

Union Calendar No. 471

105th Congress, 2d Session - - - - - House Report 105-829

**INVESTIGATION OF POLITICAL
FUNDRAISING IMPROPRIETIES AND
POSSIBLE VIOLATIONS OF LAW**

INTERIM REPORT

SIXTH REPORT

BY THE

**COMMITTEE ON GOVERNMENT
REFORM AND OVERSIGHT**

together with

ADDITIONAL AND MINORITY VIEWS

Volume 2 of 4



NOVEMBER 5, 1998.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

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LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
Washington, DC, November 5, 1998.

Hon. NEWT GINGRICH,
Speaker of the House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: By direction of the Committee on Government Reform and Oversight, I submit herewith the committee's sixth report to the 105th Congress.

DAN BURTON,
Chairman.

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INVESTIGATION OF POLITICAL FUNDRAISING IMPROPRIETIES AND POSSIBLE VIOLATIONS OF LAW

NOVEMBER 5, 1998.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. BURTON, from the Committee on Government Reform and
Oversight, submitted the following

SIXTH REPORT

together with

ADDITIONAL AND MINORITY VIEWS

On October 8, 1998, the Committee on Government Reform and Oversight approved and adopted a report entitled, "Investigation of Political Fundraising Improprieties and Possible Violations of Law." The chairman was directed to transmit a copy to the Speaker of the House.



CHAPTER IV, PART A

**UNPRECEDENTED INFUSION OF FOREIGN MONEY INTO
THE AMERICAN POLITICAL SYSTEM:**

**THE RIADY FAMILY AND JOHN HUANG: ACCESS AND
INFLUENCE WITH THE CLINTON WHITE HOUSE**



THE RIADY FAMILY AND JOHN HUANG: ACCESS AND INFLUENCE WITH THE CLINTON WHITE HOUSE

INTRODUCTION

John Huang is the first individual to be associated with campaign finance improprieties in the 1996 elections. The scandal was brought to the public's attention in a September 1996 Los Angeles Times article detailing the first known illegal contribution to the DNC, and naming John Huang as the fundraiser involved.¹ Soon thereafter, other questionable DNC contributions came to light, also related to Huang.² As more information on possible illegal or inappropriate contributions to the DNC was reported, the media reviewed Huang's background and found ties to the Riady family of Indonesia and President Clinton.³

The Riadys are foreign nationals residing in Indonesia, nevertheless, they were active participants in the 1992 and 1996 campaigns of President Clinton. The family's facilitator for contributions as well as political matters was John Huang, a former senior executive with the Lippo Group. The Riadys had access to the highest levels of the U.S. Government, including the President and his Cabinet. James and Aileen Riady, well known to the President, DNC and White House staff as foreign nationals, attended many exclusive DNC fundraisers which usually required contributions for attendance.

During the 1996 elections, Huang was a fundraiser for the DNC after leaving his position at Commerce in late 1995. Huang had been active in the 1992 campaign, raising money for then-Governor Clinton, as well as the DNC. The Committee found that Huang was responsible for nearly half of the money which has been returned to date by the DNC. Even after Huang organized events which were widely attended by foreign nationals, including the Riadys, the DNC did not carefully review the contributions attributed to Huang. It is incomprehensible that nobody at the DNC or White House raised concerns about the fundraising activities occurring at the DNC in the 1996 election cycle.

¹The report detailed a \$250,000 contribution from a subsidiary of a South Korean company, Cheong Am America Inc. The DNC acknowledged that it did not return the contribution until the Los Angeles Times raised questions about its propriety. Allan C. Miller, *Democrats Return Illegal Contribution*, L.A. Times, Sept. 21, 1996, at A16.

²See William Safire, *The Asian Connection*, New York Times, Oct. 7, 1996, at A2 (detailing \$425,000 contribution from Arief and Soraya Wiradinata); Glenn R. Simpson & Jill Abramson, *Legal Loopholes Let Overseas Contributors Fill Democrats' Coffers*, Wall Street Journal, Oct. 8, 1996, at A1 (outlining contributions from Lippo Group employees and entities and a contribution from Keshi Zhan).

³William Safire was the first to link DNC fundraiser John Huang with the Riady family of Indonesia. Safire also disclosed contributions to entities related to Bill Clinton from the Riady family of Indonesia during the 1992 Presidential campaign, as well as a \$425,000 contribution from an Indonesian couple with ties to the Lippo Group. William Safire, *The Asian Connection*, New York Times, Oct. 7, 1996, at A2.

I. FROM INDONESIA TO ARKANSAS: RIADY AND HUANG'S EARLY CONNECTIONS

The relationship between John Huang, the Riady Family, and President Clinton, goes back to the late 1970's in Little Rock, Arkansas.⁴ The patriarch of the Riady family, Mochtar Riady, is an Indonesian of Chinese descent who built up the Lippo Group empire in Asia.⁵ The Lippo Group's core business is banking and allied financial services within the Asia Pacific region, and also includes a property development arm.⁶ In the mid-1970s, Mochtar Riady planned to expand his business enterprises into the United States and began looking for partners. He soon met the Stephens family of Arkansas and subsequently entered into various joint ventures with Stephens Inc.⁷

It was through the Lippo-Stephens partnership that a young James Riady came to intern at Stephens' off-Wall Street investment bank in Little Rock, Arkansas. Subsequently, James Riady came back to the United States to assist with Lippo and Stephens' new joint venture, Worthen Banking Corporation. By 1983 Riady and Stephens both had invested in the Worthen Bank in Little Rock, Arkansas.⁸ James Riady ultimately moved to Little Rock to establish Worthen Bank's international trade division.⁹ Following James Riady was John Huang, who had been working for the Riady family in Hong Kong.¹⁰

While in Little Rock the Riadys met then-Governor Bill Clinton and formed a friendship lasting through Clinton's Presidency.¹¹ The Riadys not only were friends, but also financially supported Clinton's gubernatorial campaigns throughout the 1980s.¹² During their time spent in Arkansas, the Riadys met other individuals who later would play a role in the campaign finance story as well. In

⁴Id.; Peter Waldman, *By Courting Clinton, Lippo Gains Stature at Home in Indonesia*, Wall Street Journal, Oct. 16, 1996 at A1; Seth Mydans, *Family Tied to Democratic Party Funds Built an Indonesian Empire*, New York Times, Oct. 20, 1996 at A10; Howard Fineman & Mark Hosenball, *The Asian Connection*, Newsweek, Oct. 28, 1996 at 24.

⁵See Hip Hing Holdings Document Production 4624-4641, at 4625 (Forbes Magazine, Chinese language edition translated, *Mochtar Riady Swimming with the Current*, Oct. 1993) (hereinafter HHH 4624).

⁶Lippo owns 70 percent of Hong Kong China Ltd., a property investment and development firm with \$1.2 billion in assets. Lippo also owns 59 percent of Hong Kong Chinese Bank, Ltd, a banking and finance firm with \$2.3 billion in assets. In addition to these holdings, Lippo has extensive investments in the United States, China, Indonesia, Hong Kong, Vietnam, and Malaysia. Indonesian Enterprise, *The Non Aligned Movement Toward the Next Millennium*, Publication Secretariat for the Non Aligned Movement, 1995, vol. 3 at 261-274; *Lippo, a Player in Asia, Seeks U.S. Empire*, the Washington Times, Oct. 24, 1996.

⁷Mochtar Riady first met Jackson and Witt Stephens in 1976. At the time, Riady was looking into buying Bert Lance's share of the National Bank of Georgia. Although that deal fell through, Riady and the Stephens brothers formed a friendship and in 1978 established Stephens Finance Ltd. in Hong Kong. There were several other joint projects before Lippo and Stephens acquired a substantial stake in Worthen Bank of Arkansas in 1983. See Deposition of James T. Riady, *Stephens Group, Inc. v. U.S.* (Cl. Ct. No. 91-1458T) Mar. 5, 1993 at 26-28; Deposition of C. Joseph Giroir, Senate Committee on Governmental Affairs Special Investigation, Apr. 30, 1997 at 32-35 (hereinafter "Giroir Senate Deposition"); HHH 4624, 4631.

⁸Giroir Senate Deposition at 32-35.

⁹According to Joe Giroir's testimony, Lippo's strategy in investing in Worthen was to expand into the international arena. They also established "Edge Act" offices, authorized to engage in international transactions—but not take deposits, in New York and Los Angeles. Giroir Senate Deposition at 38-39.

¹⁰Huang was the vice president for the Far East Area at Worthen. Prior to his position at Worthen, Huang was executive vice president under James Riady at Stephens Finance Ltd. in Hong Kong. See Giroir Senate Deposition at 41; LippoBank Production L001710-001713 (Résumé of John Huang) (Exhibit 1).

¹¹Deposition of Charles L. DeQueljo, House Government Reform and Oversight Committee, June 9, 1998 at 41, 111-112 (hereinafter "DeQueljo Deposition").

¹²DeQueljo Deposition at 40-43.

particular, James and Mochtar Riady developed a relationship with C. Joseph Giroir, Jr., a partner in the Worthen Banking Corporation, attorney at the Rose Law Firm, and friend of the President and First Lady.¹³ In addition, they made contacts with individuals who would later serve on the White House staff and in high-level positions within various departments and agencies.

James Riady and Huang stayed in Little Rock until approximately 1987, when the Riadys sold their shares of Worthen Bank and focused their attention on a bank they previously had purchased in San Francisco, California.¹⁴ Soon thereafter they established the Bank of Trade in Los Angeles, which later became LippoBank.¹⁵

The Committee found that although by the 1990s the Lippo Group had numerous U.S. affiliates and subsidiaries, generally the U.S. operations were not profitable.¹⁶ Furthermore, former Lippo executive Charles DeQueljo explained that the U.S. operations were a topic of debate among the senior Lippo executives.¹⁷ Many in the Lippo hierarchy felt that the overall Group should not maintain any unprofitable operations.¹⁸ Others argued that LippoBank California was important “strategically,” in order to have a presence in the United States.¹⁹ Those believing in the strategic importance of the U.S. operations prevailed. However, the profitability of the operations is important as many of the Riady linked political contributions came from these Lippo entities which had no or minimal net profits at the time of the contributions.²⁰

Equally important to the Riadys’ legal ability to contribute to political campaigns was the fact that between 1990 and early 1991, James Riady and his wife returned to Indonesia where James Riady took over Indonesia based Lippo operations.²¹ After James Riady’s departure, Huang was in charge of Lippo’s U.S. operations.²² Huang’s position with Lippo in the United States allowed him time to participate in fundraising activities during the 1992 election cycle.

¹³ Giroir Senate Deposition at 35–36.

¹⁴ The Riadys were bought out of Worthen by the Stephens family after the bank experienced a major defalcation by Bevil Bressler in 1986. After the defalcation, regulators investigated the quality of Worthen’s assets and determined there were problems. Allegations were made against Worthen’s loan practices and asset quality. Eventually, the Riadys traded their interest in the Worthen Bank for the Stephens’ interest in the Hong Kong Chinese Bank, and also traded their interests in other joint ventures. Deposition of Arthur Vernon Weaver, House Government Reform and Oversight Committee, Aug. 11, 1997, at 76; Giroir Senate Deposition at 47; White House Document Production EOP 037032–034 (Exhibit 2).

¹⁵ Giroir Senate Deposition at 47.

¹⁶ Based on documents and Committee interviews, most of Lippo’s American based affiliates/subsidiaries were highly specialized corporations established as either shells with no apparent business or for the purported purpose of holding property. See generally Chapter 3, II.

¹⁷ DeQueljo Deposition at 92–93.

¹⁸ Id.

¹⁹ Id.

²⁰ For a detailed analysis of the Riady family and Lippo entities’ contributions, see generally Chapter 3, II.

²¹ DeQueljo Deposition at 43–44.

²² Id. at 58.

II. HUANG AND RIADY'S EARLY RELATIONSHIP WITH THE DEMOCRATIC NATIONAL COMMITTEE

A. 1991 DNC FUNDRAISING TRIP TO ASIA

Even from Asia, the Riadys were involved in the DNC's 1992 fundraising effort. The family played host for a DNC delegation, headed by then-Chairman Ron Brown, visiting Hong Kong in December 1991.²³ John Huang organized the Hong Kong/Lippo portion of the trip from the United States, as noted in a memorandum written by the organizer of the Asia tour, Melinda Yee:

John Huang is our key to Hong Kong. He is also interested in renewing his trusteeship to us on this trip through his Asian banking connections. He has agreed to host a high dollar event for us in Hong Kong with wealthy Asian bankers who are either U.S. permanent residents or with U.S. corporate ties. He will make sure that all of the hotel accommodations, meals, and transportation are paid for by his bank. He should be invited to be part of our delegation.²⁴

The Lippo Group did schedule numerous meetings for the DNC delegation, including what was referred to on the schedule as, "DINNER (\$\$) HOSTED BY LIPPOGROUP [sic] (JOHN HUANG)."²⁵ The dollar signs appear to refer to the fact that the dinner was held for the purposes of fundraising. Although there were several fundraising events scheduled, the DNC is unable to account for any contributions which may have been raised in conjunction with the Hong Kong trip.²⁶

It appears that the trip was successful, as then-DNC Chairman Ron Brown had high praises for John Huang. When Brown returned from Asia, he wrote to Mochtar Riady, thanking him and the Lippo Group for hosting the DNC delegation during their stay in Hong Kong. Brown wrote, "I especially wanted to recognize my friendship with John Huang and the tremendous asset that he is to the Lippo Group."²⁷

While preparing for the 1991 Asia fundraising trip, John Huang recommended that the DNC enlist the services of Maeley Tom for the trip.²⁸ In a DNC memo, Ms. Tom's role is described:

Originally, she was just going to join us on the Hawaii leg. However, because she can speak Chinese fluently, has a

²³ DNC Document Production E 0000140 (Exhibit 3); F 0010739 (Exhibit 4).

²⁴ Exhibit 3.

²⁵ DNC Document Production E 0000627-629 (Exhibit 5).

²⁶ The Committee sent interrogatories to the DNC regarding the 1991 trip to Asia and Hawaii. The Committee asked the DNC to provide a list of contributions raised from each leg of the trip: Hong Kong, Taiwan, and Hawaii. DNC General Counsel Joseph Sandler responded:

Although I have not been able to identify with certainty all contributions raised from this trip, and know of no way to do so, I have determined that the DNC's computerized records of contributions received include a source code called "Hawaii Trip," which appears to have been created in December 1991. Attached as Exhibit E is a print out of the DNC's A/S 400 records of all contributions attributed, in those records, to his source code.

All of the contributions listed in Exhibit E related to only the Hawaii portion of the trip. DNC Document Production DNC 4125841; DNC Response to Interrogatories from the Committee on Government Reform and Oversight, Feb. 26, 1998, Interrogatory 10.

²⁷ Exhibit 4.

²⁸ DNC Document Production 0856803 (Exhibit 6).

proven track record in fundraising with donors from Asia, and has credibility with Maria Hsia and John Huang, I believe that we will maximize our dollars both immediately and after the trip with Maeley's presence. She has already been working with Maria, John and others to plan a successful trip for us.

At the time of the trip, Ms. Tom served on the Executive Committee of the DNC.²⁹ Ultimately, Ms. Tom did participate in the Asia trip with Secretary Brown.

After the election, James Riady hired Maeley Tom to be his liaison with the DNC.³⁰ Ms. Tom explained her new position with the Lippo Group in a letter to David Wilhelm, then-Chairman of the DNC:

The Riady family, LIPPO GROUP, were [sic] concerned about the way I was being treated with regards to my appointment with the SBA. In Seattle, James Riady asked me to consider working for them on a contractual basis to put together the business leaders from East Asia with the Administration for meetings and education purposes. He felt we could do this thru [sic] the DNC and use this as a vehicle to raise dollars from a fresh source for the DNC.³¹

Although it is unclear what Maeley Tom did for Riady as his DNC liaison, Riady kept her on his payroll from July 1994 through August 1996.³² In addition, by December 1995, James Riady had an additional contact at the DNC with the hiring of John Huang. Riady assisted John Huang in attaining a fundraising position with the DNC focusing on the Asian community.³³

B. 1992 ELECTIONS: RIADY AND HUANG SUPPORT FOR CLINTON

As they had supported Mr. Clinton in his gubernatorial races, the Riady family, although no longer living in the United States, supported Clinton in his Presidential race. After James Riady and his wife Aileen returned to Jakarta in 1990, they personally contributed \$450,000 to the DNC and various state Democratic parties in the weeks and months leading up to the November 1992 election.³⁴

It is impossible to discern Riady's motives for contributing to a U.S. election, as Riady is not cooperating with investigators. Generally foreign nationals do not have the same vested interest in a candidate as a citizen living in the United States would have, nor

²⁹ Exhibit 6.

³⁰ MT 00811-833 (Billing records from Maeley Tom to Lippo Group, produced to Senate Governmental Affairs Committee); DNC Document Production DNC 0841082-083 (Exhibit 7); Hip Hing Holdings Document Production 5090 (request dated Sept. 9, 1994 to Ong Bwee Eng in Jakarta to wire Hip Hing Holdings [Lippo subsidiary] for reimbursement of, of among other things, consultant fee to Maeley Tom).

³¹ Exhibit 7.

³² It appears from documents produced by Maeley Tom that she was employed by the Lippo Group from July 1994 through Aug. 1996. MT 00811-833 (Billing records from Maeley Tom to Lippo Group, produced to Senate Governmental Affairs Committee).

³³ For a more detailed description, refer to *infra* III A.

³⁴ The \$450,000 figure represents the amount contributed by James and Aileen personally. A company under the control of the Riadys also contributed \$50,000 to the DNC in support of the Clinton campaign. For a more detailed analysis of the contributions, see generally Chapter 3, II.

do the laws allow a foreign national to contribute. However, from documents produced to the Committee, it is possible to speculate that Riady wanted his interests to be heard. For example, on August 13, 1992, James and Aileen Riady contributed a total of \$40,000 to Democratic causes. The following day, then-Governor Bill Clinton, on his way to a fundraiser, took a 5 minute car ride with James Riady. The request for the time with Riady is memorialized in an August 14, 1992 memorandum from then-campaign aide Melinda Yee:

James Riady is the Deputy Chairman of Lippogroup [sic] and a long-time acquaintance of yours. The group is in financial services in the U.S. and throughout Asia. Mr. Riady lived in Arkansas from 1985–1987 when he was president of Worthen Bank in Little Rock.

He has flown all they [sic] way from Indonesia, where he is now based, to attend the fundraiser. He will be giving \$100,000 to this event and has the potential to give much more. He will talk to you about banking issues and international business. This is primarily a courtesy call.³⁵

It is clear from the memorandum that James Riady was not living in the United States. The President also knew from his time in Arkansas that the Riady family were Indonesian nationals. Nevertheless, the car ride meeting and subsequent contribution began the cycle of the Riadys giving to Clinton and Democratic causes supporting Clinton's candidacy. The Riady family remained close to Clinton, who would meet with the Riady family and hear their concerns on various topics important to their business.

The Riadys' generosity did not stop when Bill Clinton was elected. They contributed \$200,000 to the 1992 Presidential Inaugural Committee ("PIC").³⁶ PIC is the entity which plans and pays for the President's inauguration ceremony and related festivities. However, not only did the Riadys personally support the Clinton campaign and inaugural, their companies and employees did as well.³⁷

More than any other individual affiliated with the Riadys, John Huang was an active supporter of then-Governor Clinton's 1992 Presidential election. During the 1992 election cycle, John Huang and his wife Jane contributed a total of \$32,800 to the DNC and California state Democratic party.³⁸ Huang also contributed \$86,000 to PIC, which was later reimbursed by the Lippo Group's Bank of Trade.³⁹ Not only did he contribute himself, but Huang also engaged in fundraising activities in the Asian American community on behalf of Governor Clinton.⁴⁰ His efforts warranted him

³⁵ Clinton/Gore '92 Document Production CG92B 00543 (Exhibit 8); see also CG92B 01461 (Exhibit 9).

³⁶ See generally Chapter 3, II.

³⁷ For a detailed analysis of other Lippo Group employees and their contributions, see generally Chapter 3, II.

³⁸ For a detailed analysis of John and Jane Huang's contributions, see generally Chapter 3, II.

³⁹ For a detailed analysis of John Huang's contributions to PIC, see generally, Chapter 3, II.

⁴⁰ Huang participated in an Asian Pacific American Unity Fundraising Lunch in California. In a briefing memo on the event, written by Melinda Yee, she notes, "This fundraising lunch, hosted by California Secretary of State Mar. Fong Eu and John Huang, a banker (who had met you when he was with James Riady who opened a bank in Arkansas in 1985). . . ." Clinton/Gore '92 Document Production CG92B-00530; CG92B-00398-399.

a spot on the DNC's "must consider" list for government appointments once President Clinton took office.⁴¹

III. EMPLOYMENT RELATIONSHIPS BETWEEN THE CLINTON ADMINISTRATION AND THE LIPPO GROUP

A. LIPPO EMPLOYEES OBTAIN POSITIONS WITHIN THE NEW CLINTON ADMINISTRATION

Eventually, Huang's fundraising efforts were rewarded with an appointment as Principal Deputy Assistant Secretary for International Economic Policy at the International Trade Administration of the Department of Commerce.⁴² Around the time of the election Huang began pursuing an appointment through Clinton's transition team.⁴³ Soon after the new administration took office, Maeley Tom wrote to the new Deputy Director of Personnel to recommend Huang:

John Huang, Executive Vice President of Lippo Bank, is the political power that advises the Riady Family on issues and where to make contributions. *They invested heavily in the Clinton campaign.* John is the Riady Family's top priority for placement because he is like one of their own. The family knows the Clintons on a first-name basis because they made a huge investment in Arkansas when they built their bank there.⁴⁴

Huang's name was considered by Presidential Personnel several times before his actual appointment in July 1994.⁴⁵ In fact, Bruce Lindsey, then-Director of Presidential Personnel, was unable to recall anything about Huang's appointment at the Department of Commerce.⁴⁶

Along with documents showing Huang's interest in a government position, the Committee found that James Riady was also placed on a list of "must consider" appointments. Unlike Huang, who sought a position with a department or agency, documents show that Riady was interested in placement on a commission or advisory council dealing with international trade or banking.⁴⁷ Such commissions or councils normally consist of U.S. citizens with some expertise or knowledge in the designated field which qualifies them

⁴¹ In an Aug. 27, 1993 memorandum, DNC Chairman David Wilhelm wrote to John Emerson in White House Presidential Personnel regarding "Asian Pacific American Appointments." John Huang is described as a "DNC Trustee, Major Fundraiser . . . Needs extra push for Deputy Assistant Secretary Position for East Asia & Pacific." DNC Document Production DNC F 0031764-771; see also "Asian Pacific American Must Consider Recommendations to the Clinton Administration, Nov. 1992" White House Document Production EOP 048876-77.

⁴² Huang was originally approved in Dec. 1993, but did not actually begin working at the Commerce Department until July 18, 1994. DNC Document Production D 0000840-852 (Executive Branch Public Financial Disclosure Report); see White House Document Production EOP 002131-132 (Exhibit 10). The Senate Governmental Affairs Committee wrote extensively on the facts surrounding Huang's appointment to the Commerce Department and his tenure there, therefore the issues will not be extensively covered in this report. Senate Committee on Governmental Affairs, Final Report of the Investigation of Illegal or Improper Activities in Connection with 1996 Federal Campaigns, S. Rept. No. 167, 105th Cong., 2d sess., vol. 1 (1998) (hereinafter "Senate Report").

⁴³ Huang sent his and Charles DeQueljo's résumé to Jerry Stern, a member of the Presidential Transition team. (Exhibit 11).

