
[8] Memorandum from Terrance McAuliffe to Harold Ickes, Oct. 18, 1994 (Ex. 3).
[9] Letter from Charles Ruff to Michael Madigan, Oct. 21, 1997 (with attachments)(Ex. 4).
[10] *Id.*
[11] Staff interview of Jackson King, Nov. 1997.
[12] *Id.*

The Pequots' generosity to the Democratic party assured them special attention from the DNC. According to a DNC memo, then-DNC head Don Fowler was scheduled to meet with Hayward, the Pequot chairman, on November 13, 1995. In a briefing memorandum for the meeting, Fowler was encouraged by DNC staff to ask the Pequots to contribute "at least" $250,000 to the DNC.[13] The memo notes that an issue of special significance for the Pequots was a provision in the 1995 budget bill that proposed a 35% tax on Indian gaming revenues. Inasmuch as the Foxwoods Resort casino has yearly revenues of approximately $1 billion, such a tax would have had a huge impact on the tribe. The provision was removed, and, according to the memo, Fowler "played an active role in expressing" tribal opposition regarding the tax to the Administration and Congress.[14] The memo exhorts Fowler to "take credit" for that and other pro-tribal achievements.[15]

The Pequots applied to the Interior Department on two occasions for permission to take land into trust in order to expand their Foxwood resort. Since at least 1993, residents of three neighboring towns had "bitterly opposed" the expansion of the casino.[16] Nevertheless, Interior approved one of the Pequot applications in May 1995 and reapproved the other in August 1996. It is unknown if the DNC assisted the Pequots in convincing Interior to rule in their favor. Between 1993 and 1996, the Pequots donated at least $475,000 to the DNC and other Democratic campaigns.[17]

THE SAULT STE. MARIE TRIBE OF CHIPPEWAS

The Sault Ste. Marie Chippewa tribe is located in northern Michigan. In August 1993, they applied to the Interior Department for permission to open a casino in the Greektown area of downtown Detroit. One year later, in August 1994, Interior approved the application and, pursuant to Section 20 of the Indian Gaming Regulatory Act, forwarded the application to the Governor of Michigan for his concurrence. However, because Governor Engler of Michigan exercised his veto power, the casino never opened.

During the 1996 election cycle, the Sault Ste. Marie Chippewas made large contributions to the Democratic Party. The contributions were coordinated by the DNC, although the actual contributions went to a variety of Democratic state parties. Mark Thomann, a DNC finance staffer, testified that the tribe made a $250,000 commitment to the DNC, but then gave much of the money to various states because of "privacy" concerns.[18] Thomann explained that the tribe participated on both the Republican and Democratic sides, and "by giving too much to one side may upset their friends on the other side."[19] According to a DNC document, the Sault Ste.

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[13] Memorandum from Alejandra Castillo to Don Fowler, Nov. 13, 1995 (Ex. 5).
[14] *Id.*
[15] *Id.*
[16] Robert Hamilton, "East Side, West Side: Casino on the Thames," *New York Times*, June 18, 1995, Section 13CN, p. 1. *See also* David Lightman and Hilary Waldham, "U.S. Approves Pequots' Bid to Annex Land," *The Hartford Courant*, May 2, 1995, p. A1.
[17] Printout from FEC Data Access Program, Jan. 16, 1998 (Ex. 6). FEC records do not capture all of the possible donations. Thus, a DNC memorandum indicates that by October 1994, the Pequots had already contributed nearly $200,000 more than the $475,000 total reflected in FEC records for all of 1993–96. *See* Ex. 3, p. 5.
[18] Deposition of Mark Thomann, September 23, 1997, pp. 118–120.
[19] *Id.* at 119.

Marie Chippewas contributed a total of $282,500 to twelve different state Democratic parties.[20] The largest contribution, which was for $71,500, went to Tennessee. Other significant contributions were $60,000 to Illinois, $44,000 to Oregon, and $30,000 to Maine.[21]

It is clear that the St. Sault Marie Chippewas believed their close ties to the DNC would bring them access to government officials. Thomann testified that in April or May 1996 the tribe asked him to contact someone in the administration on their behalf. He was hazy on the specifics, though he recalled that the tribe "needed help with some sort of—I don't know what you'd call it—trust or—it's an issue involving Native Americans."[22] Thomann explained that he relayed the request to Sullivan and was not involved further.[23]

JUNE 1995 MEETINGS AT THE WHITE HOUSE

In mid-1995, finance officials at the DNC and Clinton Gore were targeting various Indian tribes for contributions. For instance, DNC staffer Adam Crain wrote a May 24, 1995 memorandum requesting that Chairman Fowler solicit Mark Nichols, the chief financial officer of the Cabazon Tribe of Mission Indians.[24] Crain also sent the memo to the leadership of the DNC finance division—Richard Sullivan, Ari Swiller, and David Mercer. After noting Nichols had already committed to raise $100,000 for the Clinton/Gore campaign, Crain suggested that Fowler ask him to contribute $100,000 and become a DNC Managing Trustee. The memorandum confirms the close ties between the Interior Department and the DNC. Crain wrote that Nichols is "close to [then-nominee to be Interior Deputy Secretary] John Garamendi," and that "Garamendi suggested . . . that we reach out to Mark [Nichols]."[25] FEC records indicate that the Cabazons donated approximately $125,000 to the DNC and other federal Democratic campaigns in 1995–96.[26] Nichols became a DNC trustee later in 1995.

Crain reported further in his memo, "In his conversation with John Garamendi's assistant Pam Neifert, Mark was receptive to the DNC Trustee/Managing Trustee Councils."[27] Garamendi, who is now the Deputy Secretary of the Interior, at the time had been nominated but not yet confirmed for his Interior position. According to an Interior official, Garamendi ran unsuccessfully for governor of California in 1994, and was in the process during 1995 of retiring his gubernatorial campaign debt.[28] He was being assisted in that regard by Pam Neifert. Although neither Neifert nor Garamendi were Interior Department officials at the time, and thus the Hatch Act's prohibitions on soliciting political contributions would have been inapplicable, the Committee finds unseemly Garamendi's apparent participation in fund-raising, particularly

[20] List of DDD Contributions [title derived], undated (Ex. 7). The document is captioned "DDD," a likely reference to the DNC's directed donor program.
[21] *Id.*
[22] Thomann deposition, p. 115.
[23] *Id.*, pp. 115, 118.
[24] Memorandum from Adam Crain to Chairman Fowler, et al, May 24, 1995 (Ex. 8).
[25] *Id.*
[26] Printout from FEC Data Access Program, Jan. 13, 1998 (Ex. 9).
[27] Ex. 8.
[28] Staff conversations with Melanie Beller, Director of Legislative Affairs, Department of the Interior, Jan. 13–14, 1998.

since it involved a group—an Indian tribe—over whom he would soon exert enormous power in his new position.

On May 26, 1995, Richard Sullivan, DNC Finance Director, asked Harold Ickes to meet with various Indian leaders coming to Washington D.C.[29] The meeting was set for June 21, 1995.[30] Demonstrating the important role that the finance staffs of the DNC and Clinton/Gore '96 had in coordinating the meeting, a list of tribal leaders expected to attend was sent to Sullivan and Terry McAuliffe, Clinton/Gore Finance Director.[31] Mark Nichols of the Cabazon and Skip Hayward of the Pequots are among the listed attendees. Coincidentally, another listed attendee is Marge Anderson, Chair of the Mille Lacs Tribe, one of the tribes that opposed the Hudson casino application.[32]

A memorandum to White House political directors from lawyers representing Indian interests suggested that the administration needed to start treating its Indian supporters more favorably.[33] In advising the White House about the meeting with Indian leaders, the lawyers offered, "When it comes to politics, though, *you should embrace your friends* and keep your adversaries at a distance. Your 1992 supporters have yet to be singled out for special attention by the President or anyone else."[34] Later on, they pointed out that "there is a lot of money in Indian country," and "the tribes have poured hundreds of thousands of dollars into the DNC and Democratic campaigns in the last four years."[35] The co-author of this rather blunt political appraisal? Kevin Gover, who was sworn in as the Assistant Secretary for Indian Affairs in November 1997.

DNC ACTIVITIES IN THE FALL OF 1995

Documentary evidence shows that DNC officials, especially Chairman Fowler, were active on behalf of Indian tribes in the fall of 1995. Adam Crain, from the Finance staff, apparently took the lead as the liaison between the tribes and the DNC. Besides acting as an advocate for the tribal issues and setting up meetings for the tribes, the DNC solicited the tribes for contributions.

By memorandum dated August 28, 1995, for instance, Crain reported to Fowler about developments at the Native Indian Gaming Association (NIGA) Convention in Milwaukee.[36] A few weeks later, in early September, Fowler met twice with tribal leaders. A briefing memorandum prepared for Fowler before a September 7, 1995 meeting noted that "in the last two weeks, working with Adam Crane [sic], the Native Americans have raised $100,000 for the DNC."[37] The memorandum also notes that possible attendees at the September 7th meeting included Debra Doxtator and Marjorie Anderson, both of whom represented tribes that successfully de-

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[29] Memorandum from Richard Sullivan to Harold Ickes, May 26, 1995 (Ex. 10).
[30] Memorandum from Bonnie McNair to Terry McAuliffe, et al, June 13, 1995 (Ex. 11).
[31] *Id.*
[32] *Id.* The DNC produced this document to the Committee on October 31, 1997, one day after the Committee conducted a hearing on the Hudson matter.
[33] Memorandum from Kevin Gover and Cate Stetson to Craig Smith and Judy DeAtley, June 19, 1995 (Ex. 12).
[34] *Id.*, at p. 2 (emphasis in original).
[35] *Id.*, at pp. 2 & 5.
[36] Memorandum from Adam Crain to Chairman Fowler, Aug. 28, 1995 (Ex. 13).
[37] Memorandum from Judy DeAtley to Chairman Fowler, Sept. 7, 1995 (Ex. 14).

feated the Hudson application.[38] In a September 9, 1995 memorandum, Crain indicated the specific Indian constituency the DNC was targeting when he wrote that Fowler would be attending an upcoming Vice-Presidential dinner with "seven Indian *gaming* tribal leaders."[39] Fowler also met with Indian leaders on September 12, 1995. At that meeting, according to a memo from Crain, the tribal leaders expressed their opposition to cuts in the Bureau of Indian Affairs budget and to amendments to the Indian Gaming Regulatory Act, which would have increased the ability of states to limit Indian gaming.[40] Crain also summarized that the Indian leaders had asked that calls be made to Ickes and White House Chief of Staff Leon Panetta, and that "the political and financial stakes be emphasized."[41]

The DNC was already well aware of the financial stakes. In another memorandum, Crain briefed Fowler on an upcoming meeting, apparently the one held on September 12, 1995.[42] After imploring Fowler to read the memo before the meeting, Crain declares, "You should ask them to commit $250k together as a type of 'PAC' to the DNC."[43] Crain then explained what the tribes wanted in return, foremost of which was opposition to the proposed tax on Indian gaming. The leaders requested a meeting with Senator Moynihan to talk about the tax provision and also requested a public statement from the White House opposing the tax.[44] Finally, Crain noted that the leaders are "big supporters of John Garamendi, who is currently Deputy Secretary at Interior."[45]

Meanwhile, Crain continued to keep Deputy Secretary Garamendi informed about what was happening with the Indian leaders. In a September 7, 1995 memorandum to Garamendi and his fund-raising assistant, Neifert, Crain listed the schedule of meetings between the tribal leaders and administration officials, including Garamendi.[46] Two of the listed attendees for a Vice-Presidential dinner on September 11 were leaders of the Oneida and Mille Lacs, tribes that opposed the Hudson application. At the end of his memo, Crain explained that certain tribal leaders were "contemplating writing 30K" and that a call from Neifert "asking them to write more would be very helpful."[47]

The fact that Garamendi received a memo from a DNC official requesting Garamendi's attendance at an event and asking Garamendi's former fund-raising assistant to solicit contributions from a tribal representatives is, at a minimum, questionable. Garamendi was a high ranking Interior official at the time, and the Hatch Act barred him from soliciting political contributions. Although the memorandum stops short of asking Garamendi directly

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[38] *Id.*

[39] Memorandum from Adam Crain to Chairman Fowler, Sept. 9, 1995 (emphasis added) (Ex. 15). The memo warns that unless President Clinton threatened to veto a cut in BIA funding, Democrats would lose "significant pledges of support for the Committee to Re-elect and the DNC."