⁴⁴ Emphasis added. White House Document EOP 052763-769 (Exhibit 12)

⁴⁵ White House Document EOP 009340-341 (Exhibit 13); EOP 002117-118 (Exhibit 14).

⁴⁶ Lindsey Deposition at 63, 67-68.

⁴⁷ DNC Document Production DNC 3540680-681 (Exhibit 15).

to advise the U.S. Government. Although James Riady may have unique knowledge of international trade and banking, he is not a U.S. citizen. Nevertheless, one DNC document describes James Riady, who had not lived in the United States since 1990, as a “leading national fundraiser” for the DNC in 1992.⁴⁸

Not only were both Huang and Riady seeking some sort of position within the new administration, they also assisted in the placement of another Lippo employee, Charles DeQueljo, within the Clinton administration.⁴⁹ However, DeQueljo, unlike James Riady, is a naturalized U.S. citizen who lived in Jakarta at the time he sought a position on a commission. Although Riady did not serve on any commissions or advisory committees, DeQueljo became a member of the Investment and Services Policy Advisory Committee (“INSPAC”) of the U.S. Trade Representative.⁵⁰

Huang worked to secure the INSPAC position for DeQueljo.⁵¹ James Riady steered DeQueljo toward John Huang for assistance because Huang was “well-regarded within the Democratic Party and that he had a number of good relationships and contacts within the Democratic Party.”⁵² James Riady had encouraged DeQueljo to contribute to the campaign if he wanted to be noticed in his endeavor to attain a position in the administration.⁵³ Huang then advised DeQueljo to contribute \$50,000 to the DNC at the end of November 1993.⁵⁴ After taking both Riady and Huang’s advice, DeQueljo was selected for the INSPAC position.

B. LIPPO HIRES FRIENDS AND FORMER EMPLOYEES OF THE CLINTON ADMINISTRATION

Upon President Clinton’s election, many friends and associates of the new President saw an opportunity to further their own interests by trading on access to his administration. Similarly, many of Clinton’s friends followed him to Washington to find jobs within the new administration. Having spent time in Arkansas, both James Riady and John Huang knew officials at all levels of the administration. In addition, Lippo hired individuals with ties to the Clintons and contacts within the administration.

Shortly after the election, in Apr. 1993, C. Joseph Giroir, a former law partner of First Lady Hillary Rodham Clinton, incorporated the Arkansas International Development Corporation

⁴⁸ All the individuals on the list were considered “must considers” and were to be sponsored by the DNC. DNC Document Production DNC 1729180–183 (Exhibit 16).

⁴⁹ DeQueljo Deposition at 61–63.

⁵⁰ John Huang, at the instruction of James Riady, assisted DeQueljo in attaining his position on the Investment and Services Policy Advisory Committee (“INSPAC”). DeQueljo lived in Jakarta while he served, and flew to Washington, DC, to attend the meetings. However, DeQueljo was only able to attend three of the meetings held by INSPAC. DeQueljo Deposition at 82, 88; Memo to Jerry Stern from John Huang, undated (Exhibit 11).

⁵¹ DeQueljo depended solely on Huang to acquire a commission position. At the time he was appointed to INSPAC, DeQueljo was living in Jakarta, Indonesia. DeQueljo testified that he had not interviewed with anyone in the administration. The only individual in the administration with whom he spoke about an appointment was Debbie Shon. Huang had introduced DeQueljo to Shon during the APEC summit in Seattle in 1993. During his deposition, DeQueljo was asked, “When you were seeking a position within the Clinton administration, had you contacted anyone without Huang’s assistance?” He answered, “No, I did not.” DeQueljo Deposition at 66, 69–70.

⁵² DeQueljo Deposition at 23.

⁵³ DeQueljo Deposition at 29.

⁵⁴ DeQueljo Deposition at 28.

(“AIDC”).⁵⁵ AIDC was initially capitalized by funding from the Lippo Group.⁵⁶ The purpose of AIDC was to develop projects or joint ventures for the Lippo Group.⁵⁷ In 1995, Giroir and Lippo formed a limited liability company, also referred to as AIDC.⁵⁸ Through the corporation, the Riadys paid Giroir a salary of between \$350,000 and \$600,000 with bonuses.⁵⁹ Similar to the Riadys, Giroir was a major contributor to the DNC. In 1996 alone, Giroir contributed close to \$200,000 in conjunction with fundraisers organized by John Huang.⁶⁰

In late 1995, around the time that Giroir and Lippo incorporated the second AIDC, Giroir hired former White House staffer Mark Middleton.

1. Mark Middleton

Mark Middleton was a Special Assistant to the President and Deputy to Counselor Mack McLarty before resigning his position in February 1995.⁶¹ He had also been a fundraiser for the 1992 Clinton campaign, raising \$4 million in Arkansas alone.⁶² While Middleton was an employee of the White House, James Riady and John Huang visited him frequently.⁶³ In July 1995, Middleton was retained by the Riady funded AIDC and paid \$12,500 per month.⁶⁴ As a consultant, Middleton was supposed to seek out businesses looking for opportunities in the Asian market, particularly joint venture partners for Lippo entities.⁶⁵ Between July 1995 and April 1997, Middleton was paid his monthly retainer yet delivered no finalized venture contracts.⁶⁶

In addition to his other projects, Middleton arranged meetings and completed other tasks directly for James Riady. Mr. Middleton invoked his Fifth Amendment right against self incrimination in response to a Committee subpoena, therefore the Committee was unable to ask him about his work for the Riadys.⁶⁷ However, former Lippo officer Charles DeQueljoie stated that although he was not aware of the precise work Middleton was doing, “from time to time I would overhear conversations where people would be con-

⁵⁵ Deposition of C. Joseph Giroir, Jr., Senate Governmental Affairs Committee, Apr. 30, 1997 at 15 (hereinafter “Giroir Deposition”).

⁵⁶ Giroir testified that the Lippo Group advanced Giroir \$50,000 which he used as the initial capitalization of the company. Giroir Deposition at 15–16.

⁵⁷ Giroir Deposition at 17–18.

⁵⁸ Giroir testified that originally he was paid “roughly a couple hundred thousands dollars [sic] a year in fees” by AIDC–1. In 1995, he was then paid “roughly \$500,000” per year from AIDC–2. In each instance, a Lippo subsidiary was paying the salary. Giroir Deposition at 17.

⁵⁹ Giroir Deposition at 17–19.

⁶⁰ Giroir Deposition at 158–159, 167.

⁶¹ White House Document EOP 068500.

⁶² Eliza Newlin Carney and Peter H. Stone, *Blind Ambition*, National Journal, June 7, 1997, at 1123.

⁶³ White House Document Production EOP 004522–526 (summary of John Huang WAVES records prepared by White House); White House Document production EOP 055316–318 (summary of James Riadys WAVES records prepared by the White House).

⁶⁴ Giroir Deposition at 233–234.

⁶⁵ Giroir Deposition at 229–234.

⁶⁶ Giroir testified that at the time of the deposition in Apr. 1997, there was one contract that Middleton brought to AIDC that was under negotiations, but not finalized. Therefore Middleton was paid at least \$262,000 by the Riadys in that time period, but produced no joint venture partners. Giroir Deposition at 234.

⁶⁷ Letter to Chairman Dan Burton from Robert D. Luskin, attorney to Mark Middleton, Feb. 27, 1997 (asserting Middleton’s fifth amendment privilege against self incrimination with respect to the Committee subpoena).

tacting Mark to ask Mark for that information or ask Mark for this, something like that.”⁶⁸

Soon after leaving the White House, and while working at International Realty Investors,⁶⁹ Middleton took a trip to Asia.⁷⁰ During the trip, Middleton received a message from his assistant, “[a]lso, Larry [Middleton] spoke with Johnny Huang who said that you need to get your itinerary to the Riady Group [sic]. They want to ‘take care of you’ while you are in Hong Kong—have a car meet you at the airport, etc. . . .”⁷¹ The Riadys also took care of Middleton while he was in Jakarta, where he stayed at the Riadys’ hotel.⁷² Although he had already resigned his White House position, Middleton passed out his White House business cards while on the trip. He requested that his assistant send the business cards to his brother, Larry Middleton, who would be joining him on the trip.⁷³ Until October 1996, there was a message on Middleton’s old White House voice mail which advised callers of his new phone number.⁷⁴

Middleton had regular contacts with John Huang, who was then working at the Commerce Department.⁷⁵ In addition, in this same timeframe, Middleton was visiting the White House quite frequently. His former intern Yusuf Khapra would admit him to the White House:

Generally, cases where I cleared him in and I listed myself as the visatee, he—it would often be because he wanted to sort of, you know, work the halls, and meet a number of different people, drop by on a number of different offices and didn’t have a specific meeting set with anyone.⁷⁶

It is unclear what Middleton was doing during his visits to the White House. However, he organized many White House tours and lunches for what appear to be his clients. In addition, he was able to schedule meetings for clients with the President and First Lady.⁷⁷ Although the Committee does not have much information

⁶⁸ DeQueljo Deposition at 134.

⁶⁹ International Realty Investors [IRI] was a company privately owned by Steven J. Green. Green met Middleton through his work at the White House. Before starting work with IRI, Green was aware that Middleton would make one trip to Asia. The trip was supposedly to let some of Middleton’s contacts know that he was now in the private sector, and look for some business opportunities to bring back to Green. After working for Green for several months, Middleton decided that he wanted to take on consulting clients of his own, and have Green as a client rather than an employer/employee relationship. The relationship never worked out, and Middleton soon began his own business, CommerceCorp International. Middleton signed a contract with AIDC before he left IRI. Interview with Stephen J. Green, Committee on Government Reform and Oversight, Mar. 10, 1998.

⁷⁰ Middleton left for an Asia tour on Mar. 20, 1995, he traveled to Beijing, Hangzhou, Shanghai, Hong Kong, Macao, Taiwan, Jakarta and Brunei. Gould Document Production 0265.

⁷¹ Gould Document Production 0053.

⁷² Middleton wrote a memorandum to Jose Hanna of the Lippo Group: “I will be arriving in Jakarta on Wednesday, Apr. 5th . . . I am writing to find out the hotel arrangements you have made for me in Jakarta and if you have set up a meeting for me with Mr. Bakrie.” Gould Document Production 0059; 0062.

⁷³ Middleton’s assistant confirmed that she had sent the cards in a fax, “I fedexed your White House cards to Larry.” Gould Document Production 0060.

⁷⁴ Deposition of Yusuf Khapra, Government Reform and Oversight Committee, Aug. 12, 1997, at 99 (hereinafter “Khapra Deposition”); White House Bulletin, Oct. 31, 1996, at 2.

⁷⁵ See generally Commerce Department Production of John Huang’s Phone Logs; Gould Document Production, Middleton’s Phone Messages.

⁷⁶ Khapra Deposition at 99.

⁷⁷ The First Lady’s Oct. 30, 1995 schedule lists meetings with Nina Wang, of Hong Kong, and Mark Middleton and later Mark Middleton with the Widjaja family of Indonesia. White House Document Production EOP 020356. On Nov. 2, 1995 Middleton arranged for the Widjajas to have their photo taken with President Clinton. EOP 0585027–533 (Schedule of the President). During the Widjajas visit to the United States, Middleton also arranged for them to meet with

on Middleton's duties relating to the Lippo Group, it is aware of at least one meeting with the President which Middleton arranged for James Riady.

In September 1996, Middleton contacted Mack McLarty about arranging a meeting between the President and James Riady:

As I remember, Mr. Middleton called me and related that Mr. Riady and the President had had a visit at some earlier meeting that I was not in attendance, and they did not complete their conversation, according to Mr. Middleton, and that the President had asked Mr. Riady to arrange an appointment with him to finish their conversation. And Mr. Middleton is asking me to follow up on the President's request, making me aware of the President's request.⁷⁸

Middleton then sent McLarty a cryptic memorandum referring to a "meeting participant,"⁷⁹ which McLarty confirmed was about scheduling a meeting with James Riady.⁸⁰ James Riady arrived in Washington on September 8, 1996 and checked into the Hay Adams Hotel under the care of Mark Middleton.⁸¹

On September 9, 1996, the President, Riady, Middleton and Bruce Lindsey met. Bruce Lindsey, the only individual available for questioning about the meeting, described the following:

They discussed, again, they talked about social sort of things, family, what they were doing. James asked the President, made some comment to the President about how—had he given any thought to what he was going to do after he was President because he'd be so young. . . . James said something as he was leaving to the effect of I think you made the right decision on MFN [Most Favored Nation trading status] and I hope you will stay engaged in China.⁸²

The Riady family had consistently shown an interest in China and MFN status. At the time of the meeting, the Lippo Group had engaged in an expansion of their business into China, in particular, forming a partnership with China Resources Company. Shortly

Don Fowler on Nov. 1, 1995. Fowler's schedule notes: the Widjaja family is one of the wealthiest and most successful families in Indonesia; **Mark Middleton will discuss their giving potential at a later date.** [Emphasis added] DNC 302227.

⁷⁸ Deposition of Thomas F. "Mack" McLarty, House Committee on Government Reform and Oversight, Sept. 5, 1997 at 185–186 (hereinafter "McLarty Deposition").

⁷⁹ It is important to note that the White House never produced this document, even though McLarty recognized it as a document he received. However, Mark Middleton's company, CommerceCorp, produced it in response to a Committee subpoena. CommerceCorp Document Production CC–H–000157 (Exhibit 17).

⁸⁰ Mack McLarty told Middleton to contact Nancy Hernreich about setting up a meeting for Riady; McLarty would inform Hernreich ahead of time. McLarty testified, "I told [Hernreich] that Mr. Middleton may be calling her about an appointment for James Riady; that, as I understood it, the President had requested to see Mr. Riady to complete a conversation they had had at some earlier point in time." Hernreich then asked Bruce Lindsey to inquire whether the President would like to meet with Riady. According to Lindsey, he asked the President, and the President agreed. McLarty Deposition at 185–186, 188–189; Deposition of Bruce R. Lindsey, House Government Reform and Oversight Committee, Sept. 8, 1997 at 211 (hereinafter "Lindsey Deposition").

⁸¹ Hay Adams Hotel documents show that Middleton paid for Riady's accommodations on his corporate credit card. Hay Adams Hotel Documents (unnumbered).

⁸² Lindsey Deposition at 218–219.

after President Clinton took office, Mochtar Riady wrote to Clinton, advocating among other things, MFN status for China.⁸³

It should be noted that the ethnic-Chinese Riady family's business was very closely tied to the MFN trading privilege for China, and the development of the Asian markets generally.⁸⁴ The Riadys made contributions toward then-candidate Clinton's election even though at that time Clinton was linking the grant of MFN privilege for China to human rights issues.⁸⁵ In fact, candidate Clinton criticized President Bush for his stance on MFN to China.⁸⁶ However, after taking office President Clinton softened his position on MFN, and ultimately approved MFN for China in May 1993.⁸⁷ By 1994, President Clinton completely de-linked China's MFN trading privilege from its human rights record.⁸⁸ While many would certainly argue that there are sound policy reasons for the extension of MFN status for China, President Clinton is one of the rare politicians to have dramatically altered his position on this controversial issue.

On matters relating to Indonesia, Mark Middleton assisted the Riadys as well. Not only did he organize a meeting with President Clinton, Middleton also spoke with President Soeharto of Indonesia on behalf of the Riady family.⁸⁹ In an October 1995 letter to James Riady, Middleton wrote, "On two separate occasions, I spoke to President Soeharto and mentioned how helpful you have been to him here in Washington. He certainly seemed to be very appreciative of your efforts."⁹⁰ Middleton appears to have served two separate functions for the Riady family, taking care of both political and business interests.

2. Webster Hubbell

Before the Riadys brought on Mark Middleton, they had hired another Clinton administration figure, former Associate Attorney General Webster Hubbell, who was also a Rose law firm partner of Hillary Clinton. Hubbell resigned from his position with the Justice Department in April 1994, citing a dispute with his former law partners at the Rose Law Firm.⁹¹ James Riady hired Hubbell in June 1994, after his resignation from the Department of Justice that April.⁹² Hubbell was paid a lump sum of \$100,000 for unknown services performed between June 27, 1994 and December 6,

⁸³The letter also thanks Clinton for the personal time he spent with the Riady family on Inauguration day 1993. White House Document Production EOP 003036-003039 (Exhibit 18).

⁸⁴Choi Hak Kim, *Mochtar Riady, A Man of Insight*, Forbes (Chinese Language Edition), Oct. 1993.

⁸⁵David Lauter, *Clinton Blasts Bush's Foreign Policy Record*, L.A. Times, Aug. 14, 1992, at A1.

⁸⁶Id.

⁸⁷Jim Mann, *Clinton Ties China's Trade in Future to Human Rights, Asia: He Extends Favored-Nation Status*, L.A. Times, May 29, 1993, at A1.

⁸⁸John M. Broder and Jim Mann, *President De-links Most Favored Nation Privilege from Human Rights*, L.A. Times, May 27, 1994.

⁸⁹CommerceCorp Document Production CC-H-000484-487 (Exhibit 19).

⁹⁰Exhibit 19.

⁹¹Hubbell's legal problems were first disclosed by the Washington Post on Mar. 2, 1994. Hubbell officially announced his resignation from the Department of Justice on Mar. 14, 1994 and formally resigned on Apr. 8, 1994. Susan Schmidt, *Law Firm Probing Hubbell*, the Washington Post, Mar. 2, 1994 at A1; *Justice Aide Leaves Today*, New York Times, Apr. 8, 1994 at A6.

⁹²*Hearing on the Improper Handling of Documents in Deputy White House Counsel Vincent Foster's Office after His Death Before the Senate Special Committee to Investigate the Whitewater Development Corporation and Related Matters*, 104th Cong., 2d sess., 242-244 (1996) (testimony of Webster Hubbell).

1994.⁹³ The hiring occurred around the same time as John Huang finally was approved for a position at the Department of Commerce.

The timing of Hubbell's hiring raised concerns, as it came on the heels of an Oval Office meeting between James Riady, John Huang and Arkansan Mark Grobmyer.⁹⁴ Soon after Hubbell had resigned from the Department of Justice, he became a target of the Office of Independent Counsel's Whitewater investigation. Hubbell was allegedly cooperating with prosecutors after he left Justice, but by the summer of 1994 all cooperation had ceased.⁹⁵ At the same time, numerous friends and associates of the President hired Hubbell as a "consultant," although he performed little, if any work for all of the employers.⁹⁶ However, by December 1994, Hubbell pleaded guilty to charges of tax evasion and mail fraud related to his work at the Rose Law Firm. After the guilty plea, Hubbell was relieved of the majority of his consulting work, but only after he was paid over \$700,000. In the spring of 1995, Hubbell approached Mark Middleton to ask whether the Riadys would keep him on the payroll as he prepared to enter prison.⁹⁷ According to Middleton's attorney, Middleton told Hubbell that he would have to ask James Riady or John Huang.⁹⁸ At the time, Huang was working at the Commerce Department, not for the Riadys.

During the investigation of campaign financing matters, all of the payments to Hubbell came to light due to the connection to James Riady. The Committee soon discovered that there was an effort within the Clinton administration, of which the President and First Lady were aware, to find work for Hubbell.⁹⁹ Mack McLarty had planned to write a memo to the President and First Lady, "to let them know that I had been supportive of Webb and the transition, while difficult, was not going to be just completely an impossible one."¹⁰⁰ Ultimately McLarty says he did not write a memo, rather, he told the President or First Lady in person about prospects for Hubbell.¹⁰¹ However, Hubbell has denied that the Riady

⁹³ Both Riady and Hubbell refuse to describe what services, if any, Hubbell performed. In addition to his salary, the Lippo Group also paid for a trip to Jakarta and Bali for Hubbell and his wife. Deposition of Webster L. Hubbell, Senate Select Committee on Whitewater Development Corp. and Related Matters, June 4, 1996, at 103-124; NationsBank account records for Webster Hubbell (Exhibit 20); Hip Hing Holdings Document Production HHH 1415 (Exhibit 21).

⁹⁴ During the week of June 21-25, 1994, James Riady and John Huang attended several meetings at the White House. At the time, Huang was scheduled to receive a Presidential appointment at the Department of Commerce. On June 23, 1994, Riady, Huang and Mark Grobmyer met with the President at 10 a.m. Before the meeting with the President, Riady had a 7:30 a.m. breakfast with Webb Hubbell at the Hay Adams Hotel, where Riady was staying. Directly after the meeting with the President, Riady had lunch with Hubbell, again at the Hay Adams Hotel. The \$100,000 wire transfer was in Hubbell's account by June 27, 1994. DOT 0084B (June 23, 1994 Calendar of Webster Hubbell); see EOP 055316-318 (WAVES Summary of James Riady).

⁹⁵ Stephen Labaton & Jeff Gerth, *Asian Paid \$100,000 to Hubbell Days After Visits to White House*, New York Times, Mar. 20, 1997 at A1.

⁹⁶ After leaving Justice, Hubbell received over \$700,000 from friends and associates of President Clinton while he was allegedly cooperating with the Independent Counsel.

⁹⁷ Jeff Gerth and Stephen Labaton, *A Wider Circle at White House Knew of Efforts to Help Hubbell*, New York Times, Apr. 10, 1997, at A1.

⁹⁸ Id.
⁹⁹ In fact, a senior administration official was quoted in the press as saying, "taking care of Webb became like petting the new bunny, if you wanted to show the President you were supportive, this was a good way to do it: pet the bunny." David Willman, *Efforts on Hubbell's Behalf May Be a Key to Whitewater Inquiry*, L.A. Times, Apr. 6, 1997 at A1; Deposition of Thomas F. "Mack" McLarty, House Government Reform and Oversight Committee, Sept. 5, 1997 at 56-60 (hereinafter "McLarty Deposition").

¹⁰⁰ McLarty Deposition at 103-104.

¹⁰¹ Id. at 104.

payment or any other money he received from friends of the President affected his cooperation with the Independent Counsel.¹⁰²

Unfortunately, the Committee has been unable to receive testimony from Hubbell on the payments, as he invoked his Fifth Amendment right against self-incrimination in response to Committee inquiries on the matter.¹⁰³ Likewise, James Riady and John Huang, the two individuals who may also have knowledge of the terms of Hubbell's Lippo employment, have refused to cooperate with the Committee. An associate of James Riady told the media that Riady explained, "Mr. Hubbell was our very close friend, when he left [the Justice Department], we felt we should help him out. We didn't like to see him without a source of income."¹⁰⁴

It is clear that the Riadys, themselves and through employees, not only financially supported Clinton and the DNC during the 1992 campaign, but also hired individuals close to the Administration. Although James and Mochtar Riady were not living in the United States, John Huang coordinated the contributions made by Lippo related individuals and entities.¹⁰⁵ After President Clinton was elected in 1992, the Riadys and Huang remained in contact with him, making frequent visits to the White House as well.

IV. HUANG AND RIADY'S CONTACTS WITH THE CLINTON ADMINISTRATION

A. GENERAL CONTACTS

Both the Riady family and John Huang had unusual access to the President, the White House, and the administration in general. In total, James Riady visited the White House compound on at least 20 occasions between April 1993 and September 1996.¹⁰⁶ During approximately the same time period, March 1993 through October 1996, John Huang visited the White House over 95 times.¹⁰⁷

¹⁰²Stephen Labaton & Jeff Gerth, *Asian Paid Hubbell \$100,000 Days After Visits to White House*, New York Times, Mar. 20, 1997 at A1.

¹⁰³Doug Buford, who did legal work for the Riady family, testified about Hubbell's interest in working for the Lippo Group: Webb called me, after he left Justice, and we were talking, I don't recall when, but at some point after he left Justice, and, you know, we were talking about what he was doing and where he was going to work and stuff like that, and he asked me—told me he was doing consulting work and asked me if I thought the Lippo Group would be able to use him or whether he could work for them or not." Buford called John Huang and told him of Hubbell's interest. Buford testified that he was careful to inform Huang that he was placing the call on his own and had not discussed it with anyone at the White House. When asked if he thought there would be a different response if the information came from the White House, Buford replied, "I didn't know, but I didn't want to be party to any confusion." Deposition of C. Douglas Buford, Jr., House Government Reform and Oversight Committee, Oct. 23, 1997 at 53–54.

¹⁰⁴Peter Waldman, *East Meets West: By Courting Clinton, Lippo Gains Stature at Home in Indonesia*, Wall Street Journal, Oct. 16, 1996, at A1.

¹⁰⁵For a detailed explanation of all contributions, see generally Chapter 3, II. In addition, another Lippo executive who was based in Jakarta, Jose Hanna, solicited contributions for U.S. elections from Lippo employees abroad. It is not clear whether all individuals who contributed were United States citizens. DeQueljo Deposition 36–37, 141.

¹⁰⁶The total is according to Workers and Visitors Entry System Records [WAVES] logged by the Secret Service. James Riady's name showed up on 25 occasions for which he was scheduled to be admitted to the White House compound. However, there were only 20 occasions for which there was a "time of arrival", meaning that Riady actually was logged through the gate. Generally, there are also manners in which one also can get into the compound without being "waved" in by a White House staffer. The Committee is aware of two instances where James Riady entered the White House compound without creating a record, on June 25 and Sept. 10, 1994. White House Document Production EOP 055316–318.

¹⁰⁷The Committee is unable to determine what occurred during the majority of Huang's visits as he has invoked his fifth amendment right against self incrimination. Many of Huang's visits were made to Special Assistant to the President and Deputy to the Counselor Mark E. Middleton. Mr. Middleton also invoked the fifth amendment in response to Committee subpoenas. In

Some of these visits, for both Huang and Riady, included visits with the President. Their contacts with the President and high level administration officials even extended to international events and meetings abroad. The Riadys' access is unusual for foreign nationals, even though they were also major DNC contributors.

On many occasions when James Riady visited the White House, John Huang accompanied him.¹⁰⁸ Riady was granted private meetings with the President on several occasions as well. For instance, the entire Riady family was invited to the 1993 Inaugural events and met privately with President and Mrs. Clinton.¹⁰⁹ Subsequently, James Riady attended at least two of President Clinton's Saturday Morning Radio Addresses, along with Huang and family members.¹¹⁰ After the June 24, 1994, Radio Address President Clinton invited Riady and his family to remain, "Just sit everybody down, wherever you want them James."¹¹¹ That June 1994, Riady and Huang were at the White House on several occasions, not only meeting with President Clinton, but with White House staff as well. These visits occurred a month before Huang assumed his position at the Commerce Department, but also coincided with Riady's hiring of Webster Hubbell.¹¹²

Soon after the 1992 election, and even before the inauguration, Huang contacted President-elect Clinton's nominee for Commerce Secretary, Ron Brown, about arranging a meeting with Mochtar Riady, father of James Riady and Chairman of the Lippo Group.¹¹³ An internal Commerce Department communication recommended that Brown accept the meeting:

Yes, Lippobank [sic] is a major banking firm in Asia—over ½ billion in assets—also headquartered in US in NY with office throughout the US.

John Huang took Pres. Clinton to Hong Kong in 1985 with an Arkansas Trade Delegation and was very active in 92.¹¹⁴

Later that year, Huang and Mochtar Riady requested that Commerce Secretary Brown meet with Shen Jueren, Chairman of China Resources and a major partner of the Lippo Group.¹¹⁵ In late 1992, China Resources purchased 15 percent of the Lippo

addition, many witnesses could not remember anything about Huang's visits. White House Document Production EOP 004522-526.

¹⁰⁸White House Document Production EOP 055316-318 (summary of James Riady's WAVES records); White House Document Production EOP 004522-526 (summary of John Huang WAVES records).

¹⁰⁹Exhibit 18.

¹¹⁰White House Document Production EOP 055316-318 (summary of James Riady's WAVES records); White House Document Production EOP 004522-526 (summary of John Huang WAVES records).

¹¹¹White House Communications Agency videotape of June 24, 1994 Saturday Morning Radio Address.

¹¹²For further discussion of Webster Hubbell's employment with the Lippo Group, see *infra* III, B, 2.

¹¹³Letter to Ronald H. Brown from John Huang, January 7, 1993 (Exhibit 22).

¹¹⁴Scheduling Recommendation Office of the Secretary/Executive Secretariat 1/29/93 (Exhibit 23).

¹¹⁵China Resources is a Chinese Government owned company which is a joint venture partner with the Lippo Group and partner in the Lippo controlled Hong Kong Chinese Bank. Letter to Ronald H. Brown from John Huang, Sept. 10, 1993 (Exhibit 24).

owned Hong Kong Chinese Bank.¹¹⁶ China Resources subsequently infused the failing LippoLand with tens of millions of dollars, effectively bailing the Riady family out of a precarious financial situation.¹¹⁷ Since 1993, the Lippo Group and China Resources entered into dozens of joint venture projects in the People's Republic of China.¹¹⁸

At the time the meetings for Shen Jueren were requested, China Resources was becoming one of Lippo's most important partners. During the same visit to the United States, Huang and Riady also organized a meeting between Vice President Gore and Shen Jueren as well.¹¹⁹ Huang wrote to Vice President Gore's then-Chief of Staff Jack Quinn, thanking Quinn for meeting with Shen Jueren and noting a meeting between him and Gore. Quinn had no recollection of ever meeting Shen Jueren, nor did he recall the letter from Huang.¹²⁰

B. 1993 APEC MEETING IN SEATTLE

The Riady family was able to show off its close ties to President Clinton during the 1993 Asian Pacific Economic Cooperation ("APEC") summit in Seattle, Washington. Lippo organized a group of Indonesian businessmen to visit Little Rock, Arkansas before the summit.¹²¹ The group of Indonesians, along with James Riady, then traveled with a group of Arkansas businessmen to the APEC summit in Seattle.¹²² A sister-state agreement between Arkansas and Indonesia was to be signed at a ceremony during the APEC summit, and James Riady planned to have President Clinton and President Soeharto attend.¹²³ However, the White House staff had concerns about the President's participation in such an event, as noted in a letter from Joe Giroir to James Riady:

Mack [McLarty] and Mark Middleton indicated that it will be a determination made by the Director of National Security; and that the human rights controversy surrounding East Temor [sic] may be an impediment that will have to be overcome. I note that Doug Bufford [sic] is speaking with Bruce Lindsey about this, this week; *John Huang has spoken directly to the President and the President has indicated, in general, that he is agreeable to do it. . .*¹²⁴

Ultimately, during the 1993 APEC, President Clinton did meet with President Soeharto, along with James Riady, over the objection of his staff.¹²⁵ Joe Giroir, who assisted in organizing the Indonesia delegation, noted that Bruce Lindsey was "mad" that Presi-

¹¹⁶ *Investigation on Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign—Part II Before the Senate Committee on Governmental Affairs*, 105th Cong., 1st sess., at 29 (testimony of Thomas R. Hampson, president of Search International, regarding the Lippo Group).

¹¹⁷ *Id.*

¹¹⁸ *Id.*

¹¹⁹ White House Document Production EOP 049490 (Exhibit 25).

¹²⁰ Deposition of Jack Quinn, Government Reform and Oversight Committee, Nov. 4, 1997 at 23.

¹²¹ Arkansas International Development Corp. Document Production 005381–383 (Exhibit 26).

¹²² DeQueljo Deposition at 98–99.

¹²³ Exhibit 26.

¹²⁴ *Id.* [Emphasis added].

¹²⁵ Giroir Deposition at 186; DeQueljo Deposition at 104–105.

dent Clinton attended the meeting.¹²⁶ However, Lindsey did not recall that particular Soeharto incident. He did state:

I learned that there was a photo op at some time prior to us going to Tokyo [for the G-7 summit], and there was a question as to whether or not—during that photo-op they raised with the President whether or not he was going to meet with Suharto.¹²⁷

The President did meet briefly with Soeharto during a G-7 Summit in Tokyo in July 1993.¹²⁸ After the Summit, President Clinton added a handwritten message in a letter to James Riady, that he had enjoyed his visit with Soeharto.¹²⁹

C. 1994 APEC MEETING IN JAKARTA

The 1994 APEC summit was held in Jakarta, Indonesia. James Riady initially planned to host a group of Arkansans during the summit, paying for their airfare and hotel expenses.¹³⁰ Riady and Joe Giroir drafted a list of individuals to be invited, including former Associate Attorney General Webster Hubbell, who was then under investigation by the Whitewater Independent Counsel.¹³¹

The list of invitees was sent from the Lippo Group to John Huang, who was then employed by the Commerce Department.¹³² Somehow, the White House came into possession of the list of individuals invited by James Riady to the Jakarta summit.¹³³ No one at the White House is able to recall how the memorandum arrived there. Although the logical answer is that the memo was sent by John Huang or someone from the Lippo Group to the White House, someone else may have brought it to the attention of the White House. Nevertheless, once informed of the plan, the White House staff held meetings to discuss whether it should go forward. Mack McLarty described the topic of the meetings as, “whether or not it was a good idea for this Arkansas delegation to attend the APEC conference in Indonesia.”¹³⁴

Eventually the White House did intervene through Deputy Counsel Bruce Lindsey, and request that Riady cull down his list of invitees.¹³⁵ Lindsey contacted the Riadys’ attorneys in Arkansas,

¹²⁶ Giroir Deposition at 187.

¹²⁷ Lindsey Deposition at 52.

¹²⁸ Associated Press, *Clinton, Suharto Discuss East Timor Human Rights Problems*, July 7, 1993.

¹²⁹ White House Document 930728 (Exhibit 27).

¹³⁰ Arkansas International Development Corp. [AIDC], a company controlled by Joe Giroir, issued invitations on his and Riady’s behalf. Arkansas International Development Corp. Document Production AIDC 005142–5143 (Exhibit 28). Exhibit 28 is representative of the invitations sent to invited individuals. Douglas Buford testified that after he received his invitation, he contacted the travel agency, which informed him that the hotel and air fare was already paid. Deposition of C. Douglas Buford, Committee on Government Reform and Oversight, Oct. 23, 1997 at 47–48; see also DeQueljo Deposition at 132.

¹³¹ White House Document Production EOP 020359 (Exhibit 29).

¹³² Exhibit 29 is dated Sept. 21, 1994 and John Huang began working at the White House on July 18, 1994. Jose Hanna, the author of the memo, is a Lippo employee.

¹³³ Exhibit 29.

¹³⁴ White House staff attending the meetings included Mack McLarty, Bruce Lindsey, Nancy Hrenreich, Marsha Scott and John Podesta. Deposition of Thomas F. “Mack” McLarty, House Government Reform and Oversight Committee, Sept. 5, 1997 at 176–178 (hereinafter “McLarty Deposition”).

¹³⁵ Lindsey Deposition at 93–96; Deposition of C. Douglas Buford, Government Reform and Oversight Committee, Oct. 23, 1997 at 10, 45, 59 (hereinafter Buford Deposition).

Doug Buford and John Tisdale of Lindsey's former law firm.¹³⁶ Through a set of intermediaries, the list was shortened to only essential individuals acceptable to the White House.¹³⁷ According to Mack McLarty the issue for the White House was, "whether there would be any appearance concerns, appearance matters raised. I don't believe other states were going to have any representations [sic] there."¹³⁸ This answer was puzzling considering that the Arkansas and Indonesia delegations traveled to APEC together the prior year without incident, and there was a sister-state agreement between the two as well.

In the end, the White House prevailed, and the majority of the invitees did not attend. Bruce Lindsey wrote a memorandum to Mack McLarty and John Podesta informing them that the list had been cut back and justifying certain persons' attendance.¹³⁹ Lindsey then noted, "James Riady and his father would like to have the opportunity to visit briefly with President Clinton in the hotel during the visit. James has been reasonable in culling the list, and I think we should try to schedule a 15 minute meeting for them."¹⁴⁰

The Riadys did in fact meet with President Clinton at his hotel in Jakarta. Lindsey explained how the meeting at the hotel was scheduled:

The Riadys wanted the Clintons to go to their house, and that was not going to happen. The President was not going to go to the Riady's house while he was there. And, so, I think I said to James one time, look, the President is scheduled to leave at 6:00 to go X. Why don't you and your dad come by at ten till.¹⁴¹

Lindsey stated there was no discussion of policy, "[i]t was just, 'Hello. How are you?' And then they said a prayer . . . they talked about old times, you know, about when they had met before . . ." ¹⁴² Regardless of the content of the discussion, as the Committee is unable to question the other attendees of the meeting, the fact that the Riadys were able to meet privately with the U.S. President at all during the trip and the amount of time the White House staff spent negotiating some sort of APEC deal with them, is notable. In addition, the meeting with the President in Jakarta was not an isolated incident. The Riady family was granted meetings with other high level officials in the administration who were

¹³⁶Lindsey Deposition at 93-96; Buford Deposition at 10, 45, 59.

¹³⁷Buford testified that Lindsey contacted him about the list, and in turn, Buford contacted Joe Giroir. Eventually, Joe Giroir called Buford back with a shorter list. Buford communicated that list to Lindsey. Lindsey Deposition at 93-96; Buford Deposition at 10, 45, 59

¹³⁸McLarty also testified that at some point John Podesta may have also raised some concerns about Webster Hubbell attending: ". . . might raise an appearance issue that would be reported on by the press." McLarty Deposition at 176-178.

¹³⁹The memo notes that Lindsey spoke with John Tisdale and Doug Buford about APEC. White House Document Production EOP 030679 (Exhibit 30). Buford testified that he wanted to attend APEC, and explained his conversation with Lindsey:

A: . . . we talked about that and whether it was a good idea for me to go in my capacity as a chamber representative, you know, and he eventually said no.

Q: He asked you not to go?

A: Yes.

Buford Deposition at 47.

¹⁴⁰Exhibit 30.

¹⁴¹Lindsey Deposition at 103, 105.

¹⁴²Lindsey Deposition at 103, 105.

traveling abroad, where policy issues more than likely were discussed.

D. MEETINGS WITH ADMINISTRATION OFFICIALS

In February 1994, James Riady hosted a luncheon for Commerce Department officials traveling in Indonesia to promote the U.S.-ASEAN Alliance for Mutual Growth.¹⁴³ The luncheon attendees included Commerce Undersecretary Jeffrey Garten and Deputy Undersecretary David Rothkopf, who would later be John Huang's superiors in the International Trade Administration at Commerce.¹⁴⁴ Rothkopf was unable to recall who at the Commerce Department had organized the luncheon, which was held at James Riady's home.¹⁴⁵ However, Rothkopf recalled that Melinda Yee, a good friend of John Huang and the Riady family, did attend the luncheon as well.¹⁴⁶ Melinda Yee invoked her fifth amendment rights against self-incrimination and is not cooperating in the Committee's investigation. Ms. Yee had assisted in organizing a Commerce Department contract signing ceremony with the Lippo Group and its American joint venture partner.

Along with Melinda Yee, John Huang and Lippo consultant Joe Giroir played a major role in the Lippo contract's inclusion in the signing ceremony.¹⁴⁷ Soon after Huang arrived at Commerce, he organized a lunch with Joe Giroir and Commerce Department employees Melinda Yee and Nancy Linn Patton.¹⁴⁸ Yee and Linn Patton were both working on the upcoming Commerce Department Trade Mission to the Asian region led by Secretary Ron Brown. While at the lunch, either Huang or Giroir brought up the subject of the signing ceremonies in China which would be held during the trade mission.¹⁴⁹ Fortuitously, the Lippo Group and its American partner were ready to close a contract with the North China Power Group at the time that the trade mission was to go forward.¹⁵⁰ Giroir testified that Yee suggested he talk to Deputy Undersecretary David Rothkopf about the signing ceremony, and that it was Rothkopf who later requested that Lippo participate in the ceremony with Secretary Brown.¹⁵¹ However, Rothkopf testified that he did not know Joe Giroir.¹⁵² Nevertheless, in August 1994, Secretary Brown personally traveled to the region, where he attended the Beijing signing ceremony involving the Lippo Group joint venture.¹⁵³

¹⁴³ Event Scenario and Talking Points for Riady Lunch, Feb. 25, 1994, Commerce Department Document Production, unnumbered (Exhibit 31).

¹⁴⁴ While at Commerce Huang worked directly under Chuck Meissner, the Assistant Secretary for International Economic Policy at the International Trade Administration. Meissner, in turn, reported to Rothkopf and Garten.

¹⁴⁵ Deposition of David J. Rothkopf, Senate Committee on Governmental Affairs, June 2, 1997 at 20 (hereinafter "Rothkopf Deposition").

¹⁴⁶ *Id.* at 21-22.

¹⁴⁷ Giroir Deposition at 59-61.

¹⁴⁸ Giroir Deposition at 59-61.

¹⁴⁹ A signing ceremony is an event held during trade missions which highlight contracts made between U.S. corporations and businesses of the host country. They generally are promotional for the businesses involved. *Id.*

¹⁵⁰ *Id.*

¹⁵¹ *Id.*

¹⁵² Rothkopf Deposition at 61.

¹⁵³ The signing ceremony was for the Datong power plant project in China and the principals were the Lippo Group, Entergy Corp. and North China Power Group. The estimated value of

Continued

Riady was involved in other events held abroad with Cabinet level officials as well. For instance, in June 1996, Riady sat at the head table with then-Secretary of Commerce Mickey Kantor at a dinner hosted by the American Chamber of Commerce in Indonesia.¹⁵⁴ During a deposition with the Committee, Mr. Kantor did not recall the June 1996 dinner with James Riady.¹⁵⁵ However, he did recall a dinner during the 1994 Jakarta APEC Summit at which he sat next to James Riady.¹⁵⁶ At that time, Kantor was the U.S. Trade Representative (USTR).

The Riadys also had an interest in the USTR's policies. In 1994, the Administration, through USTR, was deciding whether to renew a special trade status for Indonesia which eliminated tariffs on industrial goods it exported. The trade status was renewed even though the Soeharto government of Indonesia had an abysmal record in workers' rights. Many in the media later questioned the Riady family's motives in seeking meetings with USTR officials at the time the decision was being made.¹⁵⁷ The Administration insisted that then-Ambassador Kantor declined Riady's requests for a meeting during the crucial decisionmaking period.¹⁵⁸ However, the USTR Director for Southeast Asia Joseph Damond did meet with Riady in Jakarta.¹⁵⁹ Mr. Damond described Riady's role in the USTR's negotiations as a "cultural intermediary."¹⁶⁰ His role still does not explain why a copy of a letter to Mickey Kantor, United States Trade Representative, from the Indonesian Ambassador to the United States regarding Indonesia's trade status was produced from Hip Hing Holding's files.¹⁶¹

The special meetings and dinners with the President and other high level officials in the Administration put the Riady family in a better position in Indonesia. For instance, surely the Riadys stance with Indonesian President Soeharto grew when James Riady was able to organize a meeting between Clinton and Soeharto; something the Indonesian government appeared unable to do on its own. Even the appearance of favor with the U.S. Government would assist Riady. The Riady family was able to curry favor with the Indonesian government by demonstrating their political connections to the United States Government.¹⁶² During President Soeharto's reign, being in favor with the Soeharto government meant much more than any amount of money Riady contributed toward Bill Clinton's Presidency.

the project was \$1 billion. Arkansas International Development Corp. Document Production AIDC 003888-3890 (Exhibit 32).

¹⁵⁴ Memo to Jennifer Tate from Carol Walker, executive director AmCham Indonesia, June 26, 1996, Commerce Department Document Production, unnumbered (Exhibit 33).

¹⁵⁵ Deposition of Michael Kantor, House Government Reform and Oversight Committee, Aug. 8, 1997 at 112-113 (hereinafter "Kantor Deposition").

¹⁵⁶ *Id.*

¹⁵⁷ David E. Sanger, Administration Moves to Defend Indonesia Policy After Criticism, *New York Times*, Oct. 17, 1996 at A1.

¹⁵⁸ *Id.*

¹⁵⁹ *Id.*

¹⁶⁰ *Id.*

¹⁶¹ Hip Hing Holdings Document Production HHH 3585-3596 (Exhibit 34).

¹⁶² The Riady family is ethnic-Chinese, rather than native Indonesian or "Javanese." The family patriarch Mochtar Riady found it necessary to "Indonesianize" his name, Li Mo Tie, in order to comply with strong government pressure to eliminate all symbolism relating to China, a Communist country. In Indonesia, the ethnic-Chinese historically have been considered somewhat suspect. During the late 1960's and early 1970's there were periods of violence against ethnic-Chinese, with thousands disappearing in Indonesia.

V. 1996 ELECTIONS AND CONTACTS WITH THE DNC

A. HUANG'S MOVE FROM COMMERCE TO THE DNC

In July 1994, John Huang was appointed Principal Deputy Assistant Secretary at the Department of Commerce. However, after little over a year at the Commerce Department, Huang wanted to move to the DNC as a fundraiser.¹⁶³ Joe Giroir and Mark Middleton, both Lippo consultants, approached several DNC officials on behalf of Huang.¹⁶⁴ Giroir and Middleton contacted DNC Chairman Don Fowler, and finance officials including, Truman Arnold, Marvin Rosen, and Richard Sullivan.¹⁶⁵ Even James Riady met with Don Fowler, and advocated the idea of John Huang raising money for the DNC.¹⁶⁶ There was some confusion about whether Huang attended the meeting as well. Sullivan and Fowler recalled that John Huang was present, whereas, Joe Giroir stated that Huang was not there.¹⁶⁷ In the meeting between Riady and Fowler, Giroir described their idea for an Asian American fundraising effort:

I re-expressed my view that there was a reservoir of support in the Asian-American community, votes as well as financial support, and that if they would focus their attention on that reservoir, that it would be beneficial to the Democratic Party. . . . And then I think James probably seconded my idea from his point of view, having been an Asian American, having resided in Los Angeles, having voted here, having been involved in the political process here, and knowing intimately the Asian community as well as the Asian attitude as well as the Asian propensities.¹⁶⁸

Giroir's statement about Riady's insight into the American political system is not entirely accurate. Although Riady could be described as Asian, he was never an Asian American. As Riady has never been a U.S. citizen, he never legally has voted in the United States. However, Giroir was accurate in that for some reason, James Riady was active in the U.S. political process. Nevertheless, after sharing their ideas with DNC Chairman Fowler, Giroir and Riady placed their recommendation for John Huang as the most qualified individual to run such an Asian fundraising campaign.¹⁶⁹

Unfortunately, the group had little luck garnering support or interest at the DNC, and subsequently Huang, James Riady, and Joe Giroir visited with the President. On September 13, 1995, Riady, Huang, and Joe Giroir met with President Clinton and Deputy Counsel to the President, Bruce Lindsey. Lindsey testified that the group generally discussed family and, "[a]t some point in the conversation, I believe John said something like, you know, maybe I

¹⁶³The circumstances of Huang's move from Commerce to the DNC was covered extensively in the Senate Report, and will not be repeated here. Final Report of the Committee on Governmental Affairs, S. Doc. No. 167, 105th Cong., 2d sess., 1655 (1998).

¹⁶⁴Deposition of Richard Sullivan, Senate Committee on Governmental Affairs, June 4, 1997 at 217 (hereinafter "Sullivan Senate Deposition"); Giroir Senate Deposition at 77-78, 93-104.

¹⁶⁵Sullivan Senate Deposition at 217; Giroir Senate Deposition at 77-78, 93-104.

¹⁶⁶Giroir Senate Deposition at 94.

¹⁶⁷Sullivan Senate Deposition at 241; Deposition of Donald Fowler, Senate Committee on Governmental Affairs, at 186; Giroir Senate Deposition at 135.