[40] Memorandum from Adam Crain to Chairman Fowler, Sept. 15, 1995 (Ex. 16).

[41] *Id.*

[42] Memorandum from Adam Crain to Chairman Fowler, undated (Ex. 17).

[43] *Id.*

[44] *Id.*

[45] *Id.*

[46] Memorandum from Adam Crain to John Garamendi and Pam Neifert, Sept. 7, 1995 (Ex. 18).

[47] *Id.*

to violate the Hatch Act, it places him squarely in the path of the DNC, Garamendi's fund-raising assistant, and a proposed solicitation. It raises concerns about Garamendi's involvement in fundraising at Interior.

In any event, the DNC followed through on the Indian requests, contacting the White House and Congress. According to a Crain memorandum dated October 11, 1995, Fowler had already called Senator Moynihan's office and had a discussion with Bruce Lindsey at the White House.[48] A few days later, Fowler followed up his conversation with Lindsey with a memorandum specifically setting forth the Indian tribes' "highest priority concerns."[49] Fowler also wanted the Indian leaders to know what he had done. Accordingly, Crain drafted a memorandum from Fowler to the tribes. After declaring that Fowler had communicated the tribal concerns to the President, the memorandum concluded:

> My staff at the Democratic National Committee and I will continue to closely monitor these situations and will continue to communicate your concerns to both the Administration and the Congress. It is also important that we continue our dialogue. Please do not hesitate to call my office at any time.[50]

Any doubt that one of the DNC's motives in working with the tribes was securing contributions is put to rest by another memorandum from Crain to Fowler.[51] On November 9, 1995, after this flurry of activity on behalf of the Indian gaming tribes, Crain informed Fowler of the DNC's take. Crain wrote that over the last three months, the DNC had received $110,000 from certain tribes. In listing the contributors, Crain explained that "there are several tribes that are currently considering supporting the DNC."[52]

In April 1996, Fowler weighed in on behalf of Indian tribes regarding a pension matter. In a letter to Treasury Secretary Robert Rubin, Fowler asked Treasury to examine what Fowler characterized as a recent Treasury ruling that employees of Indian tribes were not eligible to participate in Section 401(k) pension programs.[53] After claiming that the ruling would impose "unfair costs" on American Indians, Fowler concluded, "Please take appropriate action to ensure that Indian tribes are treated fairly . . . ."[54]

Fowler's letter caused a stir at Treasury. The Acting Assistant Secretary for Tax Policy wrote to Secretary Rubin that the pension plan issue was already under consideration by Treasury: "Given that the issue is currently under review as it affects a particular Indian tribe, we do not recommend that the response address Mr. Fowler's request for administrative action allowing Indian tribes to sponsor 401(k) plans. Because of Mr. Fowler's position, and the FOIA disclosure of a response, we believe it would be more appropriate for someone other that the Secretary of Treasury to sign the

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[48] Memorandum from Adam Crain to Chairman Fowler, Oct. 11, 1995 (Ex. 19).
[49] Memorandum from Donald Fowler to Bruce Lindsey, Oct. 16, 1995 (Ex. 20).
[50] *See* Ex. 19.
[51] Memorandum from Adam Crain to Chairman Fowler, Nov. 9, 1995 (Ex. 21). Three contributing tribes listed—the Minnesota Mille Lacs, Wisconsin Oneida, and Wisconsin St. Croix—all lobbied successfully against the Hudson casino earlier in 1995.
[52] *Id.*
[53] Letter from Donald Fowler to The Honorable Robert Rubin, Apr. 8, 1996 (Ex. 22).
[54] *Id.*

response."[55] At the same time, Treasury General Counsel Edward Knight communicated his concern about this letter (and about another letter from Fowler) to DNC General Counsel Joe Sandler. Knight told Committee staff that he told Sandler that the letters were "inappropriate" and that he "wanted them to stop."[56] According to Knight, Sandler agreed with him.[57]

CONCLUSION

It is clear that access to the DNC resulted in increased access to administration officials for tribes. And the way to get access to the DNC was to make political contributions. This is demonstrated not only by memoranda giving updates of tribal contributions, but by the simple fact that the liaison to the tribes was someone from the DNC's Finance Division. The tribes with greater resources had many more doors opened to them. DNC officials were eager to advocate the interests of wealthy donor tribes before government agencies and the White House, even to the point of making administration officials uneasy, as demonstrated by the episode involving pension funds and the Treasury Department.

But not all tribes were afforded the luxury of guaranteed access. George Newago, Chairman of the Red Cliff Band of Chippewas, one of the impoverished Wisconsin tribes that lost out in the Hudson application, explained the distinction to the Committee. In contrast to the leaders of wealthy tribes who are stroked by the DNC and the Clinton administration, Newago observed that the city of Washington D.C. doesn't see Indians like him—"that the people there don't even know we exist."[58]

[55] Memorandum from Donald Lubick to Secretary Rubin, June 20, 1996 (Ex. 23). Treasury Chief of Staff Sylvia Mathews responded to Fowler on July 24, 1996. Letter from Sylvia Mathews to Donald Fowler, July 24, 1996 (Ex. 24).

[56] Memorandum of Interview of Edward Knight, May 2, 1997.

[57] *Id.*

[58] Staff Interview of George Newago, Oct. 24, 1997.

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THE HUDSON, WISCONSIN CASINO PROPOSAL

INTRODUCTION

This chapter of the report focuses on the events surrounding the application by three impoverished bands of Wisconsin Indian tribes to open a casino in Hudson, Wisconsin. After being approved in November 1994 by the regional office of the Department of Interior's Bureau of Indian Affairs (BIA), the application was forwarded to Washington D.C. for final review. On July 14, 1995, the Department reversed course and formally rejected the tribes' application.[1]

Prompted by allegations that the Interior decision was dictated by political and fundraising considerations, the Committee initiated an investigation into the circumstances surrounding the rejection. As part of the investigation, the Committee deposed various White House and DNC officials, as well a number of current or former officials at Department of Interior. The Committee also subpoenaed documents from a variety of sources, including the White House and DNC. Moreover, the Committee received relevant documents and sworn testimony from federal and state lawsuits relating to this application.

On October 30, 1997, the Committee held public hearings on this issue. While the hearing covered some of the background to the Hudson application, its focused primarily on a private meeting between Secretary of Interior Bruce Babbitt and Paul Eckstein, a lawyer representing the applicant tribes, and Secretary Babbitt's varying recollections of the meeting.

During the meeting, held on July 14, 1995, the same day Interior announced the rejection, Secretary Babbitt made comments suggesting that Interior had come under political pressure to deny the application. Specifically, according to Eckstein, Babbitt said that Harold Ickes had directed Babbitt to make a decision on the matter quickly, and Babbitt also alluded to sizeable contributions to Democrats from gaming tribes. Later, when asked about the July 14 meeting, Secretary Babbitt provided the Senate with contradictory accounts of what occurred.

In many ways, the Hudson casino story confirms the public's worst suspicions about how things seem to work in Washington. The BIA area office approved the casino application in November 1994 over the objections of the wealthy, neighboring tribes whose nearby gambling casinos would face competition from a new casino of the applicants. At the same time the area office decision was sent to Washington for final approval, on a separate track began a full-tilt lobbying effort *against* the decision, which involved the DNC and the White House.

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[1] Letter from Michael Anderson to Honorable Rose M. Gurnoe, et al., July 14, 1995 (Ex. 1).

Interior's reversal of the area office recommendation, when viewed in the context of the lobbying effort and through the prism of Secretary Babbitt's comments to Eckstein, raises questions regarding whether the final decision was made for the right reasons and by the right people. There is strong circumstantial evidence that the Interior Department's decision to deny the Hudson application was caused in large part by improper political considerations, including the promise of political contributions from opposition tribes. At a minimum, it is clear that the opposition tribes and their lobbyists activated the DNC and, to some extent, the White House, to take action on their behalf. Financial support—both past and future—was crucial to this effort.

The following discussion describes some background on the casino application and the lobbying effort put on by the opposition tribes. It addresses the July 14, 1995 Babbitt/Eckstein conversation, and Babbitt's subsequent representations about it. Finally, it sets forth what can be gleaned about the actual decision-making process at Interior, noting the inconsistencies and other troubling aspects of it.

THE EVENTS LEADING TO THE DENIAL

In late 1993, three small, poor [2] bands of Wisconsin Chippewa Indians—the Sokaogon Chippewa Community, the Lac Courte Oreille Band of Lake Superior Chippewa Indians, and the Red Cliff Band of Lake Superior Chippewa Indians—applied to have the Department of Interior take land in Hudson, Wisconsin into trust for gaming purposes.[3] The applicant tribes planned to convert a failing dog track into a casino.

Concerned about losing their market share, other tribes with nearby lucrative casinos lined up against the Hudson application. The opposition tribes included most notably the Shakopee Mdewakanton Sioux, the Mille Lacs, the St. Croix Chippewas, and the Oneida.

Following the standard practice, the applicant tribes submitted their application to the Minneapolis Area Office of BIA. In November 1994, after an exhaustive review, including consultation with local officials and the opposition tribes, the area office recommended approval of the application in a 32 page memorandum.[4] The area office found that the application met both standards imposed by Section 20 of IGRA: (1) the proposed casino was in the best interests of the applicant tribes; and (2) it was not detrimental to the surrounding community. Along with four volumes of documentary support, the area office transmitted its analysis to Washington D.C. in accordance with Interior Department procedures for a final decision.

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[2] According to George Newago, the Chairman of the Red Cliff Chippewas, the unemployment rate for his tribe is over 50 percent, and the average household income is approximately $5,300 per year.

[3] Section 20 of IGRA creates the mechanism for such "off reservation" trust acquisitions. *See* 25 U.S.C. section 2719.

[4] Memorandum from Department of Interior Area Office to Assistant Secretary—Indian Affairs, Nov. 15, 1994 (Ex. 2).

The Pressure Builds

Once the application arrived in Washington D.C., the political pressure started. In early 1995, the opposition tribes hired Patrick O'Connor, a prominent lobbyist as well as a former DNC Treasurer. O'Connor was a partner in the Minneapolis based law firm of O'Connor & Hannan. As will be described below, O'Connor and his lobbying partners became a persistent presence in this story, blanketing the DNC, White House, and Interior.

On February 8, 1995, O'Connor arranged a meeting between the opposition tribes, members of the Minnesota congressional delegation, and two Interior officials. Interior was represented at the meeting by John Duffy, Counselor to Secretary Babbitt, and George Skibine, head of the Indian Gaming Management Staff. Skibine was the top career official who dealt with Indian gaming; Duffy, a high ranking political appointee, and Secretary Babbitt's point man for the Hudson application. While Duffy testified in his deposition that he did not have a "clear recollection of the [February 8] meeting," he believed that Department of Interior Chief of Staff Tom Collier had asked him to go, probably because Secretary Babbitt had been asked to attend and could not.[5] Skibine, who had been head of the Indian gaming office only a few days at the time of the meeting, said that his role as head of the Indian gaming office was simply to accompany Duffy and take notes.[6] As for what happened at the meeting, Skibine testified that the opposition tribes complained that they had not been adequately consulted by the area office, and Duffy agreed to allow them to supplement the record.[7]

Reopening the administrative record was an unusual step. The opposition tribes had already been permitted many months to comment on the application and submit materials for the record. No Interior official with whom the Committee spoke with could recall another instance where such a record had been reopened.