¹⁶⁸Giroir Senate Deposition at 97.

¹⁶⁹Id. at 98.

could be of more help at the DNC than at Commerce.”¹⁷⁰ Lindsey, who confirmed Huang’s interest in a later meeting, passed the request along to Harold Ickes.¹⁷¹

Harold Ickes recalled that both Lindsey and the President told him about John Huang. President Clinton took it upon himself to bring the subject of Huang up with Ickes, who coordinated campaign activities through the White House:

[T]he President, had recently spoken to John Huang, that Huang had indicated that he very much wanted to help in the President’s re-election effort, that he worked in the election effort in ’92, and was prepared to go to work at the DNC or the Re-Elect, wherever the President or any of his people felt he could be best used, and would help not only in raising money but, as importantly, in what we call in the campaign business outreach to especially Asian Americans and especially in California.

The President asked me if I would—what I thought of that. It sounded fine to me. And the President asked me to follow up on it with John Huang, which I did, and I called him and had a meeting with him, and he subsequently left the Commerce Department and went over to work at the DNC.¹⁷²

Huang, who met with Ickes on October 2, 1995, was prepared to work at either the DNC or the Clinton/Gore Re-elect, whatever Ickes thought was best.¹⁷³ Ultimately, Ickes recommended that Huang work at the DNC and contacted Marvin Rosen and Don Fowler.¹⁷⁴ Huang’s application still did not move forward until the President personally mentioned Huang to the head of DNC fundraising, Marvin Rosen, at a November 8, 1995 fundraiser.¹⁷⁵ By December 1995, Huang was working at the DNC.

B. HUANG’S FUNDRAISING ACTIVITIES AT THE DNC AND RIADY’S INVOLVEMENT

Huang organized numerous events while he was employed by the DNC, raising \$3,422,850.¹⁷⁶ Out of the total amount raised by Huang, approximately \$1.7 million was returned by the DNC.¹⁷⁷ DNC Finance Chairman Marvin Rosen and Director Richard Sullivan both had concerns about Huang’s fundraising in July 1996, and agreed not to allow him to individually organize any fundraisers in-

¹⁷⁰ Deposition of Bruce R. Lindsey, House Government Reform and Oversight Committee, Sept. 8, 1997 at 167 (hereinafter “Lindsey Deposition”).

¹⁷¹ Ickes, then-Deputy Chief of Staff, handled most of the campaign related matters from the White House. Lindsey testified that once he brought the matter to Ickes’ attention, Lindsey was no longer involved. Lindsey Deposition at 167.

¹⁷² Deposition of Harold Ickes, Senate Governmental Affairs Committee, June 26, 1997 at 115–116 (hereinafter “Ickes Deposition”).

¹⁷³ Ickes Deposition at 117–118.

¹⁷⁴ Rosen recalled that Ickes called and asked Rosen to interview Huang. Deposition of Marvin Rosen, Senate Governmental Affairs, May 19, 1997 at 137 (hereinafter “Rosen Deposition”); Ickes Deposition at 117–118, 127.

¹⁷⁵ Rosen Deposition at 137; Sullivan Senate Deposition at 222; Don Van Atta, *President Is Linked to Urgent Enlisting of Top Fundraiser*, New York Times, July 7, 1997, at A1.

¹⁷⁶ DNC In-Depth Contribution Review as of Feb. 28, 1997 (Exhibit 35).

¹⁷⁷ The contributions listed in Exhibit 35, were not returned by the DNC until June 1997, subsequently additional illegal or inappropriate contributions credited to Huang were returned by the DNC. Exhibit 35.

volving the President.¹⁷⁸ The catalyst to that decision was a fundraising dinner organized by John Huang on July 30, 1996, which featured James Riady.

Although there is no Federal Election Commission record of James Riady contributing to the DNC in 1994 and 1996, Riady continued to attend fundraisers and other DNC events which usually would generate contributions in that election cycle. For example, internal DNC memoranda show that James Riady was on a list of invitees to a DNC Business Leadership Forum (“BLF”) event at the White House held on June 21, 1994.¹⁷⁹ The memorandum lists Riady as a current BLF member, and describes him as, “FOB [Friend of Bill]; Former President Wortham [sic] Bank in Little Rock; Clinton/DNC donor through John Huang; Huang requested his invitation and that we send it to Huang’s address.” James Riady and Huang did attend the BLF reception at the White House, after they met with then-Special Assistant to the President Mark Middleton, who also attended the reception.¹⁸⁰

In 1996 James Riady appears on a DNC “commit list” for \$15,000 in coordination with a June 10, 1996 fundraising dinner at the home of Lew and Edie Wasserman in Los Angeles.¹⁸¹ Later in 1996, DNC Chairman Don Fowler wrote a thank you letter to James Riady, addressed to Indonesia, which stated:

Thank you very much for sending me the basket of fruit and snacks. It was a wonderful surprise, and I greatly enjoyed its contents.

Your friendship is tremendously important to me in this crucial time. As you know, all of us are working diligently to bring about a huge Democratic victory in November, and your gift reminded me of the support of good Democrats for these efforts.¹⁸²

Fowler was surely aware that James Riady was not a U.S. citizen and did not live in the United States, thereby making him ineligible to contribute to the DNC.

Subsequently, a September 18, 1996 form letter from Fowler to Riady was written, thanking Riady for his participation in the recent DNC dinner with the President. The letter noted, “Your support enables us to continue assisting the Administration in achieving its ambitious agenda. On behalf of the DNC, I am sincerely grateful for your work.”¹⁸³ Although the second letter appears to be a form thank you letter, one normally does not get a thank you letter unless he has contributed.

1. July 30, 1996 Jefferson Hotel dinner with James Riady

On July 30, 1996, Huang organized an intimate gathering of four wealthy businessmen, their families, and President Clinton. Three

¹⁷⁸ Deposition of Richard Sullivan, Senate Governmental Affairs Committee, June 5, 1997 at 60, 70, 73 (hereinafter “Sullivan Senate Deposition 2”).

¹⁷⁹ DNC Document Production DNC 1276431–433 (DNC Memorandum from David Mercer to Richard Sullivan and Fran Wakem, June 11, 1994).

¹⁸⁰ White House Document EOP 055316–318 (WAVES of James Riady); EOP 004522–526 (WAVES of John Huang).

¹⁸¹ DNC Document Production DNC 3088330–334 (DNC Commit List for June 10, 1996, Dinner at the Wasserman Residence, June 3, 1996).

¹⁸² DNC Document Production DNC 1728039 (Exhibit 36).

¹⁸³ DNC Document Production F 0040618.

of the wealthy businessmen were not American citizens, and all four lived in Asia. Included in the group was Huang's former employer, James Riady.¹⁸⁴ Also attending were Eugene Wu,¹⁸⁵ Chairman of the Shinkong Group in Taiwan; James Lin,¹⁸⁶ Chairman of Ennead Inc. in Taiwan; and, Ken Hsui,¹⁸⁷ an executive at Prince Motors and Cosmos Bank in Taiwan.¹⁸⁸ Ken Hsui, who contributed \$150,000 toward the event, is the only U.S. citizen in the group of dinner attendees.¹⁸⁹

DNC Finance Director Richard Sullivan testified to his reaction when he first saw the prospective list of attendees for the dinner, "[a]s I recall, I expressed some dismay."¹⁹⁰ However, as there was no time to organize a new dinner, the dinner Huang organized went forward.¹⁹¹ The list of attendees was sent to the White House, and was approved.¹⁹² Sullivan and Rosen had two central problems with the July 30, 1996 fundraiser:

Number one, John is not living up to what he had voluntarily come to us and said he could do. We have been giving him these events.

Number two, we are not all that pleased with the fact that he put a couple of foreign nationals into a small dinner with the President. Let me make this clear. The possible—we were not happy with that, you know, because of the possible perception. The press has made a big deal about, oh, you know, why did you have them in when you knew you weren't going to get money from them. Well we were just worried about the perception.¹⁹³

A strong indicator of their concerns is that Huang was barred from organizing Presidential events after the Jefferson dinner with Riady.

Once at the event, the attendees all had their pictures taken with the President. Generally the topic of fundraising is brought up

¹⁸⁴DNC Document Production DNC 4346984–986 (Exhibit 37); see Photo-Op Inc. Document Production LG 51–52 (photos of James and Aileen Riady with President Clinton at the Jefferson Hotel on July 30, 1996) (Exhibit 38) (Exhibit 39).

¹⁸⁵Photo-Op Inc. Document Production LG 46 (photo of Eugene Wu with President Clinton at the Jefferson Hotel on July 30, 1996) (Exhibit 40).

¹⁸⁶Photo-Op Inc. Document Production LG 47 (photo of James Lin with President Clinton at the Jefferson Hotel on July 30, 1996) (Exhibit 41).

¹⁸⁷Photo-Op Inc. Document Production LG 49–50 (photos of Ken Hsui with President Clinton at the Jefferson Hotel on July 30, 1996) (Exhibit 42) (Exhibit 43).

¹⁸⁸Eugene Wu's Shinkong Group is a conglomerate in Taiwan dealing in life insurance, energy, manufacturing, equipment leasing, construction, agriculture, computers, security, plastics firms, a department store and bank. Wu is married to the sister of one of the other guests, James Lin. James Lin's Ennead is a construction firm, which built many of the structures owned by the Shinkong Group. Lin is also a co-founder of a California company which was fined \$41,000 in 1995 for laundering campaign funds to Los Angeles City Council Candidates. Lin is also a member of the National Assembly in Taiwan. The third attendee from Taiwan, Ken Hsui, runs several family businesses in Taiwan, including Prince Motors, a mid-sized manufacturer of vehicle parts. Hsui, a U.S. citizen, is married to Eugene Wu's sister. Although Hsui maintains an apartment in Beverly Hills, he visits the United States only once or twice a year. The building manager of Hsui's condominium complex told investigators that Hsui lives in Taiwan but maintains an apartment in the building for his visits to the United States. Interview of Gary Thomas, Aug. 15, 1997; John Huang Document Production 001290–1294 (Exhibit 44); Judy Keen, Judi Hasson & Tom Squitieri, *Dinner Raised \$488,000—and Questions*, USA Today Feb. 7, 1997 at A4.

¹⁸⁹DNC Document Production DNC 3686958 (check tracking form for Sen Jong "Ken" Hsui) (Exhibit 45).

¹⁹⁰Sullivan Senate Deposition 2 at 67.

¹⁹¹*Id.*

¹⁹²*Id.* at 67–68.

¹⁹³*Id.* at 73.

at events where money is supposed to be raised. Although the event was videotaped by the White House Communications Agency, not all of the remarks were covered.¹⁹⁴ The President did speak about the next APEC meeting and his decision to send U.S. Air Force carriers to the Taiwan straits.¹⁹⁵ The issue was important to the Taiwanese, who were threatened by China's "missile testing" directed toward Taiwan.

The dinner organized by Huang appeared to be a favor for James Riady.¹⁹⁶ Huang, although no longer working for Lippo, rented a limousine and picked up the Riadys at National Airport; the bill was charged to the Lippo Group at the Los Angeles address.¹⁹⁷ It is unusual for a DNC fundraiser to go to such lengths for someone who is unable to contribute. In addition, the three businessmen who attended the dinner were a group of the wealthiest men in Taiwan and perhaps prospective or current business partners.¹⁹⁸ Unfortunately Hsui, a U.S. citizen, Lin, and Wu all declined requests for meetings in Taiwan with Committee staff and James Riady has refused to cooperate with investigators.

2. *"The Indonesian Gardener:" Huang's relationship to the Wiriadinatas*

Huang, a prodigious fundraiser, may have been raising money for the DNC even before he left the Commerce Department. The most egregious example is that of Arief and Soraya Wiriadinata, an Indonesian couple with strong ties to the Lippo Group, who contributed \$450,000 to the DNC in the 1996 election cycle.¹⁹⁹ Soraya Wiriadinata is the daughter of the late business partner of Mochtar Riady, Hashim Ning.²⁰⁰ Her husband, Arief Wiriadinata, is a "landscape engineer" who was soon dubbed a gardener in press reports about the Wiriadinatas' contributions.

The Wiriadinata's first contribution, totaling \$30,000 was given on November 9, 1995, while Huang was still at Commerce.²⁰¹ The November contribution was credited to John Huang's wife, Jane, and DNC fundraiser David Mercer.²⁰² In return for their November contribution, the Wiriadinatas, accompanied by then-Commerce employee Huang, attended a DNC fundraiser for Vice President Al

¹⁹⁴ White House Production Tape 18 (White House Communications Agency Tape of July 30, 1996 dinner at the Jefferson Hotel).

¹⁹⁵ *Id.*

¹⁹⁶ Earlier that evening, James Riady attended an additional fundraiser with the President. Huang, Riady, and the President all attended a fundraiser for Winston Bryant, Senatorial candidate from Arkansas, held at the Hay Adams Hotel that same evening. White House Document Production EOP 008591 (Letter to James Riady from Mack McLarty, Aug. 2, 1996) (Exhibit 46); EOP 044706-712 (Schedule of the President for Tuesday, July 30, 1996—Final).

¹⁹⁷ Hip Hing Holdings Document Production HHH 4760 (Exhibit 47).

¹⁹⁸ Riady had earlier arranged, through John Huang, for a White House tour for the Hsui family. Huang accompanied them on the July 20, 1993 tour. Hip Hing Holdings Document Production HHH 4736-4737 (Exhibit 48).

¹⁹⁹ See DNC Document Production DNC 1684087 (answers of John Huang to questions posed by Newsweek) (Exhibit 49); DNC Document Production DNC 3152284-286 (DNC Finance Executive Summary on Arief and Soraya Wiriadinata) (Exhibit 50).

²⁰⁰ Exhibit 49.

²⁰¹ Exhibit 50.

²⁰² *Id.*

Gore.²⁰³ All subsequent contributions, made after Huang left Commerce, were credited to John Huang.²⁰⁴

In addition to issues about the timing of the first contribution, the funds used to contribute to the DNC by the Wiriadinatas came from Lippo co-founder Hashim Ning in Indonesia.²⁰⁵ The Wiriadinatas explained that they contributed to the DNC because of a kind gesture on the part of President Clinton. Hashim Ning was traveling in the United States in June 1995, when he fell ill and was hospitalized.²⁰⁶ James Riady and Huang asked Mark Middleton to secure a get well note from President Clinton.²⁰⁷ The President did in fact send two letters to Mr. Ning: one delivered in person by Mark Middleton; and, the second, addressed to Mr. Ning in Indonesia, was sent through Mark Middleton.²⁰⁸

The November contribution was the first in a long line of contributions by the Wiriadinatas. They again donated to the DNC in December, and on December 15, 1995, Arief Wiriadinata attended a DNC fundraising coffee at the White House. The beginning of the coffee was videotaped, as President Clinton walked around the room greeting all of his guests. When the President came to Wiriadinata, he grasped the President's hand and said, "James Riady sent me."²⁰⁹ The President responded, "Yes. I'm glad to see you. Thank you for being here."²¹⁰ Wiriadinata's comment about James Riady should have raised some concerns about the contributions he gave.

In addition, the Wiriadinatas moved back to Indonesia, and sent many of their checks from abroad. At a November 13, 1996 press conference, DNC Chairman Don Fowler insisted that the Wiriadinata's \$450,000 in contributions had been thoroughly reviewed and was legal.²¹¹ Yet only 10 days later, the DNC announced that it would return the Wiriadinata contributions as they had failed to file 1995 tax returns and had returned to Indonesia.²¹²

3. Donors and events related to Huang

There were other circumstances where DNC and White House staff, or even the President himself, should have realized that there was something wrong with the fundraising events. Huang put together events attended by numerous foreign nationals, where it

²⁰³ Photo-Op Document Production LG 4-6 (photographs of Arief and Soraya Wiriadinata with Vice President Gore and DNC Chairman Don Fowler at Nov. 2, 1995 event; photograph of John Huang with Vice President Gore at Nov. 2, 1995 DNC event) (Exhibit 51) (Exhibit 52) (Exhibit 53).

²⁰⁴ Exhibit 50.

²⁰⁵ The Wiriadinatas set up two bank accounts, one for Soraya and one for Arief. The only funds in the accounts were wired in early Nov. from Hashim Ning. The Wiriadinatas used that account to write all their contributions. Nov. 3, 1995, wire transfer from Hashim Ning to Soraya Wiriadinata, in the amount of \$250,000 (Exhibit 54); Nov. 7, 1995, wire transfer from Hashim Ning to Arief Wiriadinata, in the amount of \$250,000 (Exhibit 55).

²⁰⁶ Exhibit 49.

²⁰⁷ Middleton asked his former assistant at the White House, Yusuf Khapra, to get the letter. Khapra was then working as an assistant in the Deputy Chief of Staff's office. See Deposition of Yusuf Khapra, Government Reform and Oversight Committee, Aug. 12, 1997 at 82-83 (hereinafter "Khapra Deposition").

²⁰⁸ DNC Document Production F 0033816 (Exhibit 56); DNC 1227206 (Exhibit 57).

²⁰⁹ White House Communications Agency videotape of the Dec. 15, 1995 DNC coffee.

²¹⁰ Id.

²¹¹ Ruth Marcus, *DNC Official Concedes Mistakes of Process*, the Washington Post, Nov. 13, 1996.

²¹² Alan C. Miller, *Democrats Give Back More Disputed Money*, Los Angeles Times, Nov. 23, 1996.

was even noted by DNC officials that in many instances, guests did not speak any English.

a. February 19, 1996

John Huang's first major event as a DNC fundraiser was a February 19, 1996 Asian Pacific American event attended by the President. He was assisted in the fundraising by Charlie Trie, many of whose contributions and solicitations have also been established as illegal or inappropriate.²¹³ Although Huang raised \$706,000 from the event, at least \$200,000 of that has already been returned by the DNC.²¹⁴ In addition, there are several other contributions related to the event, which the Committee has determined should also be returned.²¹⁵ The dinner was the first part of a 2 day event for approximately 80–100 Asian Pacific American donors from across the United States, including a breakfast with Vice President Gore the next day.²¹⁶

In the February 19, 1996 event briefing memorandum for the President, John Huang points out that immigration policy was one of the most important issues to the Asian Pacific American community.²¹⁷ Included in the memo was an outline of which immigration policies the Asian Pacific American community supported, including one of the most important, the "sibling preference" category for immigration.²¹⁸ At the time of the event, President Clinton was on the record as against the sibling preference.²¹⁹ However, 1 month later, in an unprecedented shift of opinion, Clinton supported the preference.²²⁰

Another troubling aspect of the event was the attendance of Doris Meissner, Commissioner of the Immigration and Naturalization Service. Doris Meissner sat at the same table as Maria Hsia, who worked with Huang on other fundraising events.²²¹ Briefing papers for the President underline the importance of Meissner's attendance at this event as immigration and naturalization was a top priority for the Asian Pacific American community.²²²

The briefing memo on the event notes, "[p]articipants of APALC dinner have each donated a minimum of \$12,500 to the Democratic National Committee."²²³ However, there were a number of foreign nationals at the February 19, 1996 event. At least five foreign nationals who were unable to contribute to the event sat at the head table with the President.²²⁴ In his remarks at the event, the President appeared to make a reference to the fact that many people

²¹³ For a more detailed analysis of Charlie Trie, see Chapter IV B.

²¹⁴ The Committee has created a chart of contributions based on DNC check tracking forms related to the Feb. 19, 1996 Hay Adams Fundraiser (Exhibit 58).

²¹⁵ See generally Chapter 3.

²¹⁶ DNC Document Production DNC 1579590–600 (briefing memo for President Clinton written by John Huang).

²¹⁷ DNC Document Production DNC 1579590–600 (briefing memo for President Clinton written by John Huang).

²¹⁸ *Id.*

²¹⁹ Michael Kranish, *Clinton Policy Shift Followed Asian-American Fund-Raiser*, Boston Globe, Jan. 16, 1997, at A1.

²²⁰ *Id.*

²²¹ Photographs of Hay Adams event, Feb. 19, 1996.

²²² Briefing for the President of the United States, Feb. 19, 1996, DNC 1579590.

²²³ DNC Document Production DNC 1579590–600 (briefing memo for President Clinton written by John Huang).

²²⁴ Sitting at the head table was: Nina Wang, Ted Sioeng, Kwai Fai Li, Pauline Kanchanalak, and Ng Lap Seng. White House Document Production EOP 058577–580 (Exhibit 59).

may not be familiar with the U.S. holiday, President's Day: "It was quite a wonderful thing for me to come here on what we in the United States now call President's Day and have people say, 'Happy New Year and Happy President's Day,' at the same time."²²⁵ President Clinton, explaining that it was President's Day, referred to the fact that it fell on the Chinese New Year. President Clinton also praised John Huang's fundraising efforts:

I am virtually overwhelmed by this event tonight. I should have learned by now, I have known John Huang a very long time. At least to be as young as we are, we have known each other a long time. And when he told me this event was going to unfold as it has tonight, I wasn't quite sure I believed him, but he had never told me anything that didn't come to pass, and all of you have made it possible and I want you to know I am very grateful to you.²²⁶

b. May 13, 1996

Likewise, during a May 13, 1996 fundraiser arranged by Huang and Charlie Trie, President Clinton again addressed the large number of foreign nationals attending the event at the Sheraton Carlton: "I say to the Asian American community here—and to those who come from other countries to be with us here tonight—the United States is very grateful for the people who have come from the Asian Pacific region, who have made our country their home."²²⁷ Among the group of foreign nationals was a high ranking executive at the Lippo Group, Roy Tirtadji.²²⁸ Giroir had contributed \$100,000 toward the event so that he and approximately 20 others, including Tirtadji, could attend.²²⁹ However, Tirtadji, and not Joe Giroir, sat at the head table with the President.²³⁰

Half of the guests seated with the President at this event were foreign citizens. The President only sat at the head table for about 15 minutes. According to one witness who sat at the head table at this event, during the time the President sat at the table, either no one wanted to speak, or could not speak English. Therefore, this witness, Jitu Somaya, then struck up small talk with the President to fill the time.²³¹ In fact, the event contained so many foreign nationals that it provoked concern among one Democratic official who said, ". . . I hope people are checking this one out. It was peculiar. There were a lot of people who didn't speak English or spoke very, very poor English."²³² The Committee has not found any evidence of similar concerns at the White House. President Clinton again singled out Huang and Charlie Trie for praise in front of the donors they solicited. He did so for good reason. The event was slated

²²⁵ White House Communications Agency videotape of the Feb. 19, 1996 Hay Adams fundraiser, Tape 5.

²²⁶ *Id.*

²²⁷ White House Communications Agency videotape of the May 13, 1996 Sheraton Carlton event, Tape 6 [Emphasis added].

²²⁸ Giroir Deposition at 154.

²²⁹ *Id.*

²³⁰ Also at the head table were Nina Wang, a foreign national unable to contribute, and Mark Jimenez, who was recently indicted by the Justice Department for among other things, conduit contributions. DNC Document Production DNC 1604073 (seating list for the head table at the May 13, 1996 Sheraton Carlton event).

²³¹ Memorandum of Interview of Jitu Somaya, Apr. 21, 1998, at 2–3.

²³² Los Angeles Times, Dec. 21, 1997, at A1.

to raise \$500,000,²³³ but documents provided to the Committee show that \$577,000 was raised from only 23 different donors.²³⁴

c. July 22, 1996

Huang also organized a July 22, 1996 fundraising dinner held in Century City, California. For all of his hard work, Huang earned the praise of President Clinton in front of the constituency Huang needed to impress the most. Although Huang fell short of the \$1 million goal, President Clinton said, "And I'd like to thank my long-time friend, John Huang . . . Frankly he's been so effective, I was amazed that you were all cheering for him tonight after he's been around, his aggressive efforts to help our cause."²³⁵

DNC Chairman Don Fowler revealed that President Clinton's remarks about Huang were not meant as a recognition of Huang's hard work, but instead, "It was a laying of his hands on John's head . . . The president was saying 'He's my friend; he's a good guy.' He was creating a connection. It was a way of indirectly soliciting the guests."²³⁶

James and Aileen Riady attended the event, which was shortly before the intimate Jefferson Hotel gathering in Washington, DC.²³⁷ James Riady's company, LippoBank or the Lippo Group, also had a table at the event.²³⁸ Sitting next to the President at the head table were two foreign nationals, James Riady and Ted Sieong, neither of whom were legally able to contribute to the event.²³⁹ Several of the Asian Americans at the dinner commented on the attendees, noting that "they could not recall seeing so many people from the People's Republic of China at such an event."²⁴⁰

Apparently Huang, desperate to fill the event, asked Jessica Elnitiarta, Sieong's daughter, to bring as many people as she could.²⁴¹ She made the largest contribution of the event, \$50,000, earned her father a seat next to the President and brought 48 other friends to the event. According to DNC fundraiser Chong Lo, a large group of Taiwanese government officials and businessman also attended this event.²⁴² This delegation originally was scheduled to attend an event the next day in San Francisco organized by the Lotus Fund. However, Charlie Trie and John Huang intervened and persuaded Norman Young, Vice Chairman of the Lotus Fund, to have the delegation attend the event in Century City in-

²³³ DNC Finance Summary for May 1996 Events, F 0046523.

²³⁴ In is not clear how many individuals attended this event as the DNC never produced a full list of attendees. From a partial list, at least 132 people attended. DNC Document Production DNC 3341365-367; see generally Check tracking forms attributed to the May 13, 1996 event at the Carlton Hotel.

²³⁵ White House Communications Agency videotape 17, July 22, 1996. The Committee has been unable to determine the total amount raised for this event. Based on check tracking forms supplied to the Committee by the DNC, the amount raised was around \$400,000. Another source listed the amount raised as \$700,000. Los Angeles Times, Dec. 21, 1997 at A1.

²³⁶ *Id.*

²³⁷ DNC Document Production F 0046458-463 (List of names for Win '96 Badges at the July 22, 1996 Century City event).

²³⁸ Deposition of Harold Arthur, Senate Committee on Governmental Affairs, Apr. 25, 1997, at 26-28.

²³⁹ Exhibit 60; see Chapter on Ted Sieong for further discussion.

²⁴⁰ David Willman, Allan C. Miller & Glenn F. Bunting, *What Clinton Knew: How a Push for New Fund-Raising Led to Foreign Access, Bad Money and Questionable Ties*, L.A. Times, Dec. 21, 1997, at A1.

²⁴¹ Senate Committee on Governmental Affairs report at 970.

²⁴² Statement of Chong Lo.

stead.²⁴³ This delegation's political contribution allegedly came from Taiwan through California National Bank in San Francisco.²⁴⁴ The Committee has not been able to identify the Taiwanese government officials or businessmen who attended the event.

Generally, the fundraisers organized by Huang should have raised concerns among the DNC hierarchy. Many of Huang's events were attended by individuals who were not able to speak English, or were widely known to be foreign nationals. In particular, the President and senior levels of the DNC and White House knew that James Riady was not a U.S. citizen and that he did not live in the United States. Another example is Nina Wang, who sat at the head table with the President during at least two events, and attended several others. It is widely known that Ms. Wang is a billionaire from Hong Kong. However, she and other foreign nationals were able to attend fund raising events with the President of the United States, and no issues of impropriety were ever raised by White House officials.

CONCLUSION

The Riady family, as foreign nationals, had unprecedented access to President Clinton and the highest levels of his administration. Although the family knew then-Governor Clinton in Arkansas, there is no indication that they were the best of friends. In fact, the bulk of the Riadys contributions came after Clinton had won the primary in 1992, and it appeared that he had a strong chance of winning the Presidency with enough financial support. Significant questions remain, among others: why the Riadys and their employees contributed so much money in the late days of the 1992 campaign; why the Riadys helped John Huang move to the DNC in the 1996 elections; and, what the Riadys wanted in return.

Unfortunately, an unprecedented number of individuals have invoked their Fifth Amendment right against self-incrimination or fled the country in the face of questions posed by representatives of the American public. Only pieces are left to be patched together to form some sort of story. Investigators must draw inferences from the information they are able to gather, because there are few people with whom to talk.

The Committee knows that the Riadys contributed close to a million dollars toward Clinton's election in 1992. The family then had access to the President, his staff, and high level department and agency officials. The Riadys concerns were heard. Although administration policies such as MFN, sibling preference in immigration, and access to Vietnam were changed, questions still remain about what impact contributions may have had on the shift.

The Committee also knows that the Riadys were active in the 1996 election. The Lippo Group's former executive John Huang became a DNC fundraiser, with the assistance of James Riady. Over half of the money raised by John Huang was returned by the DNC because it was either illegal or inappropriate. Even more of the 1996 DNC contributions are illegal, inappropriate, or suspect. Through examining bank records, the Committee has determined

²⁴³ Statement of Chong Lo.

²⁴⁴ *Id.*

that even more money should be returned. Both Huang and the Riadys had ties to many of the individuals involved in the fundraising scandal. However, because the illegalities were discovered, nobody will know what might have occurred after the 1996 elections.
[Supporting documentation follows:]

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CHAPTER IV, PART B

**UNPRECEDENTED INFUSION OF FOREIGN MONEY INTO
THE AMERICAN POLITICAL SYSTEM:**

**YAH LIN “CHARLIE” TRIE AND HIS RELATIONSHIP WITH
THE CLINTON ADMINISTRATION**

YAH LIN "CHARLIE" TRIE AND HIS RELATIONSHIP WITH THE CLINTON ADMINISTRATION

INTRODUCTION

Charlie Trie was one of the first major DNC fundraisers to come under public scrutiny in the wake of the 1996 election. Many of Trie's most notorious fundraising activities were not made public until months after the 1996 election. The DNC has taken the position that Trie was a rogue fundraiser with no official ties to the Democratic party. The White House has taken the position that Trie was an old acquaintance of the President from Arkansas, but not a White House intimate. The Committee has continued to investigate Trie's activities, and the material uncovered to date demonstrates that Trie is a central figure in the plan to funnel illegal campaign contributions into the 1996 campaign.

The facts uncovered by the Committee indicate that Trie was a close friend of President Clinton with wide-ranging access to the White House, Presidential advisors, and Clinton Administration officials. It appears that Trie used his access to the Administration and the DNC to promote a number of different interests, including his own and those of his Asian business associates. In promoting these interests, Trie received extraordinary treatment from the White House and the Administration. Trie was allowed to bring a Chinese national, Wang Jun, who was the head of a Chinese weapons company, to a February 1996 coffee with the President when other major donors were not allowed to bring guests to the coffees. Trie received the personal attention of a Deputy Assistant Secretary of Commerce, Jude Kearney, who introduced Trie to numerous American business contacts. Trie also received the assistance of the DNC in ventures ranging from the mundane, such as White House tours, to the significant, such as hosting events for the Secretary of Commerce. Finally, the White House itself gave Trie an incredible helping hand. The White House placed Trie on an expert Asian trade panel in 1996, when by all accounts, he was completely unqualified to serve. Trie used this appointed position to promote himself and his business interests.

However, there are still many unanswered questions regarding Charlie Trie's relationship with the White House and DNC that the Committee continues to investigate. Many of these questions cannot be answered because of the persistent stonewalling faced by the Committee. Trie's innermost circle of friends and associates has either fled the country or invoked their Fifth Amendment rights. Trie has taken the Fifth, been indicted, and faces trial in February 1999. Antonio Pan, who was indicted with Trie for violating Federal election laws, has fled the country. Ng Lap Seng, Wang Jun, and most of Trie's foreign benefactors have refused to cooperate with Committee investigators. The Clinton Administration has pro-

vided no assistance in obtaining the cooperation of foreign governments.

Trie's American associates, including many linked to the DNC and White House, have invoked their Fifth Amendment privileges, including former senior White House aide Mark Middleton, John Huang, and Commerce Department employee Melinda Yee. As described throughout this chapter, the final barrier the Committee has faced is a consistent lack of candor and cooperation even from those witnesses who have testified. Trie associates such as Ernie Green, Charles Duncan, and Jude Kearney have testified, but their testimony is plagued either with inconsistencies with the testimony of other witnesses and documentary evidence, or by frequent, disturbing lapses of memory.

Finally, the Committee's investigation of Trie has been hampered to a certain extent by the Justice Department's ongoing prosecution of Trie. A number of documents belonging to Trie were seized by the Justice Department, and are not available to the Committee until after Trie's trial. In addition, Trie's pending trial has made it impossible for the Committee to grant immunity to a number of witnesses close to Trie who would offer highly relevant testimony about his fundraising activities. For example, the Committee has located and obtained a proffer from a confidential witness offering substantial evidence against Trie, but the Justice Department has refused to approve the Committee's plans to grant immunity until Trie's trial is over. Trie's trial has already been delayed once, exacerbating the difficulties faced by the Committee. The Committee is hopeful that after Trie's trial, these documents and witnesses will be made available to the Committee so that its investigation may continue.

I. TRIE'S ARKANSAS ROOTS

Yah Lin "Charlie" Trie was born on August 15, 1949, in Fangcheng Hsien, Honan Province, China, and lived in Taiwan with his family from January 1965 to January 1976.¹ Trie emigrated to the United States in February 1976 and began working at Charlie Chan's restaurant in Little Rock, Arkansas.² By 1978, Trie was a co-owner of the Fu Lin restaurant in Little Rock, Arkansas, with his sister, Dailin Outlaw.³

Charlie Trie's political activity began long before he moved to Washington in 1994. In fact, Trie began donating to Clinton campaigns even before he became a citizen on December 7, 1984.⁴ In a 2-week period beginning on September 29, 1982, Trie gave Bill Clinton's gubernatorial campaign five separate checks totaling \$1,100 and his wife, Wang Mei Trie, gave another \$100 on October

¹ Declaration of the Taipei Municipal Police Headquarters, Jan. 22, 1976 (Exhibit 1). There are a number of unexplained discrepancies regarding Trie's birth and immigration records. Trie has claimed at least four different birthdays. In addition, there are contradictory documents regarding Trie's birthplace and residence in Asia. Trie claims in his biography to have been born and raised in Taiwan for 26 years. See Biography of Yah Lin Trie. However, documents prepared by Taiwanese authorities state that Trie was born in the People's Republic of China, and lived there for 16 years before moving to Taiwan.

² INS Application to File Petition for Naturalization for Yah Lin Trie, Aug. 4, 1983; INS Biographic Information form for Yah Lin Trie, July 14, 1983.

³ INS Biographic Information form for Yah Lin Trie, July 14, 1983.

⁴ Certificate of Naturalization for Yah Lin Trie, Dec. 7, 1984.

23, 1982.⁵ Bill Clinton's campaign acknowledged Trie's contributions with five thank you letters and Bill Clinton, after returning to the governor's mansion in 1982, became a frequent guest at Trie's restaurant.⁶ Clinton and Trie appear to have developed a friendship during this period of time. In 1988, the President appointed Trie to the Arkansas Fire Extinguisher Board.⁷ Trie's daughter told friends that her father and Governor Clinton often played basketball together in Arkansas.⁸ It was during this period of time that Trie began referring to then-Governor Clinton as "Lao Ke," a colloquial Chinese term meaning "Big Boss."⁹ President Clinton has also spoken publicly of their friendship. At a May 1996 DNC fundraiser, Clinton recognized Trie and remarked that:

Soon it will be twenty years that I had my first meal with Charlie Trie. Almost twenty years, huh? Twenty years in just a few months. At the time, neither of us could afford a ticket to this dinner, it's fair to say.¹⁰

A short time later, at a California fundraiser, President Clinton told Trie's sister, "[y]our brother has been my close friend for two decades."¹¹

The Committee has also learned that Trie's ties with a number of his associates in the fundraising scandal predate Trie's arrival in Washington in 1994. Many of these relationships go back to Arkansas in the mid-1980s. For example, it was at the Fu Lin restaurant in 1983 that Trie met Antonio Pan, then an employee of a company called United Pacific Trading Inc.¹² Trie's fundraising activities with Pan in 1995 and 1996 led to the indictment of both. Early in the 1980s, James Riady of the Lippo Group sent one of his executives, Peter Chen, and Chen's assistant Pan to Little Rock to run United Pacific, a Lippo subsidiary.¹³ Pan worked in Little Rock for 2 years before he was forced to leave the United States in 1985 because he was unable to obtain a work permit.¹⁴ Trie would renew his relationship with Chen and Pan in 1995, when both would begin working with him.¹⁵

While running his small restaurant in Little Rock, Trie also struck up a relationship with James Riady of the Lippo Group. Riady and his family were leaders in Little Rock's small Asian community, and Trie had met them in this context.¹⁶ Trie also received

⁵ Donor History form for Yah Lin Trie, Clinton-Gore Document CG92B-00527-28 (Exhibit 2); Donor History form for Wang Mei Trie, Clinton-Gore Document CG92B-00526 (Exhibit 3).

⁶ Exhibit 2.

⁷ Jill Abramson and Marcus W. Brauchli, "Mr. Trie Was Serving Noodles to Clinton Before Oodles of Cash," the Wall Street Journal, Dec. 18, 1996 at A1.

⁸ Interview of Susan Lee, Summer 1997.

⁹ Translation by Herman Liang. See Lena H. Sun and Dan Morgan, "Asian Firm's First U.S. Ties Included DNC; Contribution Followed 10 Days in Arkansas," the Washington Post, Dec. 1, 1996 at A1.

¹⁰ White House Communications Agency videotape No. 6, May 13, 1996. Of course, Trie still could not afford the ticket to the May 13 fundraiser, or any other DNC event that he attended without the assistance of foreign nationals.

¹¹ Deposition of Manlin Foung, House Committee on Government Reform and Oversight, Sept. 29, 1997 ("Foung Deposition"), at 55.

¹² Interview of Rush Deacon, June 22, 1998, at 2.

¹³ Id.

¹⁴ Id.

¹⁵ Business card for Antonio Pan, chief executive officer, Daihatsu International Trading, Inc. (Exhibit 4).

¹⁶ Andrea Harter, "Trie Tried to Make LR Click for Him," Arkansas Democrat-Gazette, Sept. 28, 1997 at 1A.

a \$60,000 loan from Riady in 1985 which allowed him to expand his restaurant operations.¹⁷ Trie would proudly mention his connections with Riady in 1996, after meeting with him in Jakarta.¹⁸

In November 1991, Trie sold his restaurant and began a new career path by starting Daihatsu International Trading Corp., an import-export business.¹⁹ Trie was hoping to use his contacts in Asia to strike trade deals between Chinese and U.S. businesses on a wide variety of commodities. Trie attempted to put together deals ranging from chickens to wrenches to cigarette filters. Almost all of these deals ended in failure.²⁰ For his efforts, though, Trie received a letter from President-elect Bill Clinton shortly after the 1992 election, congratulating him on establishing Daihatsu International and thanking him for expanding trade and understanding between the United States and China:

I am pleased to hear that you are establishing a branch of your company, Daihatsu International, in the People's Republic of China. . . . I wish you success in your new venture, and I appreciate your efforts for our state. Please let me know about your progress.²¹

As part of his import-export business, Trie began making frequent trips to China. During one such trip in September 1992, Trie traveled to Changchun City, China, with several Arkansas businessmen and the Arkansas State Auditor, Julia Hughes Jones.²² Through Trie's efforts, this business trip evolved into a formal sister city relationship between Little Rock and Changchun City in May 1995.²³ Trie apparently attempted to capitalize on his friendship with Bill Clinton even before he became a major donor to the DNC. Before his fundraising improprieties were exposed, Trie told an Arkansas newspaper: "[i]n China, people want to know you before they do business with you."²⁴ The reporter then observed that "Chinese also like to see some proof that you are known and trusted by prominent people. Trie's letter of best wishes from President-Elect Bill Clinton, for example, has helped."²⁵

At the same time as he was traveling to China, Trie also brought at least eight delegations of Chinese government officials and businessmen to the United States.²⁶ For one such delegation in April 1993, Trie enlisted the help of Julia Hughes Jones, to arrange a picture between a PRC governor and President Clinton.²⁷ In his response to the request, Anthony Lake stated:

The delegation is led by a governor; immediately after his visit another delegation, led by a PRC Vice Minister, arrives in Washington. If we arrange for the governor to meet with the President, we will also need to arrange a

¹⁷ U.S. Small Business Administration Portfolio Financing Report, May 31, 1985 (Exhibit 5).

¹⁸ Interview of Clyde Prestowitz, Feb. 18, 1998 ("Prestowitz Interview"), at 3.

¹⁹ Daihatsu International Certificate of Incorporation, Nov. 14, 1991, IGI Document HS012411.

²⁰ Interview of Jody Webb, Aug. 29, 1998 ("Webb Interview"), at 7.

²¹ Letter from Bill Clinton to Charlie Trie, Nov. 10, 1992 (Exhibit 6).

²² Interview of Julia Hughes Jones, Senate Committee on Governmental Affairs, June 19, 1997, at 2-3.

²³ *Id.*

²⁴ Doug Thompson, Expatriate Opening Trade Route to China, Arkansas Democrat-Gazette, Aug. 14, 1994 at 1G.

²⁵ *Id.*

²⁶ Webb Interview at 4-5.

²⁷ Memorandum from Anthony Lake to Thomas F. McLarty, Apr. 13, 1993 (Exhibit 7).

similar meeting for the Vice Minister, who outranks him. Foreign provincial officials do not normally meet with heads of state.²⁸

Despite the barriers to Trie's request identified in Lake's memo, Trie apparently got his way because he entered the White House on April 16, 1993 for what was described as a "photo op."²⁹

Trie's efforts did not go unnoticed in Asia. By early 1994, Ng Lap Seng, a wealthy Macau businessman, became Trie's partner in his latest venture, an attempt to purchase the dilapidated Camelot Hotel in Little Rock. Trie and Ng entered the United States in March 1994 to discuss the hotel proposal and inspect the building. Ng brought \$80,000 in cash with him on his trip to the United States.³⁰ Witnesses later saw Ng give Trie thousands of dollars in cash.³¹ These seem to be the earliest examples of the receipt by Trie of large amounts of money from Ng Lap Seng. In the coming years, Trie was to receive over \$1 million from Ng, over \$130,000 of which he would funnel into the DNC.

Ng has not cooperated with any of the campaign finance investigations. Nevertheless, the Committee has been able to learn a number of critical facts regarding Ng. Ng came to Macau from Guangzhou in China in 1979 "flat broke," and worked in the Macau garment business.³² However, soon Ng had experienced a remarkable metamorphosis, and by the 1990s, was a wealthy Macau landowner. How Ng's transformation was accomplished is currently unknown. However, there are a number of facts about Ng that are known, and reveal a great deal about his roots and loyalties. Ng owns a casino/hotel complex in Macau that is reportedly frequented by Macau gangs.³³ Ng denies that he has any connections with organized crime.³⁴ However, it is Ng's political ties that are of the greatest interest. Ng is a member of the Chinese People's Political Consultative Congress, a communist organization in the People's Republic of China.³⁵ The Committee has also interviewed a witness who for several years worked closely with Ng in Hong Kong and Macau.³⁶ That witness informed the Committee that Ng was a peasant farmer before coming to Macau, but somehow had been selected to act as a front for municipal and provincial authorities in the People's Republic of China.³⁷ The witness also informed the Committee that Ng is poorly educated, and still does not understand many aspects of his business, frequently erupting in anger

²⁸ Id.

²⁹ Summary of Charlie Trie's Visits to the White House, White House Counsel's Office.

³⁰ Currency Transaction Report for Ng Lap Seng, Mar. 23, 1994 (Exhibit 8).

³¹ The amount of cash Ng gave to Trie is in dispute. It ranges from \$5,000 to \$20,000. See Deposition of Lorin Fleming, Senate Committee on Governmental Affairs, July 11, 1997, at 37; Deposition of Dwight Linkous, Senate Committee on Governmental Affairs, July 10, 1997, at 33-38.

³² Niles Lathem, "Chinese Checkered Past of Trie Funder," New York Post, Mar. 1, 1998, at 2.

³³ Id.

³⁴ Niall Fraser, "I'm Caught in Crossfire on Clinton, Says Tycoon," South China Morning Post, Oct. 19, 1997, at 3.

³⁵ Lena H. Sun and John Pomfret, "China Adviser's Gift to DNC Under Review, After Audit, Party Will Return More Donations" Washington Post, Feb. 25, 1997, at A1.

³⁶ The witness, George Johnson, worked at the Consolidated Trust Co. in Hong Kong, where he interacted frequently with Charlie Trie and Trie associates William Peh and Ng Lap Seng.

³⁷ Interview of George Johnson, Feb. 13, 1998 ("Johnson Interview"), at 2.

at business meetings.³⁸ For his part, Ng has made few comments regarding the campaign finance scandal. In one of his rare media interviews, he made the following comments:

I am very upset, especially about this allegation that I am linked to organised [sic] crime. It is absolutely untrue and has no basis in fact. I don't like to talk a lot because when you find yourself caught up in something like this, it is very difficult to talk your way out. This is political. There is a purpose to all this and the target is President Clinton.³⁹

While Ng has made these statements in the press defending himself and President Clinton, he has never cooperated with Committee investigators.

Ng and Trie ultimately lost the bid on the Camelot Hotel. However, during the bidding process, Trie and Ng made many valuable contacts. One prominent lawyer who assisted Trie and Ng was C. Joseph Giroir.⁴⁰ Giroir was a close friend of Clinton and a major DNC fundraiser. At one point during the bidding process, a local official questioned the source of the money offered by Trie and Ng Lap Seng, suggesting that Ng had criminal ties in Asia.⁴¹ Giroir responded angrily, calling the questions "inappropriate and offensive."⁴² But, with the failure of the Camelot Hotel project, Trie again changed his business focus, and decided to open an office in Washington, DC.⁴³

II. TRIE COMES TO WASHINGTON

Shortly after his failed attempt to purchase the Camelot Hotel, Trie moved to Washington, DC, to open a branch of Daihatsu. Trie's move to Washington in the summer of 1994 coincided with his first major contributions to the DNC, and the expansion of his ties to the White House. Trie's contributions allowed him to go from an obscure owner of a Chinese restaurant to a frequent guest at DNC galas and visitor at the White House. In June 1994 alone, Trie visited the White House four times.⁴⁴

In this period of time, Trie would also make his first contributions to the DNC. Over the course of the next 2½ years, these contributions would total over \$229,000. A summary of contributions made by Trie, his family, and his companies follows:

Date	Donor	Amount	Recipient
May 14, 1994	Yah Lin Trie	\$20,000	DNC.
May 14, 1994	Yah Lin Trie	60,000	DNC.
May 25, 1994	Wang Mei Trie	20,000	DNC.
June 21, 1994	Daihatsu International	7,500	DNC.
August 1, 1994	Yah Lin Trie	20,000	DNC.
October 20, 1994	San Kin Yip International	15,000	DNC.

³⁸ Id.

³⁹ Niall Fraser, "I'm Caught in Crossfire on Clinton, Says Tycoon," South China Morning Post, Oct. 19, 1997, at 3.

⁴⁰ Letter from C.J. Giroir, Jr. to Board of Directors, City of Little Rock, May 20, 1994 (Exhibit 9).

⁴¹ Interview of Lorin Fleming, Senate Committee on Governmental Affairs, Aug. 12, 1997 at 3.

⁴² Exhibit 9.

⁴³ Interview of Jody Webb, Senate Committee on Governmental Affairs, June 20, 1997 at 3.

⁴⁴ Worker and Visitor Entry System [WAVES] Records of Yah Lin Trie.