O'Connor came to the realization that he could leverage the DNC to help persuade Interior and the White House to support his clients' position. On March 15, 1995, O'Connor had David Mercer, the Deputy Finance Director of the DNC, arrange a meeting with Don Fowler, the DNC chairman. O'Connor brought his partner and fellow lobbyist, Larry Kitto.[8] According to O'Connor's date book, Fowler was accompanied by DNC Finance Chair Truman Arnold.[9] As for the purpose of the meeting, Mercer explained in a memorandum to Fowler that O'Connor and Kitto would be coming from a meeting with Tom Collier and that the lobbyists' "issue" had to do with Hudson casino proposal.[10] Collier recalls that he, not Duffy, made the determination to reopen the administrative record. Moreover, Collier remembers reopening the record after the meeting with O'Connor.[11]

Shortly after his meetings with DNC officials and Collier, O'Connor began trying to contact officials at the White House. In April 1995, O'Connor left numerous phone messages at the White House

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[5] Deposition of John Duffy, Sept. 29, 1997, pp. 11–13.
[6] Deposition of George Skibine, Nov. 17, 1997, p. 15.
[7] *Id.*, pp. 17–18.
[8] Memorandum from David Mercer to Chairman Fowler, Mar. 15, 1997 (Ex. 3).
[9] Excerpts of Patrick O'Connor's 1995 Date book (Ex. 4).
[10] Ex. 3.
[11] Deposition of Thomas Collier, Sept. 29, 1997, p.13.

for Loretta Avent, a member of Harold Ickes's staff who handled Indian issues. Avent ducked O'Connor's initial calls, consistent with the standing advice of counsel that White House staffers should not speak to lawyers or lobbyists on Indian issues.[12] Undeterred, O'Connor faxed Avent a memorandum, asking to talk to her about intervening on the Hudson application.[13]

Meanwhile, on Monday, April 24, 1995, during a Presidential visit to Minneapolis, O'Connor was able to go right to the top. At a small reception, O'Connor brought up the Hudson application with President Clinton. In his state court deposition, O'Connor described the situation:

> When he [the President] got to me, I said, "Mr. President, the Indian tribes that I represent are concerned about a possible casino going in near Hudson, Wisconsin, which is across the river." And that's what I said. At that juncture, he said, "Bruce." And Bruce [Lindsey] came over. . . . [The President] said, "Bruce, talk to O'Connor here about his concerns about tribes that he represents." That was it.[14]

O'Connor explained to Lindsey that the proposed casino would have a serious economic impact on his clients. After O'Connor indicated he wanted to make sure this view got communicated to Interior, Lindsey said that he would have someone call O'Connor. When O'Connor commented that he "hadn't been able to get anywhere with Loretta [Avent]", Lindsey simply repeated he would have someone call O'Connor.[15]

Lindsey quickly followed through. The same day, he called Avent from Air Force One to check into the Hudson matter.[16] Avent agreed to call O'Connor, but only after cautioning that White House counsel had advised her not to speak directly to lobbyists on Indian issues.[17]

Before calling O'Connor, Avent also wrote a strongly worded memo to Ickes.[18] In the memo, Avent described her reluctance to get involved in the Hudson matter: "This is such a hot potato . . . too hot to touch. The legal and political implications of our involvement would be disastrous." Avent then cautioned that some tribal leaders have "already gone ballistic about other tribal governments who have greater access to the Administration because of their ability topay hired guns (as they call them) and their belief that this unfairly gets things to happen."[19]

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[12] Memorandum from Loretta Avent to Harold Ickes, Apr. 24, 1995 (Ex. 5).

[13] E-mail from Michael Schmidt to Cheryl Mills, Apr. 24, 1995 (Ex. 6).

[14] Excerpts of State Court Deposition of Patrick O'Connor, Apr. 29, 1997, p. 61 (Ex. 7).

[15] A White House memo described the O'Connor conversation with the President as follows: "Pat bumped into the President today in Minneapolis and mentioned to him that Loretta never returned his calls." Ex. 6. *See also* Ex. 7, p. 62.

[16] Ex. 6.

[17] Ex. 5.

[18] *Id.* Even before the Committee received the memoranda attached as Exhibits 5 and 6, Avent's name had surfaced. Accordingly, Committee staff contacted Avent by telephone in early October 1997 and asked her about her involvement with the Hudson matter. Avent explained that she really could not remember anything about it. Interview of Loretta Avent, Oct. 14, 1997.

[19] Ex. 5 Undeterred by Avent's April 24 memo, Ickes telephoned O'Connor on April 25 and 26, leaving messages both times. O'Connor apparently returned the calls and spoke to an assistant in Ickes' office. Ickes could not explain why he called O'Connor on those dates. In response to questions, Ickes testified at his deposition that he could not recall any discussion with Lindsey or the President about this issue and that he "doubted" that he had a discussion with either one. Deposition of Harold Ickes, Sept. 22, 1997, pp. 31–32.

Avent also called O'Connor on April 24. According to a memorandum of the conversation, O'Connor was agitated that Avent still resisted meeting with him on the Hudson matter. Before abruptly hanging up, O'Connor warned Avent that he would discuss her resistance later in the week when he met with Don Fowler at the DNC. [20]

The opposition tribes activate the DNC

On April 28, 1995, O'Connor, along with other lobbyists and opposition tribal leaders, met with Don Fowler at DNC headquarters. The purpose of the meeting, succinctly stated in a lobbyist's memo, was "to discuss our position on the [Hudson application] with influential Democrats in Washington. The people we will be meeting with are very close to President Clinton and can get the job done." [21]

If, as the saying goes, time is money, Fowler judged this meeting to be important. He spent two hours with the lobbyists and their tribal clients. The lobbyists, impressed by how much time Fowler gave them, thanked Mercer after the meeting: "Thank you for your note regarding our recent meeting with Chairman Fowler on the Indian gaming issue. I was amazed and pleased that he would devote so much of his time to the issue." [22]

According to one meeting participant, money was a topic of the meeting. Lewis Taylor, the head of the St. Croix tribe, has testified in a state court deposition that he discussed making contributions to the DNC. Asked whether he "specifically recollect[ed] discussing campaign contributions during that [April 28] meeting with Don Fowler," Taylor recounted, "I believe I did." [23] Taylor also testified that he told Fowler, "We support our friends. St. Croix supports their friends" and "[The St. Croix] have got a number of heavy duty issues that we needed help on and our friends are the Democrats and therefore I think we should donate to assist in some of these causes." [24] When Fowler testified before the Committee, he did not rule out the possibility that contributions were discussed but repaired to the defense of "no memory" when asked directly: "If such a comment was made, I do not remember it." [25]

Memoranda about the April 28 meeting illuminate its purpose quite clearly. Larry Kitto explained in a memorandum that "the purpose of the meeting was to request the DNC and the Committee to re-elect the President, to help communicate with the White House and the President about why the Department of the Interior should not approve [the Hudson application]." [26] Kitto also wrote about what he and his clients told Fowler: "The message was quite simple: all of the people against this project, both Indian and non-Indian are Democrats who have substantially large blocks of votes

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[20] Ex. 6.
[21] Memorandum from John McCarthy to All Tribal Leaders, Apr. 25, 1995 (Ex. 8).
[22] Letter from Franklin Ducheneaux to David Mercer, May 4, 1995 (Ex. 9).
[23] State Court Deposition of Lewis Taylor, Dec. 17, 1996, pp. 75–76 (Ex. 10).
[24] *Id.* at pp. 69–71.
[25] Testimony of Don Fowler, Sept. 9, 1997 p. 108. Fowler said in his deposition, "I'm aware that some of them [the opposition tribes] contributed. I was not aware that they had contributed when I talked with them, nor was I concerned with the possibility that they would or would not contribute." Deposition of Don Fowler, May 21, 1997 p. 266.
[26] Minnesota Legislative Update [lobbying report prepared by Larry Kitto], April 24–28, 1995 (Ex. 11). The report mistakenly dates the Fowler meeting as April 18, 1995.

and who contribute heavily to the Democratic party. In contrast, all of the people for this project are Republican."[27] Another memo summed up Fowler's demeanor during the meeting: "He [Fowler] listened. He took notes. He asked questions. He got the message: "It's politics and the Democrats are against it and the people for it are Republicans."[28]

According to a lobbyist's report, "Fowler assured the group that he would take this issue up with high ranking officials in the White House and, if necessary, would arrange a meeting with Tribal officials and the White House, and that he would do this in a very timely manner."[29] Fowler may have been even more specific in whom he would contact. One opposition lobbyist summarized in a memo, "Mr. Fowler stated that he would speak with the President's assistant, Harold Ickes. He would urge Mr. Ickes to urge Secretary Babbitt to make a closer examination of impact of the proposed operation."[30]

Fowler was true to his word. Within days, Fowler called Ickes and someone at the Department of Interior. Fowler testified, "I called Mr. Ickes, explained to him the nature of the situation, and I called someone at the Department of Interior. I do not recall the name of the person with whom I spoke at the Department of the Interior. I just simply don't recall that person's name. I simply asked that situation and the facts in that situation be reviewed."[31] The Committee was never able to identify who precisely Fowler called at the Interior.[32] Fowler followed his phone call to Ickes with a memorandum describing the opposition tribes as "our supporters," and soliciting Ickes's advice on "how we might proceed."[33]

After Fowler contacted Ickes, O'Connor followed up with Ickes directly.[34] In a May 8, 1995 letter, O'Connor described the Hudson application, including the fact that he had already discussed the issue with President Clinton, Lindsey, and Fowler. O'Connor then wrote candidly about "the politics involved in this situation." O'Connor explained, "all of the representatives of the tribes that met with Chairman Fowler are Democrats and have been so for years. I can testify to their previous financial support to the DNC and the 1992 Clinton/Gore Campaign Committee."[35]

During this same time period, O'Connor and his partner Kitto were having numerous conversations with fund-raising officials of the DNC and the Clinton/Gore Campaign that related to the Hudson matter. According to relevant excerpts from their date books, O'Connor and Kitto met or spoke frequently with Fowler, David Mercer, the DNC Deputy Finance Director, and Terry McAuliffe, the Finance Chair of the Clinton/Gore Campaign.[36] Most of the entries, which begin in early 1995 and continue through the date of

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[27] Ex. 11 (emphasis added).
[28] Memorandum from Tom Krajewski to JoAnn Jones, May 3, 1995 (Ex. 12).
[29] Ex. 11.
[30] Memorandum from Carl Artman to Scott Dacey, May 1, 1995 (Ex. 13).
[31] Fowler testimony, p. 107.
[32] In Committee depositions, no current or former Interior official admitted to speaking with Fowler. However, Tom Collier, former Interior Chief of Staff, indicated that he would have been the most likely person for Fowler to call, and that is "absolutely possible that he may have called me and I don't remember." Collier deposition, p. 25.
[33] Memorandum from Don Fowler to Harold Ickes, May 5, 1995 (Ex.14).
[34] Letter from Patrick O'Connor to Harold Ickes, May 8, 1995 (Ex. 15).
[35] *Id.*
[36] *See* Ex. 4 and Excerpts of Larry Kitto 1995 Date book (Ex.16).

the Interior decision, simply show meetings or conversations between the lobbyists and the fund-raisers.