Date	Donor	Amount	Recipient
April 7, 1995	Yah Lin Trie	500	Daschle Campaign.
April 26, 1996	Yah Lin Trie	1,000	Stodola Campaign.
June 22, 1995	Daihatsu International	50,000	DNC.
June 26, 1995	E-Fong Do Trie	2,000	Daschle Campaign.
June 26, 1995	Wang Mei Trie	1,000	Clinton/Gore '96.
February 29, 1996	Daihatsu International	12,500	DNC.
March 21, 1996	Yah Lin Trie	1,000	Matsui Campaign.
May 6, 1996	Yah Lin Trie	1,000	Mark Warner Campaign.
May 12, 1996	Yah Lin Trie	10,000	DNC.
July 31, 1996	America-Asia Trade Center	3,000	DNC.
August 26, 1996	Yah Lin Trie	560	Fund for Democratic Leadership.
August 28, 1996	Yah Lin Trie	1,000	Coopersmith Campaign.
September 28, 1996	Yah Lin Trie	2,000	DNC.
October 2, 1996	Yah Lin Trie	1,000	Fund for Democratic Leadership.

A. TRIE'S FIRST DNC CONTRIBUTIONS

1. *The June 22, 1994, Presidential Gala*

Charlie Trie was first solicited to contribute to the DNC in connection with the June 22, 1994 Presidential Gala in Washington, DC. Trie was solicited to give \$100,000 to the DNC, even though he had never made any significant political contributions previously. No one at the DNC demonstrated any concern about taking \$100,000 from an obscure Arkansas restaurateur with little apparent wealth. Trie was rewarded with an immediate entree into the world of Washington insiders and Presidential intimates, and the DNC was rewarded with badly-needed campaign cash.

Trie was solicited to make his first contributions to the DNC by Richard Mays, a close friend of the President from Arkansas. Mays had been appointed to the Arkansas bench by Governor Clinton, and was also a longtime major DNC donor and fundraiser. Mays claims that he knew Trie from patronizing his restaurant in Little Rock.⁴⁵ Mays claimed not to recall the exact circumstances of his solicitation of Trie, but did state that he "had the distinct impression that [Trie] was in a position to contribute, and wanted to make a contribution."⁴⁶ Mays says he based his conclusion that Trie was in a "position to contribute" to the DNC on the fact that Trie was traveling between Little Rock and Washington, DC:

QUESTION. When you say "in a position to contribute," do you mean he had sufficient money to contribute?

MAYS. I felt he did.

QUESTION. And how did you get that impression?

MAYS. I don't know how I got that impression, but frequently, he seemed like he was traveling extensively, you know, I knew he owned that Chinese restaurant down there, and he apparently had engaged in some business, other business interests. I really didn't have a specific judgment that, in fact, he could, but I certainly thought it was worth talking to him about it.

* * * * *

⁴⁵Deposition of Richard L. Mays, House Committee on Government Reform and Oversight, Nov. 5, 1997 ("Mays Deposition"), at 30.

⁴⁶Id. at 37.

Question. Would you ever see him anywhere other than D.C. or Little Rock?

MAYS. I don't recall that I have. I mean, I am not saying I haven't, but I don't recall.⁴⁷

Mays asked Trie what he could contribute, and Trie told him \$100,000.⁴⁸ Mays claims that he was not surprised by Trie's offer of \$100,000, even though this was the largest contribution he had ever solicited.⁴⁹ Trie's \$100,000 contribution was used for the DNC's Health Care Campaign, which was a public campaign to promote the President's health care legislative proposal.⁵⁰

At this point, Mays claimed he still had no concern that a political novice with little apparent wealth had pledged \$100,000 to the DNC. Rather than conducting any background research of Trie, or looking into the source of Trie's funds, he introduced Trie to Terry McAuliffe, then the Finance Chairman of the DNC.⁵¹ Mays set up a breakfast meeting between McAuliffe and Trie. At this meeting, Trie confirmed that he would make a \$100,000 contribution to the DNC, and asked only that he be prominently seated at the June 22 gala.⁵² When asked if he ever had a concern about the source of Trie's contributions, Mays responded "[w]hy would I have some concern?"⁵³

However, Richard Mays was not the only person who accepted Charlie Trie's \$100,000 contribution without asking any questions. To his recollection, no one at the DNC ever expressed any concern about Trie's \$100,000 contribution.⁵⁴ David Mercer, the deputy finance director at the DNC, stated that:

I had no concerns. Whether it was in a situation that here is a guy who wrote a \$100,000 check, Arkansas ties, and part of the family, if you will, . . . it's not for me to have those concerns unless something was presented to me by Charlie, which nothing was. . . .⁵⁵

At this time, Terry McAuliffe claims that the DNC had an extensive system in place to check contributions to the DNC:

So we generally knew most of the people, and we had a very good process, and I would like to state for the record in 1994, we haven't had any problems with checks. . . . I know Laura [Hartigan] checked everybody who sat at a head table.⁵⁶

Of course, there have been problems with contributions made to the DNC in 1994, despite McAuliffe's pride in the DNC's vetting system. If Charlie Trie's initial contributions were vetted, the sys-

⁴⁷ Id. at 38-39.

⁴⁸ Id. at 39.

⁴⁹ Id. at 41.

⁵⁰ Memorandum from David Mercer to John O'Hanlon, June 18, 1994, DNC Document F0045848. The DNC's Health Care Campaign was directed in large part by Harold Ickes.

⁵¹ Mays Deposition at 42.

⁵² Id. at 44.

⁵³ Id. at 45.

⁵⁴ Id. at 45.

⁵⁵ Deposition of David L. Mercer, House Committee on Government Reform and Oversight, Aug. 21, 1997 ("Mercer Deposition I"), at 125.

⁵⁶ Deposition of Terence McAuliffe, Senate Committee on Governmental Affairs, June 6, 1997 ("McAuliffe Deposition"), at 82.

tem still allowed an obscure individual with no personal wealth to give \$100,000 to the Democratic party.

a. Trie's \$100,000 Contribution Came from Ng Lap Seng

Trie's \$100,000 was given to the DNC in three installments: first, a check for \$20,000 dated May 14, 1994;⁵⁷ second, a check for \$60,000 dated May 14, 1994;⁵⁸ and third, a check for \$20,000 dated May 25, 1994.⁵⁹ These contributions were drawn on the First Commercial Bank account held by Charlie and Wang Mei Trie. The contributions were made from \$100,000 in funds wired directly from Lucky Port Investments, a Hong Kong corporation with no U.S. operations.⁶⁰ In addition, Trie gave \$7,500 through his company, Daihatsu International Trading Corporation, for this event.⁶¹ Although Richard Mays is listed as the solicitor of this contribution, he failed to recall why he solicited it, or even if he solicited it at all.⁶² Nevertheless, the \$7,500 contributed by Daihatsu was similarly derived from foreign sources. Just as Charlie and Wang Mei Trie's personal account at First Commercial Bank received a \$100,000 wire transfer from Lucky Port shortly before the contribution, the Daihatsu bank account at First Commercial similarly received a wire transfer of \$100,000 from Ng Lap Seng's account at the Bank of China in Macau shortly before the \$7,500 contribution was made.⁶³

b. Ng Lap Seng's Cash

Two days before the gala, Ng Lap Seng and his wife entered the United States. Ng brought \$175,000 in cash with him for his short stay in the United States.⁶⁴ It is unclear what Ng did with this cash during his stay. Two days later, on June 22, Ng and Trie entered the White House for a meeting with Mark Middleton.⁶⁵ The three later had lunch at the White House mess.⁶⁶ It is currently unknown what was discussed at this meeting since Trie and Middleton have invoked their Fifth Amendment rights, and Ng has not cooperated with investigators.

c. Benefits Received by Trie

Trie received a number of benefits for making his large contributions to the DNC. First, he was permitted to bring two tables of guests to the June 22 gala. Among his invitees were: Ng Lap Seng,

⁵⁷ DNC Check Tracking Form for Contribution of Yah Lin Trie, May 14, 1994, DNC Document DNC 3053401 (Exhibit 10).

⁵⁸ DNC Check Tracking Form for Contribution of Yah Lin Trie, May 14, 1994, DNC Document DNC 3053400 (Exhibit 11).

⁵⁹ DNC Check Tracking Form for Contribution of Yah Lin Trie, May 25, 1994, DNC Document DNC 1075637 (Exhibit 12).

⁶⁰ First Commercial Bank, N.A. Wire Transfer of \$99,985.00 from Lucky Port Investments Ltd. to Yah Lin Trie or Wang Mei Trie; First Commercial Bank, N.A. Statement for Yah Lin Trie and Wang Mei Trie, May 1994 (Exhibit 13); see also Report, Senate Committee on Governmental Affairs, Investigation of Illegal or Improper Activities in Connection with 1996 Federal Election Campaigns, at 2526.

⁶¹ DNC Check Tracking Form for Contribution of Yah Lin Trie, June 21, 1994, DNC Document F0048749 (Exhibit 14).

⁶² Mays Deposition at 61–62.

⁶³ First Commercial Bank, N.A. Wire Transfer of \$99,985 from Ng Lap Seng to Daihatsu International Trading; First Commercial Bank, N.A. Statement for Daihatsu International Trading Corp., May 1994.

⁶⁴ Currency Transaction Report for Ng Lap Seng, June 20, 1994 (Exhibit 15).

⁶⁵ WAVES records for Yah Lin Trie and Ng Lap Seng, June 22, 1994.

⁶⁶ DNC Reimbursement of White House Mess Bill, DNC Document DNC 0328622 (Exhibit 16).

the source of much of his money; Pun Nun Ho, the wife of Ng; Jude Kearney, a Deputy Assistant Secretary at the Department of Commerce; and Anita Middleton, the mother of Trie associate Mark Middleton.⁶⁷ Trie and his wife were seated at the head table with the President, Vernon Jordan, and DNC Chairman David Wilhelm.⁶⁸ To be seated at the head table, according to David Mercer, Trie had to be approved by both the DNC and the White House.⁶⁹ According to Dan Dutko, a DNC donor and fundraiser also seated at the head table, the Tries were “embarrassingly silent” throughout the dinner, and did not seem to know anyone at the table.⁷⁰ However, both Trie and Ng did have their photographs taken with the President and First Lady at this event.⁷¹

How Charlie Trie went from an obscure Arkansas restaurateur to a major DNC donor and fundraiser raises a number of questions. How was it possible for him to donate over \$100,000 without raising the slightest suspicion at the DNC at a time when the DNC claims it was still vetting contributions?⁷² Trie was someone the President knew well. Did the President have any idea how Trie came into such great wealth? The Committee will not know all of the answers until someone in Charlie Trie’s inner circle stops taking the Fifth and starts cooperating with the investigation. However, there certainly were warning signs regarding Trie. It is clear that whatever signs were present, they were disregarded by DNC fundraisers eager to bring in campaign funds. What is more remarkable is that warning signs regarding Trie continued to multiply. Still, the DNC continued to demand money from Trie, and the White House continued to make Trie its honored guest.

2. *The August 2, 1994 Presidential Birthday Event*

The next major DNC event attended by Trie after the June 22 gala was the August 2, 1994, Presidential Birthday fundraiser in Prince George’s County, Maryland. Trie contributed an additional \$20,000 to attend this event.⁷³ The source of this \$20,000 was a wire transfer of \$100,000 from Ng Lap Seng’s Bank of China bank account in Macau.⁷⁴ Ng Lap Seng came to the United States to attend this event. On July 31, Ng entered the United States, bringing with him \$42,000 in cash.⁷⁵ On August 1, 1994, Ng and Trie entered the White House to meet and have lunch with Mark Middleton.⁷⁶ The following day, on August 2, Trie and Ng went to the Presidential Birthday fundraiser. Although Ng did not officially

⁶⁷ Facsimile from Charlie Trie/Jody Webb to David Mercer, June 21, 1994, DNC Document F0045837 (Exhibit 17).

⁶⁸ Photograph of head table, June 22, 1994 (Exhibit 18).

⁶⁹ Mercer Deposition I at 112.

⁷⁰ Interview of Dan Dutko, Aug. 19, 1998.

⁷¹ Photograph of Yah Lin Trie with President Clinton and Hillary Clinton, June 22, 1994 (Exhibit 19); photograph of Ng Lap Seng with President Clinton and Hillary Clinton, June 22, 1994 (Exhibit 20).

⁷² McAuliffe Deposition at 80–82. It was not until after the 1996 election that the DNC admitted that their vetting of major contributors ended in May 1994. Deposition of Jeffrey King, Senate Committee on Governmental Affairs, June 26, 1997, at 24, 30.

⁷³ DNC Check Tracking Form for Contribution of Yah Lin Trie, Aug. 1, 1994, DNC Document F0048754 (Exhibit 21).

⁷⁴ See Wire Transfer of \$100,000 from Bank of China Macau to First Commercial Bank (Exhibit 22). See also Report, Senate Committee on Governmental Affairs, Investigation of Illegal or Improper Activities in Connection with 1996 Federal Election Campaigns, at 2527.

⁷⁵ Currency Transaction Report for Ng Lap Seng, July 31, 1994 (Exhibit 23).

⁷⁶ WAVES records for Charlie Trie and Ng Lap Seng, Aug. 1, 1994.

contribute any money to the event, and was in fact not legally eligible to contribute, he is listed as an “Event Benefactor” in the event program.⁷⁷ According to internal DNC documents, “Event Benefactors” were required to either contribute \$10,000 or raise \$25,000 for the event.⁷⁸

It is unknown why Ng was listed as an “Event Benefactor” when he was ineligible to contribute, and according to FEC records, never directly contributed funds to the DNC or raised funds for the DNC. While it is clear that Ng was the source of many of Trie’s DNC contributions, the DNC has claimed that it was not aware of this fact. Nevertheless, the fact that Ng was recognized as an “Event Benefactor” on a DNC program does raise serious questions as to whether the DNC was aware of Ng’s role as the source of Trie’s generous contributions to the DNC.

Trie’s contributions to the June and August events brought him far more than a seat at the President’s table and 2 nights of contact with Democratic party donors. Shortly after the August 2 event, Trie made at least five requests of the DNC:

- (1) assistance in obtaining references for the apartment at the Watergate that he was trying to obtain;
- (2) a videotape of the Presidential Gala;
- (3) an invitation to sit on the DNC Finance Board of Directors;
- (4) participation in the Department of Commerce trade mission to China;
- (5) some kind of assistance regarding the Nam Van Lakes real estate project in Macau.⁷⁹

David Mercer, who was tasked with maintenance of high-dollar donors, quickly went to work on these tasks. First, he prepared a letter of recommendation to the Watergate for Trie, and had Susan Lavine of the DNC and Richard Mays prepare similar letters as well.⁸⁰ Mercer also spoke with Terry McAuliffe, DNC Finance Chairman, and had the invitation onto the Finance Board of Directors approved.⁸¹ Trie’s invitation onto the Finance Board of Directors required him to raise or write a total of \$250,000 in contributions to the DNC over the coming year.⁸² Mercer also contacted Kathy Hoffman at the Department of Commerce, to see if Trie could participate in any of the Department of Commerce activities during the August–September 1994 trade mission to China.⁸³ While Trie was not an official participant on the trade mission, Mercer does not recall whether he was ultimately successful in having Trie invited to trade mission activities in China.⁸⁴ Finally,

⁷⁷ 1994 Presidential Birthday Celebration program, Aug. 2, 1994, DNC Document DNC 3390023 (Exhibit 24).

⁷⁸ President Clinton’s Birthday Celebration Event Committee Requirements and Benefits, Ernest Green Document 000640 (Exhibit 25).

⁷⁹ Memorandum from David L. Mercer to Martha Shoffner, Aug. 22, 1994, DNC Document DNC 1275756 (Exhibit 26).

⁸⁰ Letter from David L. Mercer to Board of Directors, Watergate South, Aug. 18, 1994, DNC Document DNC 0045405 (Exhibit 27); Letter from Richard Mays to Board of Directors, Watergate South, Aug. 24, 1994, Watergate South Document 006168 (Exhibit 28); Letter from Susan E. Lavine to Board of Directors, Watergate South, Aug. 18, 1994, Watergate South Document 006165 (Exhibit 29).

⁸¹ Mercer Deposition I at 125.

⁸² Id. at 122.

⁸³ Id. at 126.

⁸⁴ Id. at 130. See Doug Thompson, “Expatriate Opening Trade Route to China,” *Arkansas Democrat-Gazette*, Aug. 14, 1994, at 1G. In this news interview, Trie mentions that he plans

Continued

Mercer gathered information regarding a private business project that Trie and Ng Lap Seng were pursuing in Macau, the Nam Van Lakes real estate project, as a preliminary step to helping Trie find investors for the project.⁸⁵ These actions by David Mercer were only the first of many to assist Charlie Trie with his political and private business dealings.

3. *San Kin Yip's \$15,000 Contribution in October 20, 1994*

On October 19, 1994, Ng Lap Seng entered the country on his way from Macau to Washington, DC. Ng brought with him \$25,000 in cash.⁸⁶ On October 20, Trie and Ng entered the White House for a 1:15 p.m. meeting with Mark Middleton.⁸⁷ The same day, Trie and Ng attended a fundraising dinner hosted by Vice President Gore.⁸⁸ In connection with this event, the DNC received a check for \$15,000 drafted on the account of San Kin Yip International Trading Co.⁸⁹ San Kin Yip was an American trading company that shared a name with a Macau company owned by Ng. San Kin Yip had only been incorporated 9 days earlier, and all of the funds used to make the contribution came from Ng Lap Seng's overseas bank account.⁹⁰ However, to the extent that the DNC and Charlie Trie have discussed this contribution publicly, they have attempted to make it appear that Trie made the contribution, and that the DNC accepted it from Trie without knowing the source of the money used to make the contribution. Before he fled the country in 1997, Trie told the Washington Post "[i]n this case, I think somebody made a mistake."⁹¹ Certain documents support this claim. For example, the DNC check tracking form was filled out by Richard Sullivan, and on that form, Sullivan listed himself as the solicitor of the contribution.⁹² Sullivan also wrote that the contact for the San Kin Yip contribution was Charlie Trie.⁹³ In addition, after the San Kin Yip contribution was made, David Wilhelm wrote a letter to Trie, thanking him for the San Kin Yip contribution and participation in the DNC's Business Leadership Forum ("BLF").⁹⁴

However, the Committee has located evidence which suggests that the facts regarding the San Kin Yip contribution may not be what Trie and the DNC have claimed them to be. First, the signature on the San Kin Yip check is that of Ng Lap Seng, not Charlie Trie.⁹⁵ Second, DNC records indicate that the DNC knew that the

to host a dinner in China for Secretary Brown. Moreover, Trie's American Express records indicate that he was in China in late Aug. 1994.

⁸⁵ Mercer Deposition I at 133.

⁸⁶ Currency Transaction Report for Ng Lap Seng, Oct. 19, 1994 (Exhibit 30).

⁸⁷ WAVES records for Yah Lin Trie and Ng Lap Seng, Oct. 20, 1994.

⁸⁸ Guest list for Business Leadership Forum Dinner with Vice President Gore, Oct. 20, 1994, DNC Document DNC 1619277-82.

⁸⁹ DNC Check Tracking Form for Contribution of San Kin Yip International Trading Corp., Oct. 20, 1994, DNC Document DNC 1552787 (Exhibit 31).

⁹⁰ Investigative Group International Document, HS 012504.

⁹¹ Lena H. Sun, "DNC Donor Admits 'Mistake'"; Fundraiser's Own Company Contributed Foreign-Generated Money, Washington Post, Dec. 7, 1996 at A11.

⁹² Exhibit 31. It should be noted that in his deposition before the Senate Committee on Governmental Affairs, Sullivan denied that he ever solicited contributions from Charlie Trie. Deposition of Richard Sullivan, Senate Committee on Governmental Affairs, June 4, 1997 ("Sullivan Senate Deposition"), at 103. This DNC check tracking form contradicts Sullivan's sworn statement before the Senate.

⁹³ Exhibit 31.

⁹⁴ Letter from David Wilhelm to Charlie Trie, Oct. 25, 1994, DNC Document F 0010778.

⁹⁵ While the signature is in Chinese, it is the same as another signature identified as that of Ng Lap Seng. Compare Letter from Ng Lap Seng to Mayor Richard Riordan, Sept. 28, 1994,

check came from Ng Lap Seng, not Charlie Trie. A contribution list for the October 20 event credits Ng with this contribution.⁹⁶ Finally, DNC documents show that Trie was already a member of the BLF before the October 20 event. Therefore, Wilhelm's October 25, 1994 letter to Trie was unnecessary, and was either mistaken, or was made with the purpose to distract from the fact that the \$15,000 contribution was from Ng Lap Seng, not Charlie Trie. The Committee has not received any explanation for why certain DNC records state that the October 20 contribution came from Trie, and other records state that it came from Ng. However, the facts show that in fact, the money used to make this contribution came from Ng, and that the check itself was signed by Ng. If, as documents suggest, DNC officials were aware that this contribution came from Ng Lap Seng, it raises important questions about what knowledge DNC officials had regarding foreign sources of funds.

B. TRIE'S EXPANDING CONTACTS WITH WHITE HOUSE INTIMATES

As a result of his contributions to the DNC, Trie had expanded opportunities for contact with high-level officials in the Administration. Beginning with his contributions to the DNC, Trie was a frequent guest of Special Assistant to the President Mark Middleton at the White House, and he met frequently with Commerce Deputy Assistant Secretary Jude Kearney and Presidential friend Ernie Green. Trie was able to use these contacts to advance his private business interests. In return, Trie was called upon to expand his relationship with the DNC.

1. *Mark Middleton*

It is currently unknown how Charlie Trie met Mark Middleton. However, the two had extensive contact both during Middleton's tenure in the White House, and after Middleton moved to the private sector in February 1995. While Middleton was at the White House, Trie visited him 13 times, beginning in May 1994.⁹⁷ In addition, Trie brought his benefactor Ng Lap Seng with him to a number of these meetings. Ng visited Middleton at the White House six times before Middleton's departure.⁹⁸ Since both Trie and Middleton have invoked their Fifth Amendment rights, and Ng has refused to cooperate, we do not know what was discussed at these meetings.

Currency Transaction Reports show that Ng imported large amounts of cash into the United States shortly before each of his meetings with Trie and Middleton. As described earlier, Ng brought over \$200,000 into the United States prior to his meetings with Middleton on June 22, 1994 and August 1, 1994. However, Ng also brought \$12,000 into the country 1 day before a February 16, 1995 meeting with Trie and Middleton in the White House.⁹⁹ Ng continued his importation of cash in 1996, and brought \$19,000 into the country on February 18, 1996, 1 day before Ng visited the

Maria Mapili Document 009104 (Exhibit 32) with Exhibit 31 (showing identical signature is that of Ng Lap Seng).

⁹⁶ Contributions for Gore Dinner, Oct. 20, 1994, DNC Document DNC 1619290 (Exhibit 33).

⁹⁷ WAVES records of Yah Lin Trie.

⁹⁸ WAVES records of Ng Lap Seng.

⁹⁹ Currency Transaction Report for Ng Lap Seng, Feb. 15, 1995 (Exhibit 34).

White House, and attended a major DNC fundraiser in Washington, DC.¹⁰⁰ Finally, Ng's last major importation of cash into the United States occurred on August 17, 1996, when he brought \$70,000 into the United States, 1 day before he attended the President's Birthday fundraiser in New York City.¹⁰¹

Middleton and Trie continued to share a close relationship after Middleton left the White House in February 1995. After a brief stint with International Realty Investors, Middleton opened an international consulting firm called Commerce Corp. International. Trie was a frequent visitor at Middleton's offices, and an occasional traveler with Middleton to Asia. As described below, Middleton and Trie worked together on a number of business projects, and had financial links with one another.