However, some of the entries are more telling. In somewhat cryptic notes, for example, Kitto wrote, "25 people at $1,000 each" and also "DNC, Committee to Reelect—50 grand."[37] O'Connor had a similar entry. According to his date book, on May 24, 1995, O'Connor also mentioned the Hudson matter to Peter Knight, Chairman of the Clinton/Gore Campaign, and David Strauss, Vice-President Gore's Deputy Chief of Staff.[38] On June 19, 1995, O'Connor wrote, "Disc[ussion] re support to be given to Committee to Reelect and DNC."[39]

It is clear that these conversations and meetings were related to the Hudson matter. O'Connor and Kitto were permitted to redact unrelated entries from the date books they were required to produce during litigation. Even more importantly, O'Connor *billed* the opposition tribes for all of the above-referenced contacts.[40]

Meanwhile, on May 14, 1995, another of O'Connor's partners, Tom Schneider, ran into Ickes at a Democratic fund-raising event, and asked Ickes about the Hudson casino matter. Ickes acknowledged that he told O'Connor that he would look into the Hudson matter.[41] When Schneider reiterated the importance of Ickes's direct involvement in the matter, Ickes confirmed to Schneider, "I'll follow through on it." Schneider explained, "[Harold Ickes and I] had a relationship that if he said he was going to do something he'd do it."[42]

On May 16, 1995 O'Connor wrote Ickes again, and forwarded some materials favorable to the opposition tribes.[43] Sometime in the next 24 to 48 hours, there is the first documented contact between Ickes' staff and Secretary Babbitt's staff at Interior about the Hudson matter.

The White House contacts Interior

On May 18, 1995, Jennifer O'Connor, an assistant to Ickes (and no relation to lobbyist Patrick O'Connor), wrote Ickes a memorandum about the Hudson matter.[44] After referencing Patrick O'Connor's interest in the matter, Jennifer O'Connor provided an update. She wrote that the Interior staff had met "last night" and had come up with a preliminary decision to deny the application. After cautioning that the information was not yet public, Jennifer O'Connor listed some reasons for the rejection, including opposition from the local community. She then wrote, "some [Interior] Department staff think the bottom line here is the Minnesota and Wisconsin tribes who are benefiting enormously from gaming don't want the com-

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[37] *See* Ex. 16.
[38] *See* Ex. 4.
[39] *Id.*
[40] Letters from Thomas Corcoran to Lewis Taylor, May 9, June 27, July 11, Sept. 15, and Oct. 18, 1995 (enclosing O'Connor and Hannan bills) (Ex. 17).
[41] State Court Deposition of Thomas J. Schneider, Sept. 8, 1997, p. 17 (Ex. 18). In his deposition testimony, Ickes said he could not recall talking to O'Connor. Ickes testified, "I don't recall ever talking to O'Connor about this. Again, I'm not saying I did, but as a deputy chief of staff, I talk to a lot of people in the course of a day, week, months and years. So I have no specific recollection. I may have, but I don't have any recollection, a specific conversation with him." Deposition of Harold Ickes, Sept. 22, 1997, p. 31.
[42] Ex. 18, p. 25.
[43] Facsimile from Patrick O'Connor to Harold Ickes and John Sutton, May 16, 1995 (Ex. 19).
[44] Memorandum from Jennifer O'Connor to Harold Ickes, May 18, 1995 (Ex. 20).

petition, and are able to hire bigger lobbyists than the three very poor tribes who want the casino."[45]

Without being able to cite a precise date, Jennifer O'Connor testified that she first became involved in the Hudson matter when Ickes handed her a letter from Patrick O'Connor and asked her to find out the status.[46]

She testified that in response to Ickes" request, she called officials at Interior. She said that she may have spoken to Collier or John Duffy, but if so, she was quickly pointed in the direction of Secretary Babbitt's special assistant, Heather Sibbison.[47] Much like Avent, Jennifer O'Connor apparently recognized the implications of White House involvement in agency decisions. Asked what she and Sibbison talked about, O'Connor volunteered that she began their conversation with a disclaimer—that she was only looking for a status and that she did not want to influence anything or learn anything that she was "not supposed to know."[48]

Documents reflect additional contacts between Ickes" staff and Interior during the next few weeks. Jennifer O'Connor continued to call Duffy. According to Duffy's phone logs, Jennifer O'Connor called him on May 25, 1995, and left a message. Duffy or someone from his office apparently called O'Connor back again, because on May 31, there is another message from Jennifer O'Connor to Duffy, with the notation, "returned your call." Duffy likely called O'Connor back because the same telephone log records the disposition as "done."[49] Duffy was shown these telephone logs and asked if they helped him remember whether he spoke to her about the Hudson matter. Duffy replied, "It does not. I don't have any recollection of talking to Jennifer about the Hudson casino. But I can't tell you I never talked to her because I just don't recall one way or the other."[50]

In early June, Ickes's office again telephoned Interior. It is unclear what prompted this contact, though the record shows that on June 1, 1995, Patrick O'Connor faxed another note to Ickes.[51] In any event, Jennifer O'Connor testified that she asked an intern, David Meyers, to see if Interior had already announced its decision.[52] Meyers followed through and spoke to Sibbison. According to a June 6, 1995 memorandum of his conversation, which preceded Interior's announcement of the rejection by five weeks, Sibbison told Meyers that it is "95% certain that the application will be

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[45] *Id.*

[46] Deposition of Jennifer O'Connor, Oct. 6, 1997, p. 37. In both his hearing and deposition testimony, Ickes stated that he could not recall much about the Hudson application. Ickes testified at the hearing, "I recall—as I stated in my deposition, I was not—to the best of my recollection, I was very peripherally involved in that. I think that Jennifer O'Connor on my staff was the primary point person on it. I recall having one discussion. I think it was a telephone discussion with Don Fowler—he and I talked constantly so it is hard to separate all of this out—in which he raised the issue. I told him I would check on it, and I think I had Ms. O'Connor check on it, on the status of it." Testimony of Harold Ickes, Oct. 8, 1997, pp. 46–47.

Later in his testimony, when asked if he recalled talking to Secretary Babbitt or any other political appointees at Interior about this issue, Ickes again responded that he could not recall. He stated, "No. As I said before, I don't have any recollection of it, and of talking to Interior about this. I think that this—I had given this to Jennifer O'Connor to check on the status." Ickes testimony, p. 55.

[47] Jennifer O'Connor deposition, p. 39.

[48] *Id.*, pp. 40–41.

[49] Interior Department Telephone log, May 25, 1995 (Ex. 21).

[50] Duffy deposition, p. 60.

[51] Facsimile from Patrick O'Connor to Harold Ickes and John Sutton, June 1, 1995 (Ex. 22).

[52] Jennifer O'Connor deposition, p. 53.

turned down" and that Interior will make a decision in the next two weeks.[53] Sibbison also described Interior's reasoning to Meyers and indicated Interior was aware of the intense lobbying by the opposition tribes. "She [Sibbison] explained that there is significant local opposition. Much of the opposition, however, is a by-product of wealthier tribes lobbying against the application. . . . Nonetheless, she stated that they will probably decline, without offering much explanation, because of their 'discretion' in this matter."[54] Besides cautioning that this information was not yet public, Sibbison apparently solicited the views of the White House. Meyers wrote to Jennifer O'Connor, "She asked that if you have any feedback please call her with your thoughts."[55]

In her deposition, Sibbison acknowledged speaking to Meyers but took issue with his characterization of her comments. As for the local opposition, she testified, "we were hearing those rumors, and I must have told this guy that, and he's written it as if it's fact instead of rumor."[56] As for the feedback comment, Sibbison denied that she ever asked for Jennifer O'Connor's opinion nor was she concerned with Jennifer O'Connor's views on the application.[57]

At some point in time, Jennifer O'Connor reported to Fowler about what she had learned. Jennifer O'Connor testified:

> A: Mr. Fowler called me. He said roughly—this is, again, it's vague and hazy in my memory, but he said something along the lines of can you tell me what the status is of this issue because I really want to be able to get back to some people when it's finished.
>
> And I said to him—I can't remember exactly when he called, but the Department had not yet finished its deliberations, and I said, here's the status, they're not done yet. There's nothing we can tell anybody. All you can say to whoever it is you're talking to—I don't think he told me who he was talking to—but I said to him the only thing he could say to them was that Interior was moving along and would have a decision at some point soon.
>
> And I made clear to him he couldn't tell them anything other than that. So—
>
> Q: So, Mr. Fowler called you, he merely inquired into the status of the pending application?
>
> A: Yes. My recollection of the conversation was that he was very interested in being able to be responsive to some set of people who wanted to know when the decision was going to be made.
>
> Q: Did you understand that set of people were donors to the Democratic National Committee or prospective donors to the DNC?

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[53] Memorandum from David Meyers to Jennifer O'Connor, June 6, 1995 (Ex. 23).

[54] *Id.*

[55] *Id.*

[56] Deposition of Heather Sibbison, Sept. 26, 1997, p. 94. Regardless of whether the claim of manufactured local opposition is characterized as rumor or fact, it appears that Interior officials did not take any steps to inquire further. Sibbison testified that no one at Interior conducted any further exploration into the issue of lobbyists generating local opposition. Sibbison deposition, pp. 97–98. Moreover, Michael Anderson, the Interior official who signed the denial letter, testified in his deposition that "if someone ginned that [the local opposition] up by wealthier tribes lobbying, I didn't look behind that." Anderson deposition, Sept. 19, 1997, pp. 82–83.

[57] Sibbison deposition, p. 99.

A: He never told me who they were.[58]

It is unclear whether Fowler or anyone else reported back to Patrick O'Connor or his opposition tribe clients. Nevertheless, a June 12, 1995 entry in O'Connor's date book shows that he received a report on White House "new developments." [59]

The Formal Decision

Against the backdrop of this full tilt lobbying push, the decision process at Interior moved forward. Briefly, the process unfolded as follows: On June 8, 1995, Tom Hartman, a career BIA employee with the Indian Gaming Management Staff, wrote a 17-page analysis, in which he recommended finding the necessary predicate for approving the application.[60] Apparently sometime after Skibine received Hartman's memo, a longer version of the memo, again favoring approval of the application, was prepared. Skibine is the author listed; the final decision maker listed is the Assistant Secretary for Indian Affairs.[61]

Despite these detailed staff analyses approving the application, Skibine testified that he prepared a draft letter *rejecting* the application, readied for Assistant Secretary Ada Deer's signature, on June 29, 1995.[62] During the next two weeks, the Secretary's office at Interior coordinated the review and revisions of Skibine's June 29 draft letter. Somewhere in the process Assistant Secretary Deer quietly recused herself from the decision. On July 14, 1995, Michael Anderson, Deer's deputy, Michael Anderson, signed the denial letter and Interior formally issued its decision.

The payback?

On July 14, 1995—the day of Interior's decision and the meeting between Babbitt and Eckstein—O'Connor and Kitto discussed fundraising. This conversation, for which the opposition tribes were billed, is described in O'Connor's date book as follows: "Disc[ussion] re[garding] necessity to follow up with Harold Ickes at the White House, Fowler at the DNC and Terry Mac [McAuliffe] at the Committee to Reelect outlining fund-raising strategies." [63]

The fund-raising strategies alluded to by O'Connor certainly worked well. According to FEC records, during the next four months, the DNC and the Democratic Senatorial Campaign Committee (DSCC) collected about $53,000 from the opposition tribes. FEC records show that those same tribes contributed an additional $230,000 to the DNC and DSCC during 1996. In addition, many of the same tribes contributed a total of over $50,000 to the Minnesota Democratic Farmer Labor Party. These numbers do not include any contributions made by the lobbyists or individual tribal members to the Clinton/Gore campaign or donations to other state parties that might have been directed by the DNC.

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[58] Jennifer O'Connor deposition, pp. 62–63.
[59] Ex. 4.
[60] Memorandum from Indian Gaming Management Staff [signed by Tom Hartman] to Director, Indian Gaming Management Staff, June 8, 1995, (Ex. 24).
[61] Memorandum from George Skibine to the Assistant Secretary—Indian Affairs, undated (Ex. 25).
[62] Skibine deposition, p. 65.
[63] Ex. 4.

After the July 14 decision, the opposition tribes and lobbyists showed who they thought was responsible for tilting the decision in their favor. Fowler received at least three thank you notes from opposition tribes and lobbyists. In a letter dated August 3, 1995, JoAnn Jones, the President of the Ho-Chunk Nation, wrote, "I want to thank you for your help in the successful effort to defeat the Hudson casino. Numerous people contributed to the Department of Interior decision. You were particularly instrumental in helping the Department understand the significance and importance of their decision."[64] David Mercer at the DNC also received at least one note from a lobbyist. Franklin Ducheneaux wrote to Mercer on July 27, 1995, "The Minnesota Tribes are very grateful to you and the Chairman for your assistance in advising the President and the Secretary on this matter."[65] JoAnn Jones of the Ho-Chunks even wrote to President Clinton, thanking him for his help in defeating the Hudson application.[66]

O'Connor and Kitto also stated their belief that the White House had assisted the opposition tribes. In a September 14, 1995 fundraising invitation for the Clinton/Gore Campaign, the two lobbyists wrote, "As witnessed in the fight to stop the Hudson Dog Track proposal, the Office of the President can and will work on our behalf when asked to do so."[67]

Paul Eckstein and Bruce Babbitt

By early July 1995, nine months after the area office's approval, the Secretary's office at the Department of Interior had still not formally acted on the application. At that time, according to Eckstein, "there were a lot of rumors flying around" that a decision was imminent.[68] Concerned because wealthy tribes with competing casinos had mounted an intense lobbying campaign against their application, the applicant tribes retained Paul Eckstein to "find out what [was] happening."[69] Eckstein was retained in April 1995. Shortly after being hired, Eckstein secured a commitment from Secretary Babbitt that if the Department was going to deny the application, Babbitt would first have a face-to-face meeting with leaders of the applicant tribes.[70]

Tasked with determining the status of the pending application, Eckstein called Secretary Babbitt on July 11, 1995. During their

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[64] Letter from JoAnn Jones to Don Fowler, Aug. 3, 1995; Letter from Dallas Ross to Don Fowler, July 24, 1995; Letter from Franklin Ducheneaux to David Mercer, July 27, 1995; and Letter from Stanley Crooks to Don Fowler, July 27, 1995 (Ex. 26).

[65] *Id.*

[66] Letter from JoAnn Jones to President Clinton, Aug. 3, 1995 (Ex. 27).

[67] Fund-raising invitation letter, Sept. 14, 1995 (Ex. 28).

[68] Testimony of Paul Eckstein, Oct. 30, 1997, p. 18.

[69] *Id.* Eckstein is a prominent Phoenix, Arizona lawyer, and a partner in the firm of Brown and Bain. During his 32 years of law practice, Eckstein has handled a wide variety of matters, including various issues on behalf of Indian tribes. *Id.*, p. 11–12. Eckstein is also a long time friend of Secretary Babbitt, as the two of them met at Harvard Law School in 1962. After law school, the two men took the Arizona bar exam together and then in 1967, Babbitt was hired by the same Phoenix law firm that Eckstein had joined two years earlier. At that time, the firm had less than 10 lawyers. Eckstein and Babbitt practiced law together through 1974, when Babbitt was elected Arizona Attorney General. *Id.*, p. 13.

As Babbitt moved from Attorney General to Governor of Arizona in 1978, Eckstein continued to have regular contact with Babbitt. Eckstein, in fact, was a member of what was known at the time as then-Governor Babbitt's "kitchen cabinet." *Id.*, p. 14. In 1982, Eckstein ran Secretary Babbitt's reelection campaign for Governor. Eckstein, moreover, once represented then-Governor Babbitt in a defamation lawsuit. *Id.* Asked whether he considered Secretary Babbitt a friend, Eckstein responded simply, "yes." *Id.*

[70] Deposition of Paul Eckstein, Sept. 30, 1997, pp 29–30.

conversation, Secretary Babbitt directed Eckstein to meet with Babbitt's counselor, John Duffy, indicating that Duffy and would call him.[71] Duffy was the Secretary's point man on this application. Duffy called Eckstein that day from a plane, telling him that if Eckstein wanted a meeting, he needed to get to Washington D.C. immediately. When Eckstein asked to have the meeting the following Monday, Duffy said, "Well it's got to be this week, you've got to get here."[72] Accordingly, they set the meeting for the morning of Friday, July 14.

The Friday morning meeting between Eckstein and Duffy lasted about 45 minutes. Eckstein described the meeting as follows:

> We . . . began making the arguments in favor of granting the application, and thought that Mr. Duffy was agreeing with us. The nods seemed to be at the appropriate times, and rather abruptly, well into the presentation, a half-hour, 40 minutes into the presentation, he says, Wait a minute. He said the application is going to be denied. The decision of denial is going to be issued today, and the reasons are that the St. Croix Chippewas will be injured and their Turtle Lake facility will be hurt if they grant this application, and the local opposition that exists in the Hudson area. And we questioned him a little about that, and then left . . . .[73]

Shortly after finishing with Duffy, Eckstein called Babbitt and asked for a meeting. Babbitt agreed and the two men met alone later that afternoon in Babbitt's office at Interior. According to Eckstein, their meeting lasted for "a half-hour, conceivably 45 minutes."[74] Eckstein testified, "I went in and explained that we had just heard from Counselor Duffy that the decision was going to be issued that day and that it was going to be a denial, and reminded him of the commitment that had been made to make a presentation to him with my clients. And his response was that Harold Ickes had directed him to issue a decision that day."[75] Eckstein remembers clearly that this comment from Secretary Babbitt took place at the beginning of their meeting.[76]

Their meeting continued with Eckstein arguing the merits of the Hudson application. After ten or fifteen minutes of Eckstein addressing the merits without any feedback, Secretary Babbitt stood up from the sofa. Eckstein also stood up. At that point, Eckstein brought up the May 8, 1995 letter that Patrick O'Connor had written to Ickes. The letter said of opposition tribes, "I can testify to their previous financial support to the DNC and the 1992 Clinton/Gore Campaign Committee."[77]

Although Eckstein had seen the O'Connor letter a few months earlier, this was the first time he had mentioned it to any Department of Interior officials. He explained that until the Babbitt meeting he had considered it "so crude" and "so much in error" that he

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[71] Eckstein testimony, p. 19.
[72] *Id.*
[73] *Id.*, p. 20.
[74] *Id.*, p. 21.
[75] *Id.*
[76] Eckstein deposition, pp. 52–54.
[77] Ex. 15.

saw no need to dignify it with a response.[78] Asked what prompted him to bring it up then, Eckstein explained that hearing Babbitt mention Ickes may have triggered his reference.[79]

Eckstein perceived Secretary Babbitt to be aware of the O'Connor letter, notwithstanding the fact that the letter was not addressed to Babbitt:[80] "Well, he certainly to me, he—did. He didn't say what letter, what are you talking about. He seemed to nod when I mentioned it. To me—and this is my interpretation—the signs were that he had familiarity with it."[81] Eckstein also stated, "I was watching him pretty carefully, and it seemed to me just reading his eyes and his body language that he was aware of it."[82]

After explaining his clients were upset by the O'Connor letter, Eckstein addressed the letter's various points. Eckstein recalled talking about the letter's characterization of an applicant tribe's chairman as a Republican and its description of the opposition tribes as significant supporters of President Clinton.[83] At that point, Babbitt brought up the topic of political contributions. Eckstein testified, "The Secretary asked me, Do you have any idea how much these Indians, Indians with gaming contracts—it wasn't exactly clear what Indians he was referring to, but Indians were certainly used—have given to Democrats. I said I don't have the slightest idea, and he said, Half a million dollars."[84]

Eckstein acknowledged that he is unclear whether Secretary Babbitt referred to "these tribes," "Indian tribes," or "Indian tribes with gaming facilities."[85] Nevertheless, he testified, there is no doubt in his mind that Babbitt made the comment.[86] Eckstein explained, "But the rest of it, the rhetorical nature of the question, the fact that it was Indian tribes, the fact that they have given to Democrats, the fact that it was half a million dollars, all of that is absolutely clear to me."[87]

After this comment from Secretary Babbitt, their meeting ended and Eckstein left the Interior Department. Disappointed, Eckstein recounted the substance of his conversation, including both the Ickes comment and the political contributions comment, to his colleagues immediately after it occurred.[88]

The aftermath—Eckstein's affidavit and Secretary Babbitt's letters to the Senate

Shortly after Interior's denial of the Hudson application, the losing tribes filed a lawsuit in Wisconsin federal court against Babbitt and the Department of Interior. The lawsuit alleged improper political interference in the decision making process. As part of that litigation, Eckstein swore out an affidavit on January 8, 1996, in which he specifically recounted the Ickes comment Secretary Babbitt made to him on July 14, 1995: "Secretary Babbitt said that the

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[78] Eckstein deposition, p. 59.
[79] *Id.*
[80] *Id.*, p. 57.
[81] Eckstein testimony, pp. 27–28.
[82] Eckstein deposition, p. 57.
[83] Eckstein testimony, p. 22.
[84] *Id.*
[85] Eckstein deposition, pp. 61–62.
[86] *Id.*., p. 55.
[87] *Id.*, p. 61.
[88] Eckstein testimony, pp. 67, 104–105.

decision could not be delayed because Presidential Deputy Chief of Staff Harold Ickes had called the Secretary and told him that the decision had to be issued that day." [89]

However, Eckstein's affidavit did not include Secretary Babbitt's additional comments about political contributions. Asked why he did not include that comment, Eckstein responded that he made the decision partly because of the nature of the comment, and partly because he knew that whatever he put in his affidavit would become public information. Eckstein testified:

> Well, first and foremost, I didn't want to put it in the affidavit. The affidavit was in support of a motion for discovery in an action, and I thought those points, the points that I made in the affidavit, were sufficient to obtain that request.
>
> Secondly, it was a question. It was a rhetorical question, and I didn't know how to interpret it.
>
> Thirdly, I saw the potential for more embarrassment [for Babbitt], and I didn't want to—didn't want to put it in.[90]

In July 1996, the *Wall Street Journal* printed an article summarizing the allegations of political influence regarding the Hudson decision.[91] The *Journal* article cited Eckstein's sworn statement, specifically Babbitt's comment about Ickes directing him to issue a decision that day.

In response to the *Journal* story, Senator John McCain, at that time the Chairman of the Senate Committee on Indian Affairs, wrote to Secretary Babbitt on July 19, 1996 and asked for an explanation about the Hudson application.[92] After recounting the reported statements in Eckstein's affidavit about the Ickes' comment, McCain asked Secretary Babbitt directly, "Is this true?" [93]

On August 30, 1996, Secretary Babbitt responded to Senator McCain.[94] After claiming that the *Journal* article "falsely insinuated that this Department has allowed campaign contributions to dictate Indian policy," Babbitt turned to his meeting with Eckstein. Babbitt wrote:

> I met with Paul Eckstein, an attorney for the three tribes applying for the trust land acquisition, shortly before a decision was made on the application. Following this conversation, I instructed my staff to give Mr. Eckstein the opportunity to discuss the matter with John Duffy. *I must regretfully dispute Mr. Eckstein's assertion that I told him that Mr. Ickes instructed me to issue a decision in this matter without delay.* I never discussed the matter with Mr. Ickes; he never gave me any instructions as to what this

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[89] Affidavit of Paul Eckstein, Jan. 8, 1996 (Ex. 29).

[90] Eckstein testimony, pp. 29–30. Eckstein further explained that the affidavit never purported to be a recollection of everything—or even everything important—that was said during his July 14 meeting with Secretary Babbitt. *Id.,* p. 107.