2. *Jude Kearney*

Trie met Jude Kearney, the Deputy Assistant Secretary for Service Industries and Finance at the Commerce Department, in China in 1993. While Kearney has testified before the Committee, his recollection on all subjects relating to Trie was extremely poor. Kearney suggests that Trie merely called him and introduced himself as an American businessman who did business in China, and who wanted to meet him.¹⁰² Kearney claimed that it was part of his job to meet individuals such as Trie, and he gladly did so. After Trie's call to Kearney, the two met in a hotel in Beijing while Kearney was touring China as part of his duties as a Deputy Assistant Secretary in the Department of Commerce. Kearney describes the meeting as a brief "get-acquainted" meeting in the lobby of Kearney's hotel in Beijing.¹⁰³ However, Kearney later wrote a letter to Trie thanking him for his "red carpet treatment" during Kearney's trip.¹⁰⁴ Kearney also wrote that it was "very helpful to have someone around who knew the ropes—especially a fellow Arkansan."¹⁰⁵ Kearney's letter appears to be inconsistent with his account of his meeting with Trie as being a "get-acquainted" meeting.

Nevertheless, Trie's cold call to Kearney appears to have started a close relationship between 1993 and the end of 1996. Kearney met with Trie a number of times between January 1993 and late 1994 and Kearney attended social events at Trie's Watergate apartment. Kearney also made an official request that Trie be included in the events held in connection with the Department of Commerce trade mission to China in August and September 1994.¹⁰⁶ Kearney stated in his testimony that Trie expressed an interest in participating in the Secretary's trade mission in some way, and Kearney passed that request on to the responsible officials at the Department of Commerce, Melissa Moss and James Hackney.¹⁰⁷ Kearney denied that he was doing Trie any special favor, and indicated that

¹⁰⁰ Currency Transaction Report for Ng Lap Seng, Feb. 18, 1996 (Exhibit 35).

¹⁰¹ Currency Transaction Report for Ng Lap Seng, Aug. 17, 1996 (Exhibit 36).

¹⁰² Deposition of Jude Kearney, House Committee on Government Reform and Oversight, Feb. 16, 1998 ("Kearney Deposition"), at 14–15.

¹⁰³ *Id.* at 19.

¹⁰⁴ Letter from Jude Kearney to Yah Lin Trie, Oct. 1, 1993, Department of Commerce Document 01BA0469 (Exhibit 37).

¹⁰⁵ *Id.*

¹⁰⁶ Memorandum from Jude Kearney to Jim Hackney and Melissa Moss, Aug. 10, 1994, Department of Commerce Document 01BA0470 (Exhibit 38).

¹⁰⁷ Kearney Deposition at 39–40.

he would pass on similar requests made by anyone.¹⁰⁸ Documents received by the Committee indicate that Trie made this same request of the DNC at the same time as Kearney made this request.¹⁰⁹ However, Kearney denied that he ever discussed Trie's request with David Mercer or any other DNC official.¹¹⁰ Kearney also denied ever discussing political contributions with Trie. Trie did however, submit documents to Kearney indicating that he was a large donor to the DNC.¹¹¹

In addition to meeting with Trie and recommending him as a host for an event on the Department of Commerce trade mission to China, Kearney helped Trie in a number of other ways. First, he introduced him to a number of private business contacts. It appears that Kearney introduced Trie to: Elvin Moon, a construction contractor; Bill Sudow, a private lawyer in Washington, DC; Ernie Green, a DNC Managing Trustee and friend of Bill Clinton; and Lauri Fitz-Pegado, a high-ranking official in the Commerce Department.¹¹² Kearney claims that his numerous introductions of Trie to other private businessmen was merely part of his job, trying to promote U.S. exports. However, it is unclear why Mr. Kearney devoted so much time trying to promote the private business interests of Charlie Trie, a person who, by all accounts, was a failure at every enterprise he attempted. In fact, Kearney himself admitted that he had no idea what Trie did for a living, and knew of no successful venture in which Trie was involved.¹¹³ Nevertheless, he had at least 10 meetings with Trie between 1994 and 1996, and introduced him to a number of high-level contacts in the public and private sectors.

3. *Ernie Green*

Among the individuals Trie met as a result of his DNC support was Ernest G. Green. Green is a managing partner at Lehman Brothers Washington, DC, office, and is a close friend of President Clinton. Trie was introduced to Green by Jude Kearney, who thought that Green might be able to assist Trie with the financing for the Nam Van Lakes real estate project in Macau, which was owned by Ng Lap Seng, and which was being promoted by Trie. However, the testimony of the persons involved differ greatly on the details of the introduction of Green to Trie. Green states that Kearney introduced him to Trie, and set up a meal where Trie, Green, Kearney, David Mercer, and Ng Lap Seng were in attendance.¹¹⁴ Kearney and Mercer, however, deny attending any introductory meeting between Green and Trie.¹¹⁵ Beginning with the Nam Van Lakes project discussed at the 1994 breakfast, Green and Trie would develop a close relationship involving travel, business, and political fundraising.

¹⁰⁸ Id. at 39–40.

¹⁰⁹ See Exhibit 26.

¹¹⁰ Kearney Deposition at 40–41.

¹¹¹ Exhibit 38 at 3.

¹¹² Kearney Deposition at 33, 48, 87, 53.

¹¹³ Id. at 111–112.

¹¹⁴ Deposition of Ernest G. Green, House Committee on Government Reform and Oversight, Dec. 17, 1997 (“Green Deposition I”) at 47–48.

¹¹⁵ See Deposition of David L. Mercer, House Committee on Government Reform and Oversight, Aug. 26, 1997, (“Mercer Deposition II”) at 11–12; Kearney Deposition at 49.

III. TRIE'S 1995 ACTIVITIES

The year started with Trie taking on a role reserved for only the top echelon of the DNC. Trie became a member of the prestigious DNC Finance Board of Directors, joining such other DNC powerhouses as Paul Montrone, CEO of Fisher Scientific, Edgar Bronfman, President of Seagram Brothers, and Fred Siegel of the Beacon Companies.¹¹⁶ As a member of the Finance Board of Directors, Trie obligated himself to raise \$250,000 for the DNC, even though at the time, he could not even pay his credit card bills.¹¹⁷ Although Trie earned this post through his largess in 1994, his contributions and solicitations to the DNC decreased in 1995. Trie now began to cash in on political favors and pursue business ventures with friends he made through the DNC.

In 1995, Mark Middleton and Ernie Green emerged as Trie's principal political and business confidants. Trie toured Asia with Green and Middleton, and introduced them to powerful business and political figures in an effort to promote their business interests in Asia. In return, Green and Middleton acted as Trie's Washington liaison. Both met frequently with Trie, made introductions for Trie, and accompanied Trie to political events.

Also in 1995, Trie began to take full advantage of his status as a friend of Bill Clinton and major DNC supporter. Trie visited the White House frequently, approximately 15 times in 1995 alone.¹¹⁸ Some of these visits were for large events, but others were for private meetings with Mark Middleton. Trie's relationship with the President and his staff was apparent in other ways as well. Trie gave Nancy Hernreich, the Director of Oval Office Operations and one of the President's closest aides, a pearl necklace for Christmas.¹¹⁹ Trie also received access to the President's box at the Kennedy Center.¹²⁰ Finally, Trie was able to call upon his status with the DNC to receive special White House tours for family and friends.¹²¹

A. TRIE'S SPRING 1995 TRIP TO ASIA

By 1995, Trie's business activities were expanding in Asia and the United States. Trie's main company was Daihatsu International Trading, which he operated out of his Watergate apartment. Trie also operated San Kin Yip International, which had offices in Washington, DC, and Little Rock, and was affiliated with an Asian conglomerate of the same name operated by Ng Lap Seng in Macau. In February 1995, Trie's stature in Asia was enhanced when Ng Lap Seng and his friend and business associate, William

¹¹⁶Memorandum from David Mercer to Jason McIntosh, Aug. 31, 1994, DNC Document DNC 3423804.

¹¹⁷Charlie Trie's American Express account was delinquent from October 1994 to February 1995. See American Express account records for Yah Lin Trie.

¹¹⁸WAVES Records of Yah Lin Trie.

¹¹⁹Hernreich was prevented from accepting the necklace by White House ethics rules. Letter from Nancy Hernreich to Charlie Trie, Feb. 6, 1995, White House Document EOP 000882 (Exhibit 39).

¹²⁰Memorandum from Eric Sildon to Debi Schiff and Donald Dunn, Sept. 15, 1995, DNC Document DNC 1604112 (Exhibit 40).

¹²¹Memorandum from Shawn Covell to Susan Lavine, May 19, 1995, DNC Document F0011404 (requesting tour for Wang Mei Trie, Ng Lap Seng, Pun Nun Ho, Priscilla Wong, and Kathy Chiu) (Exhibit 41); Memorandum from Keshi Zhan to Susan Lavine, June 13, 1995, DNC Document F0011401 (requesting tour for Keshi Zhan, Fan Zhan, Ying-Qun Ma, Chao-Chen Wang, Ying-Xian Shi, Xiao-Peng Yu, and You-Xuan Liu) (Exhibit 42).

Peh, named Trie as a Director of Peh's business, Consolidated Trust Company.¹²² Peh has asserted that he and Ng added Trie to Consolidated Trust's leadership because they believed his extensive connections on the China mainland would help them penetrate that market.¹²³ In addition, Trie's U.S. ties were helpful to the company. On a CTC corporate fact sheet, Trie was listed as an "Advisor to President Clinton."¹²⁴ Trie brought many friends through the offices of Consolidated Trust, but no business opportunities developed.¹²⁵ Around the same time, Peh moved his business into Ng's office building in Hong Kong.¹²⁶

Just several weeks after Mark Middleton left his White House job in February 1995, Trie, Mark Middleton and his brother Larry Middleton traveled to Asia. In a 3 week period, Trie and Middleton visited China, Hong Kong, Taiwan, Macau, Jakarta, and Brunei.¹²⁷ While in Hong Kong, Middleton visited Consolidated Trust Company, and told Peh and other CTC employees of his close relationship with the President and the fact that he had just left the White House to begin his own company.¹²⁸ But in fact, Middleton had not quite severed all of his White House ties because as late as October 1996, more than 18 months after he left the White House, he still had a White House telephone number¹²⁹ and he was passing out his White House business cards in Asia.¹³⁰ In addition, a message on the White House voice mail system was left saying: "[t]hank you for calling the White House. To reach Mack McLarty, please dial (202) 456-2000. To reach Mark Middleton, please dial (202) 737-9305. . . . Again, thank you for calling the White House."¹³¹ The number left by Middleton was the number for his company, Commerce Corp. International. Yusuf Khapra, Middleton's former assistant, claimed that he put the message on the White House voicemail when Middleton left the White House.

Middleton was looking for business opportunities in Asia and he was particularly interested in real estate projects.¹³² One of the projects that Trie introduced him to was the Nam Van Lakes project in Macau. This project was co-owned by Ng Lap Seng and Macau's Ho brothers, and Trie had heavily promoted the project to others, including Ernie Green, David Mercer, and Jude Kearney. Middleton expressed interest in Nam Van Lakes, and mentioned that he might be able to secure funding for the project from the so-called "Green Fund," an investment fund managed by Steven

¹²² Interview of William Peh Kong Wan, Aug. 24, 1998 ("Peh Interview").

¹²³ *Id.*

¹²⁴ Johnson Interview at 2.

¹²⁵ Peh Interview.

¹²⁶ Johnson Interview at 1.

¹²⁷ Facsimile from Jennifer Russell to Hsiao-I Zhou, Mar. 17, 1995, Maria Mapili Document 009236 (Exhibit 43) (Translation by Frank Lee).

¹²⁸ Johnson Interview at 3.

¹²⁹ Memorandum from Jennifer Russell to Mark Jimenez, June 6, 1995, Maria Mapili Document 008000 (Exhibit 44). But see Deposition of Yusuf Khapra, House Committee on Government Reform and Oversight, Aug. 12, 1997 ("Khapra Deposition"), at 71. Khapra claimed that he left the message on the White House voice mail without informing Middleton.

¹³⁰ Johnson Interview at 4. It appears that Mark Middleton's personal assistant, Shawn Covell, sent a batch of Middleton's White House business cards to Larry Middleton, in preparation for Mark Middleton's trip to Asia. Larry accompanied Mark on the trip. Memorandum from Shawn Covell to Mark Middleton, Mar. 28, 1995, Noel Gould Document 0060 (Exhibit 45).

¹³¹ White House Bulletin, Oct. 31, 1996; Khapra Deposition at 70-71.

¹³² Johnson Interview at 4.

Green, Middleton's boss at International Realty Investors.¹³³ The Green Fund was intended to raise funds for projects in newly democratized countries. It was unlikely that a project in Macau would qualify for funding from the Green Fund, since Macau was not "newly democratized," and in fact, was coming under the control of the People's Republic of China in the near future.¹³⁴ However, according to one witness who was present during meetings with Middleton in Asia, Middleton told Ng and Peh that he would take care of it and make sure Macau qualified for funding.¹³⁵

B. TRIE'S FUNDRAISING IN 1995

Trie's fundraising activities continued in 1995, even though his own personal contributions decreased. Trie's first major event of the year was a DNC Finance Board dinner at the White House with the President and First Lady on February 16, 1995.¹³⁶ This was a small dinner for the highest level donors and fundraisers in the DNC. Trie and Ng Lap Seng attended, accompanied by Ernest Green, and Trie was accorded the special honor of sitting at the First Lady's table.¹³⁷ Trie continued attending high-level events like this throughout the year.

In May 1995, Trie found another vehicle to increase his political standing with the founding of the Congressional Asian Pacific American Caucus Institute ("CAPACI"). Trie became a CAPACI board member and contributed \$25,000.¹³⁸ President Clinton spoke at CAPACI's inaugural gala on May 18, 1995. Trie attended CAPACI's inaugural, and brought a number of Asian business associates as guests, including Ng Lap Seng, his wife, Pun Nun Ho, Priscilla Wong, and Kathy Chio. While these individuals were in Washington, Trie arranged a number of other events to demonstrate his political connections: an Asian Pacific American breakfast meeting with Commerce Secretary Ron Brown in which John Huang gave a briefing;¹³⁹ lunch at the White House mess set up by the First Lady's office;¹⁴⁰ and a White House tour.¹⁴¹ Mark Middleton initially requested that Trie and his guests be included in the President's Radio Address as well, but later dropped his request, because the same group had already met with the President at the CAPACI event.¹⁴²

¹³³ Id. at 3. The "Green Fund" was actually the Central and Eastern European Newly Independent States fund, or "CEENIS Fund." Macau, a small island in Asia controlled by Portugal, and soon to come under the control of the People's Republic of China, did not qualify for support under the requirements of the fund.

¹³⁴ Id. at 3-4.

¹³⁵ Id. at 4. George Johnson is a former employee of William Peh at the Consolidated Trust Corp. In this capacity, he met Charlie Trie and Mark Middleton during their visits to Asia. Johnson is one of the only witnesses who has knowledge of Trie's travel to Asia who has cooperated with Committee investigators.

¹³⁶ Memorandum from White House Social Office, Feb. 16, 1995, White House Document EOP 002306 (Exhibit 46). Customs Service documents also show Ng Lap Seng entered the country on Feb. 15, 1995, and declared that he was bringing \$12,000 in cash into the United States. Mark Middleton also attended the Feb. 15th dinner.

¹³⁷ Memorandum from Terry McAuliffe, Laura Hartigan, and Ari Swiller to Harold Ickes, Feb. 15, 1995, White House Document EOP 043683 (Exhibit 47).

¹³⁸ Daihatsu International Trading Corp. check for \$25,000, Apr. 21, 1995.

¹³⁹ Department of Commerce briefing papers for Secretary Ron Brown for breakfast meeting with Asian Pacific American business leaders, May 18, 1995, 01CD0217 (Exhibit 48).

¹⁴⁰ Letter from Mark Middleton to Kelly Crawford, May 18, 1995 (Exhibit 49).

¹⁴¹ Memorandum from Shawn Covell to Susan Lavine, May 19, 1995 (Exhibit 50).

¹⁴² Letter from Mark Middleton to Kelly Crawford, May 19, 1995 (Exhibit 51).

In July 1995, Trie hired Antonio Pan to assist him in his various enterprises. Pan was a longtime employee of the Lippo Group in Hong Kong and in Arkansas. As a Lippo employee, Pan had a number of contacts with Presidential friend Joe Giroir. In fact, when he departed Lippo to work for Trie, Pan wrote a brief note to Giroir letting him know:

A longtime friend of mine invited me to provide my service to his company's investment in the Asian region. After I obtained my current superior's understand [sic] and concurrence, I will resign my current position of Senior Vice President of marketing from this company. Please continue to extend your support to Lippo Group. . . .¹⁴³

While Pan stated that he was coming to help Trie with his investment activities, it is not clear what substantive business activities, if any, Pan was involved in. Throughout 1995 and 1996, Pan was most prominently involved in orchestrating complex schemes to funnel illegal contributions to the DNC. As described below, in these schemes, Pan was often a key participant, personally delivering large amounts of cash to various straw donors.

C. TRIE'S SUMMER 1995 TRIP TO ASIA

1. *Travel with Mark Middleton*

In July 1995, Trie accompanied Mark Middleton on another trip to Asia. During this trip, Middleton met with Liu Tai-ying, the chief financial manager of Taiwan's ruling Kuomintang party. It has been reported during this meeting that Liu offered the DNC a campaign contribution of \$15 million after Middleton explained his White House connections.¹⁴⁴ Both Middleton and Liu have denied this report.¹⁴⁵ While no contributions from Liu have been traced to the DNC to date, Liu did develop a relationship with Middleton and Trie. On September 21, 1995, Middleton and Trie escorted Liu to a fundraiser in San Francisco where Liu met President Clinton and Vice President Gore.¹⁴⁶ It is currently unclear how Trie and Middleton got Liu into the event. To date, there is no record of Liu making a contribution, direct or indirect.

2. *Travel with Ernie Green*

On August 2, 1995, the last day of meetings scheduled for Middleton in Taiwan, Ernie Green arrived in Taiwan.¹⁴⁷ Green came to Asia at the invitation and expense of Charlie Trie and Ng Lap Seng.¹⁴⁸ Green claims that he had been introduced to the Nam Van Lakes project almost 8 months earlier by Trie, and came to Asia

¹⁴³ Letter from Antonio Pan to Joe Giroir, July 18, 1995, Arkansas International Development Corp. Document AIDC 001094 (Exhibit 52).

¹⁴⁴ Sara Fritz and Rone Tempest, "Ex-Clinton Aide Arranged for Taiwan Connection," Los Angeles Times, Oct. 30, 1996 at A1. The Committee has not been able to confirm this report, because Middleton has taken the fifth, and Liu refused to be interviewed by Committee investigators. After canceling his appointment with investigators, Liu described them to the press as "dogs."

¹⁴⁵ Michael Weisskopf and Keith B. Richburg, "Taiwan, in Courting U.S. Officials, Reflects Yearning for Recognition," the Washington Post, Nov. 12, 1996 at A6.

¹⁴⁶ Id. See also photograph of President Clinton, Vice President Gore, Yah Lin Trie and Liu Tai-ying, Sept. 21, 1995 (Exhibit 53).

¹⁴⁷ Passport of Ernest G. Green, Green Document 027124.

¹⁴⁸ Green Deposition I at 63.

to inspect the property to see if he could recommend it to his employer, Lehman Brothers, for financing.¹⁴⁹ While on this trip, Green made a number of detours to pursue personal business interests. Green says that he started his trip in Taiwan, where he met with Taiwanese businessmen to pursue financial backing for a private telecommunications project that he was heading.¹⁵⁰

Green then traveled to Hong Kong and Macau to meet with Ng Lap Seng and inspect the Nam Van Lakes project. To this point, Green claims he had hesitated to lend his support to the project because Trie and Ng had not provided enough detailed information about it.¹⁵¹ In order to gain more information about the project, Green first visited Lehman Brothers' Hong Kong office to speak with Barry Gold, a Lehman executive who handled infrastructure projects in Asia.¹⁵² According to Green, they discussed the real estate market and development in Macau and the impact of Hong Kong's impending transition to Chinese rule.¹⁵³ Gold has no recollection of this meeting, and states that he only saw Green once in Asia, during Green's second trip to Asia in October 1995.¹⁵⁴ In addition, Gold said Lehman Brothers would not have any interest in Nam Van Lakes because it did not participate in real estate projects.¹⁵⁵ Gold's statements are clearly at odds with Green's testimony.

At the end of Green's trip to Asia, Trie raised with Green the possibility of pursuing a new business venture with him to manufacture and sell self-inflating novelty balloons.¹⁵⁶ Green was soon intrigued by this idea, and by the following year, had gone into business with Trie to sell these balloons.

Green contends that his contacts with Trie never brought him into contact with another Trie associate, Mark Middleton. For example, even though Middleton was also in Taiwan on August 2 and part of Middleton's trip concerned the Nam Van Lakes project in Macau, Green claims that he never saw Middleton in Taiwan, was unaware of Middleton's involvement with the Nam Van Lakes project, and did not know of any business dealings between Middleton and Trie.¹⁵⁷ However, both Green and Middleton sent letters to Ng Lap Seng expressing their interest in pursuing the Nam Van Lakes project.¹⁵⁸ These letters are practically identical, and suggest that Green and Middleton may have had knowledge of the other's activities involving Nam Van Lakes. Green denies that he had any contact with Middleton while in Taiwan, but it should be noted that Trie was hosting them both at the same time.¹⁵⁹

When Green and Trie returned from Asia, it appears that Green began to help Trie. Traveling with the First Lady to Beijing for the Fourth World Conference on Women in September 1995 would

¹⁴⁹ Id. at 63.

¹⁵⁰ Id. at 73.

¹⁵¹ Id. at 102.

¹⁵² Id. at 97-98.

¹⁵³ Id. at 98.

¹⁵⁴ Interview of Barry Gold, Mar. 26, 1998, ("Gold Interview") at 1.

¹⁵⁵ Gold Interview at 2.

¹⁵⁶ Green Deposition I at 106.

¹⁵⁷ Id. at 47, 73; Deposition of Ernest G. Green, Senate Committee on Governmental Affairs, June 18, 1997 ("Green Senate Deposition"), at 206-10.

¹⁵⁸ Letter from Mark Middleton to Ng Lap Seng, May 15, 1995 (Exhibit 54); Letter from Ernest G. Green to Ng Lap Seng, June 16, 1995, SCGA 006943 (Exhibit 55).

¹⁵⁹ Green Deposition I at 64.

allow Trie to showcase his connections to colleagues and potential business partners in that region of the world. Green launched the lobbying effort to put Trie on this trip on August 29 by calling Melanne Verveer in the First Lady's office, saying he was calling at Alexis Herman's suggestion, about "trip to China and supporter from Arkansas, Charlie Tree [sic]."¹⁶⁰ Green claims he has no recollection of this effort to help Trie.¹⁶¹ That same day, less than 3 hours later, Trie himself called Verveer and left a message stating: "spoke with HRC in Little Rock about going to Beijing wants to know if he can go with her."¹⁶² Two days later, Trie had already left for China, and David Mercer of the DNC called Janice Enright at the White House and left a message stating "Charlie Trie left for Beijing, hadn't heard from HI [Harold Ickes] or FLOTUS [First Lady]." On this same slip, there is another message stating "Ernie Green already contacted and he's happy!"¹⁶³ Despite the existence of these documents, Green denies that he made any effort to have Trie included in the Beijing Women's conference.¹⁶⁴

In his quest to be included in the Beijing Women's Conference, Trie also enlisted the aid of Jude Kearney. Kearney, asked that Trie and one other individual be included in the private sector events at the Conference.¹⁶⁵ Kearney acknowledged trying to help Trie be included in the Women's Conference, but testified that he was "trying to support the businesspeople whom we came to know in foreign markets and who were very involved in our initiatives; and Mr. Trie and Mr. Soo fit that description."¹⁶⁶ Documents received by the Committee show Trie returning to the United States from Asia 5 days after the Conference on Women began.¹⁶⁷ The Committee has been unable to determine if Trie participated in any events connected with the Conference.