[91] Jill Abramson and Glenn Simpson, "Top Democratic Lobbyist Helped Kill Hudson Casino," *Wall Street Journal,* July 12, 1996, p. A1.

[92] Letter from Senator John McCain to Secretary Babbitt, July 19, 1996 (Ex. 30).

[93] *Id.*

[94] Letter from Secretary Babbitt to Senator McCain, Aug. 30, 1996 (Ex. 31).

> Department's decision should be, nor when it should be made.[95]

Secretary Babbitt concluded his letter to Senator McCain with a somewhat indignant paragraph: "Over the years, you and I have worked together on a wide variety of issues affecting Native Americans . . . I regret that, relying solely on a newspaper article, you have chosen to so publicly call into question the integrity of our decision making on this matter. I am pleased to have the opportunity to set the record straight." [96]

Meanwhile, in the ongoing federal lawsuit, the United States Attorney's Office used Secretary Babbitt's letter to Senator McCain to defend the position of the Department of Interior against the charges of improper political influence. In filing Babbitt's letter with the court, the government argued, "Thus, Secretary Babbitt conclusively lays to rest any claim that the Department bowed to improper influence when it denied the plaintiff Tribes' application to take St. Croix Meadows in trust." [97]

Secretary Babbitt's recollection of the Eckstein conversation would soon change drastically, however. In October 1997, after the Committee deposed Eckstein and heard Babbitt's comment about Ickes and Babbitt's additional comment regarding campaign contributions, the Committee sought to interview Secretary Babbitt. The Committee made an informal request through the Interior's Office of Congressional and Legislative Affairs. When Interior indicated preliminarily that Secretary Babbitt would not appear for a voluntary interview or deposition, the Committee wrote to Interior, seeking written confirmation.[98]

Interior's response came from Secretary Babbitt himself, who wrote Chairman Thompson directly on October 9, 1997. Babbitt confirmed that he would not submit to a private interview, but stated that he would agree to answer questions in public. Secretary Babbitt then *admitted* that he may have said something to Eckstein about Ickes wanting a decision:

> [W]hile I did meet with Mr. Eckstein on this matter shortly before the Department made a decision on the application, *I have never discussed the matter with Mr. Ickes or anyone else in the White House.* Mr. Ickes never gave me instructions as to what this Department's decision should be, or when it should be made.
>
> *I do believe that Mr. Eckstein's recollection that I said something to the effect that Mr. Ickes wanted a decision is correct.* Mr. Eckstein was extremely persistent in our meeting, and I used this phrase simply as a means of terminating the discussion and getting him out the door. It is not the first time that I have dealt with lobbyists by stating that the Administration expects me to use my good

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[95] *Id.* (emphasis added)

[96] *Id.* Senator McCain acknowledged Secretary Babbitt's letter, apologized for questioning Secretary Babbitt's integrity, and the matter went no further.

[97] Defendant's Motion to Supplement the Record, Oct. 15, 1997 (Ex. 32).

[98] Letter from U.S. Senate Governmental Affairs Committee to Secretary Babbitt, Oct. 9, 1997 (Ex. 33).

> judgment to resolve controversial matters in a timely fashion, nor do I expect it to be the last.[99]

Babbitt did not address the political contributions comment Eckstein attributed to him.[100]

The Committee called Secretary Babbitt to testify publicly on October 30, 1997. In his opening statement, Secretary Babbitt stated that the Hudson application was decided solely on the merits and that there was no improper White House or DNC influence.[101] After admitting that his letters to Senator McCain and Senator Thompson "muddied the waters somewhat," Secretary Babbitt then described his version of what happened during the July 14 meeting with Eckstein:

> On July 14th of 1995, Mr. Eckstein was visiting other offices at the Department to urge the Department to delay a decision in the Hudson case, which was ready to be made and released that day.
>
> Mr. Eckstein then asked to meet with me. Against my better judgment, I acceded to that request. When he persistently pressed for a delay in the decision, I sought to terminate the meeting. I don't recall exactly what was said, but on reflection, I probably said that Mr. Ickes, the Department's point of contact on many Interior matters, wanted the Department or expected the Department to decide the matter promptly. If I said that, it was an awkward effort to terminate an uncomfortable meeting on a personally sympathetic note, but as I have said here today, I had no such communication with Mr. Ickes or anyone else from the White House.
>
> It has been reported that Mr. Eckstein recently made the additional assertion that I also mentioned campaign contributions from Indian tribes in this context. I have no recollection of doing so or of discussing any such contributions with anyone from the White House, the DNC, or anyone else.
>
> If my letters to Senator McCain and Senator Thompson have caused confusion, then I must and do apologize to them and to the Committee. I certainly had no intention of misleading anyone in either letter. My best recollection of the facts are as I have just stated them.[102]

Under questioning from Senator Thompson, Secretary Babbitt testified that while he may have told Eckstein that Ickes "wants" or "expects" a decision, he "definitely" did not tell Eckstein that Ickes wanted a decision that same day. Therefore, Secretary Babbitt testified, his statement in the McCain letter—"I must regretfully dispute Mr. Eckstein's assertion that I told him to issue a de-

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[99] Letter from Secretary Babbitt to Senator Thompson, Oct. 10, 1997 (Ex. 34) (emphasis added).

[100] By letter dated Oct. 15, 1997, Chairman Thompson responded to Secretary Babbitt, asking Babbitt to reconsider his refusal to appear for a voluntary interview with the Committee. Letter from Senator Thompson to Secretary Babbitt, Oct. 15, 1997 (Ex. 35). Chairman Thompson explained, "I firmly believe that as a Cabinet officer, you have an obligation to cooperate with Congress." A week later, Babbitt again confirmed that he would not agree to a deposition or private interview. Letter from Melanie Beller to Senator Thompson, Oct. 22, 1997 (Ex. 36).

[101] Testimony of Bruce Babbitt, Oct. 30, 1997, p. 123.

[102] *Id.,* pp. 123–124.

cision in this matter without delay"—was still accurate.[103] Apparently focusing on the words "without delay," Secretary Babbitt claimed that he did not misrepresent anything in his letter to Senator McCain.[104] He explained, "Senator, I believe those statements are consistent. They both reflect my best recollection about what I said and what I didn't say."[105] He attempted to square the differences when questioned about them:

> Secretary BABBITT. I told—to the best of my recollection, I said something to Mr. Eckstein to the effect that Mr. Ickes expected or wanted a decision.
>
> Chairman THOMPSON. Well, certainly that meant something more than just carrying out your duties. I mean, clearly, everybody—I mean, a decision had to be made. I mean, clearly you were stating something more than just what the law required you to do as a——
>
> Secretary BABBITT. No. That's really all I was stating.
>
> Chairman THOMPSON. Did Mr.——
>
> Secretary BABBITT. That's the whole point.
>
> Chairman THOMPSON. In effect, Mr. Ickes wanted you to do your job?
>
> Secretary BABBITT. That is correct. That is exactly correct.
>
> Chairman THOMPSON. Kind of like saying Mr. Ickes wanted you to pay your Federal income taxes by April 15th.
>
> Secretary BABBITT. Yeah.[106]

Later in his hearing testimony, Secretary Babbitt made a further distinction in an attempt to buttress his claim that he did not mislead Senator McCain, explaining that his McCain letter is "precise and correct."[107] Secretary Babbitt explained his interpretation: "I think Senator McCain was asking in that letter . . . was there a communication between you and Ickes, and my response was, unequivocally, no, there was not."[108]

Secretary Babbitt's contention that he did not mislead Senator McCain is belied by his actions. Sometime before his testimony, Secretary Babbitt spoke to Senator McCain, telling him, "To the extent [the letter] could be construed as misleading, I certainly owe you an apology."[109]

During his hearing testimony, Secretary Babbitt continued to repeat that he never actually spoke to Ickes on the Hudson matter. At the same time, however, he also maintained that his reference to Ickes during his discussion with Eckstein was not misleading, even to Eckstein. In his October 10, 1997 letter to Senator Thompson, Secretary Babbitt wrote that he used the Ickes phrase "simply as a means of terminating our discussion and getting him [Eckstein] out the door."[110] Nevertheless, in his hearing testimony,

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[103] *Id.,* p. 137.
[104] *Id.* pp. 130–131.
[105] *Id.,* p. 139.
[106] *Id.,* pp. 137–138.
[107] *Id.,* p. 182.
[108] *Id.,* p. 183.
[109] *Id.,* p. 136.
[110] Ex. 34.

Secretary Babbitt would not concede that he deceived Eckstein. Asked by Senator Thompson whether he misled his old friend as a way to get him out of the office, Secretary Babbitt replied, "On the spur of the moment, I made that statement with the hope that I could end the discussion, express in a way some sympathy toward his point of view, and suggest that this decision had to be made."[111] The following exchange then occurred between Senator Thompson and Secretary Babbitt:

> Chairman THOMPSON. So you misled him?
>
> Secretary BABBITT. Well, Senator, I suspect that almost all of us here at one time or another have terminated a discussion by saying somebody is waiting for me on the telephone when maybe in not every single case there was somebody waiting on the other line.
>
> Chairman THOMPSON. I think you are getting in awfully deep water here, but that is up to you. Did you mislead him?
>
> Secretary BABBITT. I don't think so.
>
> Chairman THOMPSON. Did you tell him the truth about that?
>
> Secretary BABBITT. Well, we've been through that before. I think it's fair to say that my superiors expect me to make decisions.
>
> Chairman THOMPSON. But did Mr. Ickes tell you to make the decision?
>
> Secretary BABBITT. He did not.
>
> * * * * *
>
> Chairman THOMPSON. And you told Mr. Eckstein that he told you to make the decision?
>
> Secretary BABBITT. I did not.
>
> Chairman THOMPSON. What did you tell him?
>
> Secretary BABBITT. Well, I've repeated that several times. I said I believe—what I believe I've said is that Mr. Ickes expects me or Mr. Ickes wants me to make a decision.[112]

Despite his specific recollection about the Ickes comment, Secretary Babbitt said that he had no memory of making any statement to Eckstein about political contributions from Indians. Babbitt, moreover, did "not recall any reference to or discussion of" the May 8, 1995 O'Connor letter to Ickes.[113] When pressed, Babbitt testified as follows:

> Chairman THOMPSON. Well, is it possible that you could have talked about contributions in that conversation by the Indians?
>
> Secretary BABBITT. Senator, I simply have no recollection of any conversation to that effect.
>
> Chairman THOMPSON. Are you stating under oath, definitely, that you did not have such a conversation?

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[111] Babbitt testimony, p. 140.
[112] *Id., pp. 140–142.*
[113] *Id.,* p. 133.

> Secretary BABBITT. I am stating under oath that I have no recollection of any conversation of that kind.[114]

Besides testifying regarding his meeting with Eckstein, Secretary Babbitt tried to explain the rationale for the Interior decision on the Hudson application. In his opening statement, Secretary Babbitt stated that the Department based its decision solely on the "criteria set forth in . . . the Indian Gaming Regulatory Act."[115] He explained that "the Department and this administration has adhered to a policy that off-reservation gaming will not be imposed on communities that do not want it," and, therefore, "this virtually unanimous opposition of local governments, including the nearby St. Croix Tribe, required the Department to reject the application."[116]

According to Secretary Babbitt, the Interior decision was clear cut and not influenced by any outside factors. Babbitt said it was made in the first instance by George Skibine, a career official, "on a record that virtually compelled that decision and that Mr. Skibine . . . made the correct decision entirely uninfluenced by any external considerations . . . and [the decision] could not have been made in any other way."[117] Later in his testimony, Secretary Babbitt explained that while the political appointees at Interior are the ones vested with final decision-making authority, one of the ways to keep politics out of a decision is to "put a heavy burden on them [the political appointees] to defer to the civil servants, and that is, in fact, what happened here."[118]

Secretary Babbitt also testified that he did not personally make the decision to deny the application, nor did he participate in any deliberations about the application.[119] He declared that he did not have any contact with anyone at the DNC or the White House about the application.[120] While conceding that he could not know for sure whether any of his subordinates were in touch with the White House or DNC, Secretary Babbitt maintained that the record spoke for itself and that there was no inappropriate pressure on Interior. Asked by Senator Domenici, "Mr. Secretary, is it your position now before the Committee that politics had nothing to do with the denial of the . . . permit to the three poor Indian tribes?" Secretary Babbitt replied, "Senator, that is my position."[121]

Despite Secretary Babbitt's assurances, and the blanket assertions by other Interior officials that the Hudson application was not influenced by politics, the events leading to the denial of the application raise a number of troubling questions. In tracing the chronology of the application, it is clear that the opposition tribes used the DNC and the White House in an attempt to influence the Department's decision.

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[114] *Id.*, pp. 133–134.
[115] *Id.*, p. 120.
[116] *Id.*, pp. 120–122.
[117] *Id.*, p. 165.
[118] *Id.*, p. 198.
[119] *Id.*, pp. 120, 143.
[120] *Id.*, pp. 119–120.
[121] *Id.*, p. 229.

THE DECISION PROCESS AT INTERIOR—WHAT REALLY HAPPENED?

The career officials

In his opening statement and hearing testimony, Secretary Babbitt attempted to draw a clear line between the career officials, including Skibine, and the activities of the Interior political appointees. Secretary Babbitt suggested that Skibine's decision to reject the Hudson application was not only obvious and clear cut, but that Skibine and the career officials made it entirely on their own, unaffected by any other views. The facts do not support Secretary Babbitt's testimony.

First, it is apparent that from early on, the two career Interior employees most involved—George Skibine and Tom Hartman—favored granting the Hudson application. For example, Skibine attended the February 1995 meeting with the Minnesota Congressional delegation, which argued that the Hudson application might harm the existing gambling operations of the wealthy opposition tribes, several of which were located in Minnesota. When Skibine noted the arguments made by the Minnesota delegation during the February meeting, Hartman refuted each of the arguments point-by-point in a memorandum written to Skibine.[122]

Later, Hartman's June 8, 1995 memorandum established in detail the predicate for approving the casino. After considering the arguments of the opposition tribes and economic impact study they had commissioned, Hartman concluded that there was no actual detriment to the surrounding community. While not explicitly arguing that the opposition was the product of high-powered lobbyists, Hartman made it clear that Interior needed to ensure that they accounted for naked political pressure. He wrote,

> Detriment is determined from a factual analysis of evidence, not from opinion, political pressure, economic interest, or simple disagreement. In a political setting where real, imagined, economic, and moral impacts are focused in letters of opposition and pressure from elected officials, it is important to focus on an accurate analysis of facts. . . Allowing local opposition, not grounded in factual evidence of detriment, to obstruct Indian economic development sets a precedent for extensive interference, compromised sovereignty, and circumvention of the intent of IGRA.[123]

Despite Hartman's detailed analysis, it appears that many of the political appointees at Interior never saw it. Duffy said that he did not know who Hartman was and could not recall seeing the memo.[124] Sibbison testified that she did not remember reading it or even knowing that Hartman wrote a memo.[125] Michael Anderson also stated that he had never seen the Hartman memo before.[126]

One person who did acknowledge receiving and reviewing Hartman's memo was Hartman's superior, Skibine. In his deposition, Skibine testified about what he did after receiving the memo. He

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[122] Notes to files re: February 8, 1995 meeting, undated, p. 3 (Ex. 37).
[123] *See* Ex. 24, p. 15.
[124] Duffy deposition, pp. 21, 27.
[125] Sibbison deposition, p. 19.
[126] Anderson deposition, Sept. 19, 1997, p. 14.

stated, "Well, I took, I read the records, the record initially, and I read the recommendation from the Minneapolis area. I read the Hartman memo. I read essentially all of the record. And I formulated my views and then looked at the supplementary documentation that was provided between February 8th and April 30th, and I essentially made my decision which I put down in writing by June 29th, 1995."[127] Later in his deposition, Skibine testified that the June 29 draft letter was his recommendation, and that he produced no other written memoranda or analysis of the Hudson application.[128]

Documentary evidence casts doubt on Skibine's assertions. After Skibine was deposed, the Committee located an undated version of the Hartman memorandum that contained a few substantive additions but still favored *granting* the Hudson application.[129] The memorandum lists *Skibine* as the author. The memorandum thus puts Skibine squarely beside Hartman in favor of granting the application. Other documents show that Skibine was leaning towards agreement with Hartman. In a June 30, 1995 E-mail, Skibine wrote about the Hartman draft to other Interior officials. Skibine wrote, "Our tentative conclusion is that the record permits us to make a finding that a gaming establishment at that location will *not be detrimental* to the surrounding community. We have not finalized the document, and I have not determined whether it should be signed or simply stay in draft form."[130] Skibine sent this email one day *after* he purported to reach his final conclusion in the Hudson matter.

Finally, putting aside the inconsistencies between the paper record and Babbitt's recitation of how the decision occurred, not even Skibine agrees with Secretary Babbitt that the record made the denial decision clear. In his deposition, Skibine acknowledged that the decision on the application was not indisputable. He testified that there were merits on both sides and that it was "a close call" for him.[131]

The role of the political appointees

It is clear that the political appointees at Interior were confident that the final decision would be a denial well before June 29, 1995, when Skibine prepared a first draft of the final decision letter for Assistant Secretary Deer's signature. As demonstrated in the May 18 and June 6, 1995 memoranda, by mid-May the political appointees were telling the White House that the application would be denied. Furthermore, on June 27, two days before Skibine issued his recommendations in the form of a draft letter, Sibbison prepared and sent to the White House two draft letters about the application.[132] In her cover note to the letters, which were alternative responses to an inquiry from the Minnesota congressional delegation, Sibbison made clear that for all practical purposes the

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[127] Letter from Ada Deer to Rose Gurnoe, June 29, 1995 (Ex. 38); Skibine deposition, p. 65.
[128] Skibine deposition, p. 112.
[129] Ex. 25.
[130] E-mail from George Skibine to Heather Sibbison, June 30, 1995 (Ex. 39).
[131] Skibine deposition, p. 156. In his deposition, Michael Anderson confirmed that Skibine was on the fence. He testified about Skibine, "I don't really remember Mr. Skibine articulating a final recommendation. Because it was an interactive process, I didn't detect that he had a strong view either way." Anderson deposition, Sept. 19, 1997, p. 35.
[132] Fax from Heather Sibbison to Jennifer O'Connor, June 27, 1995 (Ex. 40).

decision to reject had already been reached. She observed, "Please note that I anticipate that the Department's decision to decline . . . may be made public later this week."[133]

Not only was Sibbison's note written before Skibine prepared the first denial draft on June 29, but Michael Anderson, who actually signed the final decision letter, stated he was *unaware* that Sibbison had sent such letters to the White House.[134] Anderson also testified that Sibbison never consulted with him, and that he had no idea that the Interior position had ever been communicated to the White House.[135]

It is also clear that the Secretary's office coordinated and revised Skibine's June 29 draft letter before it was presented to Anderson for final signature. Anderson, for instance, stated that Skibine's draft was "edited by Mr. Duffy and substantially changed." Anderson later clarified that changes were made by someone from Duffy's office, and stated that there were only "two possibilities"—Duffy or Sibbison.[136] Sibbison did not talk about her role in editing the letter, but stated that she was sure that Duffy "messed with it because he messes with everything that sat on his desk."[137] Skibine testified that he was in Denver with Anderson during the week of July 10, and that they received via fax an updated draft of his letter.[138] In response to questions about who edited or sent the revised draft, Skibine testified that he did not know if it came from Duffy or from the Secretary's office.[139]

Documents received after the Committee completed its depositions of Interior officials show that Sibbison and Duffy were an integral part of the revision process. It appears that Sibbison made extensive changes to Skibine's draft, and then forwarded it to Duffy with the note "John: Please review asap and call me back. H."[140] On June 30, 1995, Sibbison informed Skibine that she was faxing the letter to Duffy and was waiting for him to respond.[141]According to an E-mail describing a meeting on July 5, 1995 between Duffy, Sibbison, and Interior lawyers, Duffy directed that the decision letter be rewritten to include an additional rationale.[142]

Sibbison's June 30, 1995 E-mail is interesting for two additional reasons. First, it mentions the involvement of Tom Collier, Secretary Babbitt's Chief of Staff. Sibbison wrote, "I agree with Collier's uneasiness about some tribes getting all of the goodies at the expense of other tribes—theoretically they should all have equal opportunities."[143] Second, it indicates Sibbison's belief that "Ada [Deer] should sign the letter."[144] It is clear that as of June 30, 1995, Sibbison was unaware that Deer had recused herself. Deer's recusal is discussed further below.

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[133] *Id.*
[134] Anderson deposition, Sept. 26, 1997, p. 29.
[135] *Id.*, pp. 29–31.
[136] Anderson deposition, Sept. 19, 1997, p. 18.
[137] Sibbison deposition, p. 71.
[138] Skibine deposition, p. 139.
[139] *Id.*, pp. 140–141.
[140] Letter from Michael Anderson to Rose Gurnoe, et al., June 29, 1995, with handwritten revisions (Ex. 41).
[141] E-mail from Heather Sibbison to George Skibine et al., June 30, 1995 (Ex. 42).
[142] E-mail from Troy Woodward to George Skibine, et al., July 6, 1995 (Ex. 43).
[143] Ex. 42.
[144] *Id.*

Other documents confirm that Skibine coordinated revisions of the letter with Duffy and Sibbison. In an E-mail dated July 8, 1995, Skibine wrote his staff, "I have left on Tona's desk the redrafted version of the Hudson letter, per Duffy and Heather's instructions . . . Please make sure it is put in final form and brought up to Heather first thing on Monday." [145]

In light of so much "hands on" involvement by the political appointees in the Secretary's office, did Skibine in fact feel no pressure from the political appointees, as Babbitt testified? Even in his guarded deposition testimony, Skibine was not so confident that he made his recommendation in a vacuum. He explained, for instance, that he was aware of other views, and that they may have come into consideration. He testified:

> Yes. You know, I've got to say that in formulating my own views, I look at the record. But I looked also at all the input from others, and I know that in one interview with the press they asked me, well, what percentage of your decision is based on Mr. Duffy's view, and I can't really answer that. You know, I'd like to think that this was my own decision in terms of what I would recommend to the Secretary based on the record and on everything that I had heard. But I certainly considered everyone's views.[146]

Later in his deposition, Skibine again talked about the fact that it is difficult to formulate a decision without considering the viewpoints that he heard. He testified:

> Yes, sure. This part of the decision making process, I don't know exactly what influenced me or who influenced me, but any oral communication that is made, it's in your head. That's it. I mean, you can't say one way or the other whether you consider them or not. It is part of—then it really becomes a part of what you know.
>
> As an aside can I—I sat on the jury last week or two weeks ago. The counsels and witnesses both made statements and there were objections and the judge said disregard the statement. You know, that's a fallacy. It's what is supposed to be, but how can you disregard something that you hear? When we went back for deliberations, all of the jurors said that. What does he mean disregard? I mean, I heard that.
>
> You know, once something is said, it stays with you, I guess.[147]

Although Interior contends that the actual decision maker was Michael Anderson, the deputy assistant secretary who signed the final decision letter, the reality is that he played hardly any role in the Department's deliberations. He testified that he suggested some changes in the denial draft before signing the final version.[148] Beyond that, the evidence shows that he was hardly involved. He conceded that he only spent four to five hours total on the applica-

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[145] Ex. 44.
[146] Skibine deposition, p. 122.
[147] Skibine deposition, pp. 142–143.
[148] Anderson deposition, Sept. 19, 1997, pp. 18–19.

tion; he did not even bother to read the November 1994 area office report that recommended granting the application.[149] There are other indications that Anderson was simply a figurehead. He did not attend the meetings where the decision letter was discussed, and the documents do not mention his name. In a handwritten note, dated July 10, 1995, on one of the recently produced Interior documents, Sibbison demonstrated her view of Anderson's importance in the matter. Sibbison wrote to an administrative assistant, "Please let me know as soon as the letters are signed. . . Also, I know Mike Anderson is out, so we'll need to have it signed by whoever is acting for him." [150]

Anderson also played no role in deciding when the denial letter should be issued. Anderson testified that on July 14, Michael Chapman, a special assistant at Interior, brought him the letter to sign. Anderson "assum[ed] it [the letter] came from Mr. Duffy's office." [151] Chapman also directed Anderson that the decision had to be signed and go out on the 14th.[152] Asked if Chapman indicated why the urgency, Anderson responded, "No, he didn't. He just said that it needed to be done." [153] Anderson testified that he did not ask Chapman why, and that he simply "assumed there was a reason why the Secretary's office wanted to get it out." [154] Anderson summarized, "I'm not sure what the rationale was for the urgency." [155]

The curious recusal of Ada Deer

Another murky aspect of the Hudson matter is the role of Ada Deer. As the Assistant Secretary of Indian Affairs, Deer was the proper official to sign the final Hudson decision. However, she never signed the denial, delegating the responsibility to Anderson, her deputy. Deer told the Committee that the reason she recused herself was because in December 1994, she had contributed $250 to the political campaign of Gaiashkibos, one of the leaders of the applicant tribes. Her contention is that she divorced herself from the Hudson application very soon after learning that Gaiashkibos' tribe (Lac Courte Oreilles) was one of the applicants.[156] She indicated learning of the Hudson matter "through my general knowledge of the issue, which one gets through various sources; Indian Country Today is a newspaper that I read regularly, and, of course, there are various clips that come from the papers across the country. . . . [and] through the general discussions that go on." [157]

Even without parsing what might have been the true motives behind Deer's recusal, the timing and mechanics of her decision are troubling. She testified to recusing herself in June 1995, shortly after she became aware of the Hudson application. When pressed for how long it was between the time she heard about the application and her recusal, Deer testified, "It would be—it would be

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[149] Anderson deposition, Sept. 26, 1997, pp. 66–67.
[150] BIA routing slip [title derived], July 8, 1995 (Ex. 45).
[151] Anderson deposition, Sept. 19, 1997, p. 59.
[152] *Id.*, p. 58.
[153] *Id.*
[154] *Id.*, p. 60.
[155] *Id.*, p. 63.
[156] Deer deposition, pp. 19–23.
[157] *Id.*, p. 22.

awhile; no, it wouldn't be a day. It was probably, you know, several weeks. Again I'm not 100 percent certain of the exact time." [158]

Deer's testimony about the timing of her recusal is simply not credible. First, it is clear that by February 1995, both political and career appointees at Interior were actively considering the Hudson application. It is difficult to conceive how Deer, who oversaw BIA, would be unaware of its existence until June. Second, it is clear that on April 8, 1995, Deer accompanied Babbitt to a "contentious" meeting in Wisconsin where the Hudson issue was "extensively debated" among Wisconsin tribes.[159]

The Committee received a transcript of the April 8, 1995 Wisconsin meeting [160] several weeks after Deer's deposition. There is no question that Deer attended and participated in the Wisconsin meeting, as the transcript reveals that Deer introduced Secretary Babbitt, made comments throughout the session, and closed the meeting with a final statement. Further, the transcript confirms that the Hudson application was debated by the participants and that everyone present knew the Hudson matter was then pending before the Department. It is evident that the meeting participants knew beforehand the Hudson matter would be a prime topic for discussion. Tribal leaders on both sides of the issue described their positions to Babbitt and Deer, and urged Secretary Babbitt to act in accordance with their wishes.[161] Gaiashkibos attended the meeting.

Deer failed to mention the April 8 meeting during her deposition. It strains the Committee's credulity for Deer to say that she was primarily made "aware" of Hudson through newspaper articles and "general discussions" (a term she could not define) and that soon after she discovered Gaisakibos' involvement, she bowed out. At a minimum, Deer must have been aware of the Hudson application, and Gaisakibos' role, by April 8. Inasmuch as Deer is a Menominee Indian from Wisconsin, the Committee finds it hard not to believe she knew precisely what Hudson involved far earlier than April.

Quite apart from the timing of her recusal, there is confusion regarding how Deer reached and communicated the decision. Her testimony on the subject is vague. She testified as follows:

> Q: Did you recuse yourself in writing?
> A: I don't think so. I think I just told Michael Anderson.
> Q: And how come you didn't write anything down?
> A: Because I'm not a lawyer. I know that people do this, but no, I just didn't. Generally, I try not to write things.
> Q: Did you have discussions with anyone before you decided to recuse yourself?
> A: Yes, I think I talked with him about it. I'm not sure if I talked with anybody else about it. He's the principal deputy, and it seemed, you know, that was the appropriate thing to do.
> Q: Did you speak to anyone else in the Department about it?
> A: I don't think so. You mean about my recusal?

[158] *Id.*, p. 19.
[159] Anderson deposition, Sept. 19, 1997, pp. 24–25.
[160] Excepts of Wisconsin Tribal Dialogue with Secretary Babbitt, Apr. 8, 1995 (Ex. 46).
[161] *Id.*

Q: About your decision to recuse yourself.

A: I might have mentioned it to Mr. Duffy. He was the Counselor to the Secretary at that time.[162]

Anderson, however, disputed Deer's account that she discussed her recusal with him. Anderson said that he was told about the recusal by a special assistant, Michael Chapman.[163] Anderson stated that despite the fact that his office was next door to Deer's, he never spoke to her about the recusal or about the Hudson issue.[164]

Other important Department of Interior officials were also unaware of Deer's recusal. During a meeting on June 16, 1995, Duffy told an opposition lobbyist that Deer had "not yet reached a decision on the matter."[165] Duffy testified that he did not learn of Deer's recusal until after the Interior decision was announced on July 14, 1995.[166] Moreover, on June 29, 1995, Skibine prepared a draft letter for Deer's signature. Skibine testified that he is not sure when he learned about Deer's recusal, but that it was certainly after June 29, 1995.[167] Because of questions surrounding the timing and mechanics of Deer's recusal, it has been suggested that Deer may not have wanted to sign off on a decision she knew was dictated by political considerations, particularly since it harmed impoverished tribes in her home state. The judge in the federal litigation wrote in a March 1997 opinion:

> "I [have] remarked . . . that Deer's late recusal was 'odd' but refrained from questioning her motives. I now find it necessary to consider the flip side of the 'odd' recusal: that Deer may have wanted to back out once she understood that higher level officials in the department wanted plaintiff's application rejected for political purposes. It is reasonable to infer that Deer backed out because she supported plaintiff's application and did not want to be responsible for denying it. If that were not the case, one might surmise that Deer would have recused herself from the process earlier."[168]

When asked whether the judge's comments were accurate, Deer had difficulty providing a direct answer, as the following exchange reveals:

A: That's [the judge's] opinion. She's entitled to her opinion.

Q: Well, I'm asking you if there is any truth at all to what she wrote.

A: Well, I told you my point on this, and that's the basic information.

Q: She writes it's reasonable to infer that Deer backed out because she supported plaintiff's application and did

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[162] Deer deposition, pp. 24–25.
[163] Anderson deposition, Sept. 19, 1997, p. 29.
[164] *Id.*, pp. 27–30.
[165] Memorandum from Scott Dacey to Debbie Doxtator, June 16, 1995 (Ex. 47).
[166] Duffy deposition, pp. 22–23.
[167] Skibine deposition, p. 124. The various e-mails referenced above, in which Interior officials discuss the Hudson application, demonstrate that even in early July, Interior officials assumed Deer would be signing the denial letter.
[168] Opinion and Order, U.S. District Court for the Western District of Wisconsin, March 19, 1997, pp. 17–18 (Ex. 48).

not want to be responsible for denying it; is that true in any way?

A: No, my—that's her opinion.

Q: I understand it's her opinion.

A: And I stand on the statements that I have given you.

Q: I'm asking you for your reaction to that sentence. Is there any kernel of truth at all to that particular sentence?

A: That's her opinion, and that's her decision she wants to make on that, you know?

Q: Well, let me ask you a direct question, then: did you recuse yourself because you supported the tribes' application and did not want to be responsible for denying it?

A: No, that's not the reason I recused myself. I have stated several times now why I recused myself. So, that's my statement.

Q: Did you support plaintiff's application—I'm sorry, I keep saying plaintiff.

A: Yes.

Q: Did you support the tribes' application and not want to be responsible for denying it?

A: I have stated why I recused myself. I have given you my philosophical bent of approach, that I like to help, and I want the Department to support, the tribes' economic initiatives, and I can't add anything more than what I've already said about why I recused myself, and people can draw their own conclusions, as the Judge has.[169]

CONCLUSION

The December 31, 1997 cut-off date for the Committee's investigation prevented it from fully exploring all of the issues surrounding Interior's decision to deny the Hudson application. Even as this report was being completed, in January 1998, Interior was producing additional relevant documents.

Nevertheless, what emerged from the Committee's investigation is the outline of a story that shows the power of political contributions. Wealthy lobbyists from the opposition tribes activated the DNC to work on their behalf. As is clear from the evidence, this was neither unusual nor difficult, as the DNC basically acted as a lobbying arm for tribes with gaming interests. The White House also became involved on behalf of the opposition tribes. Patrick O'Connor, the chief lobbyist for the opposition tribes, spoke directly to President Clinton—and received an immediate response. Financial support, past, present, and future, was integral to this effort. From all the circumstances, there appears to be a direct relationship between the activities of the Department of the Interior and contributions received by the DNC and DSCC from the opposition tribes.

The Committee's investigation also established that Secretary Babbitt had both Harold Ickes and political contributions on his mind on the day of the decision. Eckstein's sworn testimony, both in his deposition and hearing appearance, was credible and persuasive.

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[169] Deer deposition, pp. 88–89.

Eckstein's testimony should be compared to the troubling shifts in Secretary Babbitt's own description of the July 14 conversation. Secretary Babbitt first told Senator McCain that he never made the Ickes comment. Then, Secretary Babbitt told Chairman Thompson that Eckstein was right, and that he may have made the comment, but only as a ruse to get his old friend out of his office. Finally, Secretary Babbitt testified under oath that his two statements were consistent, and that he did not mislead Senator McCain. If Secretary Babbitt saw it that way, he may be the only one who did. Also, it is curious that of all the names Secretary Babbitt would have made up to get rid of Eckstein, he selected Ickes, the White House official most heavily connected to the President's fund-raising operation and to the very transaction at issue.[170]

Moreover, at the end of the day, Secretary Babbitt has still never denied telling Eckstein that Indian tribes with gaming interests donated half a million dollars to the DNC.

Because of the evidence uncovered and presented by the Committee, on February 11, 1998 the Attorney General applied for the appointment of an independent counsel to examine Secretary Babbitt's representations to Congress and, more broadly, the events leading up to the Hudson decision. It is the Committee's hope that the court appoints such a counsel so that the matter can be investigated and resolved appropriately.

[170] Secretary Babbitt's counsel has written the Committee to explain why Babbitt's statements were consistent and are not misleading. Letter from Lloyd N. Cutler to Senators Thompson and Glenn, Jan. 13, 1998 (Ex. 49).

Offset Fols. 1607 thru 1956 HERE