D. TRIE'S FALL 1995 TRAVEL TO ASIA

1. *Travel with Mark Middleton*

In the fall of 1995, Mark Middleton and Charlie Trie returned to Asia. At one point during this trip, Middleton took a suite at the Hong Kong Grand Hyatt, where, in the words of a witness who was there, Middleton "held court."¹⁶⁸ This witness, who worked with William Peh at Consolidated Trust Company, stated that Middleton had 8 to 10 businessmen and government officials from mainland China in his suite, all of whom were waiting to meet with Middleton.¹⁶⁹ Middleton was holding private meetings in a bedroom adjoining the suite.¹⁷⁰ This witness also recalls that Trie and Ng

¹⁶⁰ White House telephone message slip for Melanne Verveer, Aug. 29, 1995, White House Document EOP 059100 (Exhibit 56).

¹⁶¹ Green Deposition I at 116.

¹⁶² White House telephone message slip for Melanne Verveer, Aug. 29, 1995, White House Document EOP 059101 (Exhibit 57).

¹⁶³ White House telephone message slip for Janice Enright, Aug. 31, 1995, White House Document EOP 059198 (Exhibit 58).

¹⁶⁴ Green Deposition I at 114–22.

¹⁶⁵ Deposition of Jude Kearney, Senate Committee on Governmental Affairs, May 27, 1997 ("Kearney Senate Deposition"), at 60–63.

¹⁶⁶ Kearney Deposition at 61.

¹⁶⁷ Passenger Activity Report for Yah Lin Trie, U.S. Customs Service. The Beijing Conference on Women was held Sept. 8–15, 1995.

¹⁶⁸ Johnson Interview at 4.

¹⁶⁹ Id. at 4.

¹⁷⁰ Id. at 4.

were present during this episode.¹⁷¹ It is not known what Middleton was discussing with these visitors, but the episode provides a glimpse of the type of business that Middleton may have been pursuing with Chinese entities with the assistance of Trie and Ng.

2. *Travel with Ernie Green*

In October 1995, Green returned to Asia, again at the expense of Ng Lap Seng.¹⁷² Green's second trip to Asia was a mix of business and a dinner with Commerce Secretary Ron Brown in Hong Kong. Green acknowledges that again he met with Ng regarding Nam Van Lakes, but still claims that he had not received the necessary information regarding the project.¹⁷³ However, Green did develop an acute interest in Trie's pop-up balloon scheme. He visited the balloon manufacturer's Taiwan offices and the balloon factory in the People's Republic of China.¹⁷⁴ After this tour, Green decided to begin investment in this project, and to then start a business with Trie to market the balloons.¹⁷⁵

3. *October 18, 1995 Dinner at the Shangri-La Hotel*

After Green's tours of the PRC and Taiwan, he returned to Hong Kong for the purpose of attending a dinner for Commerce Secretary Ron Brown. The dinner was held on October 18, 1995, at Hong Kong's Shangri-La Hotel, and is surrounded by controversy. The Committee has received contradictory testimony with respect to who organized the dinner, and what transpired at the dinner. Regardless of who actually planned the dinner, it is clear that there were four major personalities involved in the dinner: Ron Brown; Ernie Green; Charlie Trie; and Antonio Pan. At the very minimum, the dinner represented an unusual private event where the Secretary of Commerce was introduced to a number of foreign business leaders.

Ernie Green testified that the Shangri-La dinner was organized by Trie and Ng Lap Seng, and he was merely invited to the dinner by Trie.¹⁷⁶ Yet again, Green's sworn testimony is contradicted by other witnesses. Melinda Yee, who attended the event with Secretary Brown, testified before the Senate that Green hosted the event:

QUESTION. Who did host that reception, do you know?

YEE. As you said, Ernest Green.

* * * * *

QUESTION. Do you recall the substance of your conversation [with Green at the reception]?

YEE. No. Just thanked him for hosting the Secretary.

QUESTION. Do you know why he hosted this reception?

YEE. He had just proposed hosting—he was with Lehman, Lehman Brothers, I believe . . . And they had a lot of business in Hong Kong and just suggested that it would

¹⁷¹ Id. at 4.

¹⁷² Green Deposition I at 148.

¹⁷³ Id. at 160–61.

¹⁷⁴ Id. at 161.

¹⁷⁵ Id. at 161.

¹⁷⁶ Id. at 152.

be a nice thing to do if they could host a reception for the Secretary. So we thanked him. I thanked him for that.¹⁷⁷

Yee's testimony regarding the event is confirmed by David Rothkopf, Acting Undersecretary for International Trade. Rothkopf testified that Green hosted the event, and also testified that he tried to prevent Brown from attending the event because of the appearance of impropriety that it created:

QUESTION. Did you have any substantive dealing with him [Ernie Green]?

ROTHKOPF. I didn't have any substantive dealings with him. I recall an incident where there was some discussion about the Secretary in October of '95 going to a dinner party in Hong Kong on a trip that we were taking to China. Again, in one of those trip-planning meetings, somebody on the Secretary's behalf . . . said the Secretary has been invited to a dinner with Ernie Green in Hong Kong. And I looked—or Ginger Lew said something or I looked at Ginger Lew, but I remember that there was an interaction between me and her, and Ginger was kind of like he shouldn't do that. And I was like he shouldn't do that because this was a friend of the Secretary. Again, there was all the scrutiny, and the thought was, you know, the Secretary should not be lending his office to Lehman Brothers if Lehman Brothers is doing some dinner.

* * * * *

ROTHKOPF. . . . But, so the dinner was taken off the schedule for the trip, and I believe it was kept off the schedule because I remember going up in the elevator at the hotel in Hong Kong—

QUESTION. This is during the trip?

ROTHKOPF. During the trip. And the Secretary turned to Bill Morton, who was the Deputy for Economic Development, sort of handled, coordinated the logistics of these trips. The Secretary said to Bill, I'll see you in 15 minutes. And I said—the Secretary got off, and I said, what are you doing? It says here, you know, rest of night in the hotel on the schedule. And he says, oh, the Secretary's going to do something personal. And it later turned out that it was the—he just kept the Ernie Green—you know, they just did this dinner, and then it turned out it was something with a bunch of these other characters also. But it was something that was consciously taken off the Secretary's schedule.

* * * * *

QUESTION. Were you disappointed to learn that?

ROTHKOPF. Disappointed? I was frustrated. You know, I mean, it's frustrating when you're trying to do something

¹⁷⁷Deposition of Melinda C. Yee, Senate Committee on Governmental Affairs, May 9, 1997, at 112, 114.

and help somebody to go in a certain direction and they ignore your advice.¹⁷⁸

The “other characters” at the dinner referenced by Rothkopf included Charlie Trie, Ng Lap Seng, and Antonio Pan, who clearly had a role in organizing the dinner, based both on the fact that Trie spoke at the dinner, and that all three were prominently placed at the front of the greeting line for Secretary Brown and Ernie Green.¹⁷⁹ Other guests at the dinner were a sampling of the business elite from Hong Kong, Macau, and the PRC. Green claims that most of the individuals who attended the event were invited to it by either Trie or Ng.¹⁸⁰ Attendees at the meal included Eric and Patricia Hotung, Wang Jun of CITIC, Wong Xu, William Peh, Priscilla Wong, Yan Sheng Pan, Jie Liu, Trie, Ng, Antonio Pan, and representatives of Hong Kong and Macau tycoons Stanley Ho and Li-Ka-shing.¹⁸¹

The dinner began with speeches by Brown, Trie, and Green.¹⁸² After that, Secretary Brown and Green were introduced to a number of guests, including Wang Jun.¹⁸³ According to one press account of the dinner, Trie and Pan then solicited a number of the guests to contribute to the DNC.¹⁸⁴ In addition, Green reportedly told guests at the dinner not to exchange business cards and to keep the event quiet.¹⁸⁵ Green has denied this allegation.¹⁸⁶ Eric and Patricia Hotung, whose \$100,000 contribution to the DNC was questioned because of a possible link to a meeting with the National Security Council, also contributed \$99,980 on two starter checks just 8 days prior to the Shangri-La dinner.¹⁸⁷ Other guests, including Ng Lap Seng, William Peh, Yan Sheng Pan, Jie Liu, Wang Jun, and Priscilla Wong, attended DNC fundraising events with Trie just months after this event. None were eligible to contribute to the DNC, and according to FEC records, none has directly contributed to the DNC. However, the Committee is investigating whether there is any connection between the appearance of these individuals at the Shangri-La dinner in October 1995 and their appearance at DNC fundraising events later in November 1995 and February 1996. The Committee’s efforts to investigate this event, like many others, has been hampered by a lack of cooperation in obtaining visas for foreign travel by investigators as well as the many witnesses who have asserted their Fifth Amendment privileges.

¹⁷⁸ Deposition of David J. Rothkopf, Senate Committee on Governmental Affairs, June 2, 1997, at 67–69.

¹⁷⁹ See Photographs of Shangri-La Dinner, Oct. 18, 1995 (Exhibit 59).

¹⁸⁰ Id. at 147.

¹⁸¹ Marcus W. Brauchli and Craig S. Smith, “Democratic Fund-Raising in Hong Kong?,” the Wall Street Journal, Dec. 4, 1996 at A14.

¹⁸² Green Deposition I at 155; Peh Interview at 2; Gold Interview at 1. In fact, Gold’s impression was that Green and Trie were hosting the reception. Gold Interview at 1. See also Photographs of Shangri-La Event, Oct. 18, 1995 (Exhibits 60–62).

¹⁸³ See Photographs of Shangri-La Event, Oct. 18, 1995 (Exhibits 63–71). Exhibit 63 shows Wang Jun, and Exhibit 64 shows Eric Hotung.

¹⁸⁴ Marcus W. Brauchli and Craig S. Smith, “Democratic Fund-Raising in Hong Kong?,” the Wall Street Journal, Dec. 4, 1996 at A14. Green and Gold both claims that they did not witness any solicitations for the DNC which were made in English at the event. Neither speaks Chinese.

¹⁸⁵ Id. Green has denied that he told any guests to “keep the event quiet.” Green Deposition I at 157 (denying such statement).

¹⁸⁶ Green Deposition I at 155, 157.

¹⁸⁷ DNC Check Tracking Forms for Contribution of Patricia Ann Shea Hotung, Investigative Group International Documents HS 003003, HS 003005.

Trie and Green also pursued private business dealings at the Shangri-La dinner. First, Trie continued his efforts to entice Green and Lehman Brothers into involvement in the Nam Van Lakes real estate project. Trie, Ng, and Peh discussed the project with Green, as well as Green's Lehman associate, Barry Gold, who attended the dinner.¹⁸⁸ In addition, Green continued his personal efforts to attract foreign investors to a PCS project that he was pursuing.¹⁸⁹ Reportedly, Green discussed these efforts with Eric Hotung, but never was able to obtain Mr. Hotung's support.¹⁹⁰

E. "THE TRIE TEAM"—THE NOVEMBER 1995 CAR BARN FUNDRAISER

On November 8, 1995, the DNC held its top-level African-American fundraiser at the Car Barn in Washington, DC. The main fundraisers working on this event were Ernie Green and Richard Mays.¹⁹¹ The main DNC staffer working on the event was David Mercer.¹⁹² Charlie Trie became involved in this fundraiser, raised money for it, and attended the event with a number of guests. DNC documents relating to the event indicate that Trie committed to raising \$100,000 for the Car Barn event, a substantial portion of the \$500,000 the event was intended to raise overall.¹⁹³ The only funds that the Committee has found that Trie raised for the event, though, is \$15,000 contributed by the CHY Corporation and Celia Chau. It is possible that Trie raised more money for the event, but the DNC has not provided any further check tracking forms crediting Trie for contributions made to this event.

Trie came to this event with a number of Asian guests, described by David Mercer as a "boatload" of visitors.¹⁹⁴ None of these individuals appear on DNC guest lists for the event.¹⁹⁵ Nevertheless, it appears that the DNC was prepared for their arrival, and had nametags printed for them.¹⁹⁶ Trie and his guests attended a special private reception for the largest donors to the Car Barn event. A videotape belatedly produced by the White House Communications Agency records the President's introduction to Trie's group. First the President greeted Trie, saying "Hey Charlie, how are you doing."¹⁹⁷ Then Trie introduced the President to Dr. Chun Hua Yeh, a Taiwanese businessman, and Jiongzhong Tang.¹⁹⁸ Then, Ernie Green introduced the President to Ng Lap Seng.¹⁹⁹ Green noted that Ng hosted a reception for Secretary Brown in Hong Kong, and that he had been "very helpful."²⁰⁰ Green also informed

¹⁸⁸ Gold Interview at 1-2. This was the first time that Gold heard of the Nam Van Lakes project.

¹⁸⁹ Green Senate Deposition at 98-100.

¹⁹⁰ Id.

¹⁹¹ Green Deposition I at 165.

¹⁹² Mercer Deposition II at 24.

¹⁹³ Facsimile from David Mercer to Ernest Green, Nov. 7, 1995, Ernest Green Document 000141 (Exhibit 72).

¹⁹⁴ Mercer Deposition II at 25. Mercer estimated that Trie brought 10-12 guests. Green remembered that Trie brought guests, but could not say how many. Green Deposition I at 166-67.

¹⁹⁵ See, e.g., Memorandum Regarding DNC African-American Leadership Forum Luncheon, Nov. 8, 1995, White House Document EOP 058076; Attendee List, Nov. 8, 1995, DNC Document DNC 1181591.

¹⁹⁶ See Photographs of DNC Luncheon, Nov. 8, 1995 (Exhibits 73-75).

¹⁹⁷ White House Communications Agency videotape No. 52, Nov. 1995.

¹⁹⁸ Id.

¹⁹⁹ Id.

²⁰⁰ Id.

the President that Ng owned a golf course in Macau, and that the President should use it when he is in Macau.²⁰¹

Later, the President posed for photographs with Trie's group. The photographs were being taken by the event photographer, but also by Ernie Green's wife, Phyllis, and by Richard Mays.²⁰² After several pictures were taken, Secretary Brown approached the group, and said "look at the crowd you're with!"²⁰³ He then joined the group for photographs with the President. While the photographs were being taken, Brown told the President that "big business helps us everywhere."²⁰⁴ As the group was breaking up, Brown informed the President that "this is part of the Trie Team."²⁰⁵ The President answered "yes."²⁰⁶ After the photographs were taken, Green, Mays, Brown, and the President formed a huddle and exchanged words for several moments. Neither Green nor Mays recalled what was discussed, but both deny that Trie or his associates were discussed.²⁰⁷

The remarks made by Green, the President, and Ron Brown at the Car Barn event remain cryptic. Green and Mays both denied that they ever heard the term "Trie Team," other than this one time. Secretary Brown's comments indicate that he was familiar with Trie and his associates. At least two members of the "Trie Team," Ng Lap Seng and Yan Sheng Pan, had attended the Shangri-La event with Brown. Brown also indicated no surprise at seeing these foreign businessmen at an event for DNC donors. Green and Mays also denied knowing what Secretary Brown meant by his comment that "big business helps us everywhere." Despite the lack of helpful testimony from individuals familiar with this event, the tape of the Car Barn event raises a number of questions regarding the relationship between Trie, Ng, Ron Brown, Ernie Green, Richard Mays, and the President.

IV. TRIE'S APPOINTMENT TO THE BINGAMAN COMMISSION

One of the most significant examples of Trie's access to the power of the White House is his appointment to the Commission on United States-Pacific Trade and Investment Policy, an elite commission formed by the President in 1996. The story of Trie's appointment though, demonstrates the lengths to which the Clinton Administration was willing to go to reward contributors to the DNC. In this case, the Administration appointed Trie to an expert trade panel despite the fact that he lacked any qualifications to serve. Administration officials appointed Trie even though one person involved in the appointment process, Senate aide Steve Clemons, objected repeatedly and vociferously to Trie's appointment, on behalf of Democratic Senator Jeff Bingaman of New Mexico. These objections were met with the response that Trie was a "must appointment" from "the highest levels of the White House."²⁰⁸

²⁰¹ Id.

²⁰² Id.

²⁰³ Id.

²⁰⁴ Id.

²⁰⁵ Id.

²⁰⁶ Id.

²⁰⁷ Green Deposition I at 179; Mays Deposition at 90.

²⁰⁸ Interview of Steve Clemons, Dec. 5, 1997 ("Clemons Interview I") at 3 (Exhibit 76).

A. THE APPOINTMENT PROCESS

On June 21, 1995, President Clinton signed Executive Order 12964 establishing the Commission on United States-Pacific Trade and Investment Policy.²⁰⁹ The purpose of the Commission was to study trade between the United States and Asian countries, and to recommend ways to improve access of American companies to those markets. The Commission was commonly referred to as the Bingaman Commission, in honor of Senator Jeff Bingaman of New Mexico. During the negotiations between the Senate and White House regarding the vote on GATT, Senator Bingaman told the President that he would vote in favor of GATT if the President established such a trade commission.²¹⁰ Accordingly, Senator Bingaman and his staff had a great deal of input in the formation of the Commission.

When Executive Order 12964 was originally signed, the Commission was to have 15 members, appointed by the President. The Office of the U.S. Trade Representative was given the responsibility of compiling the list of recommended appointees for the President's review. The USTR received recommendations for candidates for the Commission from a number of sources, including the office of Senator Bingaman.²¹¹

The first step in the process by which candidates for the Bingaman Commission were considered and appointed to the Commission required the compilation of the names of potential candidates by Phyllis Jones, the Assistant U.S. Trade Representative for Intergovernmental Affairs and Public Liaison. She received suggestions from a variety of sources, including the USTR, the National Economic Council, Congress, and the private sector. She discussed these candidates with interested parties at other government agencies and within the USTR.²¹² A list of recommended candidates then had to be cleared with Mickey Kantor, then the U.S. Trade Representative.²¹³ After Kantor had cleared the recommended candidates, the list would be provided to the White House. The Office of Presidential Personnel would then review the list, and submit it to the President for his approval.²¹⁴ According to one USTR official, the President was "sometimes active and nixe[d] or change[d] names" of candidates.²¹⁵

1. *The White House Used the Commission for Political Payoffs*

The office of Senator Bingaman was deeply involved in the appointment process for the Commission. Senator Bingaman's main staffer dealing with the Commission was Steve Clemons, Senior Trade Policy Advisor to the Senator.²¹⁶ Clemons provided names of

²⁰⁹ Executive Order 12964, June 21, 1995 (Exhibit 77).

²¹⁰ Clemons Interview I at 1.

²¹¹ *Id.*

²¹² Deposition of Phyllis Jones, House Committee on Government Reform and Oversight, Feb. 11, 1998 ("Jones Deposition"), at 25.

²¹³ *Id.* at 32.

²¹⁴ Deposition of Charles Duncan, House Committee on Government Reform and Oversight, Aug. 29, 1997 ("Duncan Deposition"), at 115-16.

²¹⁵ Electronic Mail Message from Caroyl Miller to Jennifer Hillman, Apr. 25, 1995 (Exhibit 78).

²¹⁶ The Committee interviewed Clemons twice at his workplace. Clemons cooperated extensively with the Committee, and during his second interview, confirmed the key points of his ear-

Continued

candidates for the Commission to Phyllis Jones, and he reviewed names that had been compiled by the USTR. Clemons was also in frequent contact with Charles Duncan, the Assistant Director of the Office of Presidential Personnel (“OPP”). Duncan was the main White House official dealing with the formation of the Bingaman Commission.

Most of the candidates recommended by Clemons were corporate CEOs or trade experts that he believed would make a substantive contribution to the Commission.²¹⁷ Early in the process, though, Clemons found that it was difficult to have Senator Bingaman’s candidates for the Commission considered by the White House and the USTR.²¹⁸ Clemons discussed this issue with Duncan, and Clemons has said that Duncan told him that he checked the names of all recommended candidates for the Commission against a list of donors to the DNC.²¹⁹ Clemons objected to Duncan, expressing the sentiment that the Commission should be about appointing qualified individuals, and not making political payoffs.²²⁰ However, Duncan made it clear to him that he would follow this process for the appointments to the Bingaman Commission.²²¹

In fact, Clemons informed the Committee that he became so desperate to have qualified candidates appointed to the Commission, that he contacted the DNC, and asked them to provide him with a list of large donors to the DNC.²²² Clemons spoke with a DNC staffer named David Carroll, and explained that he had been working with the White House in trying to fill appointments for the Commission.²²³ Clemons told Carroll that he wanted to review a DNC donor list to see if he could find someone, “a CEO who can pass the White House screeners.”²²⁴ Clemons recalled that Carroll promised to send him something “discreetly.”²²⁵ Indeed, Clemons received the donor list, but was unable to find any qualified candidates on it that he could recommend to the White House.²²⁶

Clemons’ experience with the Office of Presidential Personnel is denied by Charles Duncan and the White House. Duncan provided

lier testimony. The Committee called Clemons as a witness to a hearing on Feb. 25, 1998, but his testimony was blocked by the Senate Office of Legal Counsel, which raised objections to Clemons testifying about his Senate duties. After the Committee released staff notes of interviews with Clemons, Clemons issued a press release objecting to unspecified “inaccuracies” in the notes of his interviews. However Clemons made clear that the substance of the Committee notes was accurate. Additionally, Clemons has never specified how the Committee staff’s notes are inaccurate, and he has never suggested any clarifications to the Committee. In light of this fact, and the fact that Clemons was interviewed twice about the identical subject matter, the Committee is satisfied with the accuracy of the notes of the staff’s interview with Clemons.

²¹⁷ Clemons Interview I at 1.

²¹⁸ Id. The difficulty faced by Senator Bingaman’s office is alluded to in a number of USTR documents. E-mail messages refer to efforts to keep Bingaman’s staff from “blowing up,” Electronic Mail Message from Phyllis Jones to Jennifer Hillman, July 20, 1995, and the fact that the Bingaman office may need to be “admitted to a therapy unit.” Electronic mail message from Peter Scher to Nancy Leamond, Nov. 14, 1995.

²¹⁹ Clemons Interview I at 1.

²²⁰ Id. at 2.

²²¹ Id.

²²² Interview of Steve Clemons, Dec. 10, 1997 (“Clemons Interview II”), at 1–2 (Exhibit 79).

²²³ Id. at 1.

²²⁴ Id. at 2.

²²⁵ Id.

²²⁶ Id. During their interviews with Clemons, Committee staff requested Clemons to locate the donor list. Clemons later contacted Committee staff, and told them that he had located the list and would provide it to the Committee. However, before Clemons provided the document to the Committee, he became represented by the Office of Senate Legal Counsel. Morgan Frankel, Deputy Senate Legal Counsel, took possession of the donor list from Clemons, but refused to provide it to the Committee, basing his claim on the fact that Clemons obtained the donor list in the course of his Senate duties.

sworn testimony to the Committee that he never checked the amounts that potential candidates to the Bingaman Commission, or any other position, had given to the DNC or the Clinton-Gore campaign.²²⁷ However, the Clemons testimony is confirmed by White House documents. Duncan has denied that he kept any donor lists in his office, and the White House has never produced any such lists in response to the Committee's subpoenas.²²⁸ However, the OPP computer contains a database that shows that OPP kept track of precisely this type of political fundraising information. The database contains the names of potential candidates for appointment to the Clinton Administration. Most of the information fields in the database contain technical information like address and telephone number.²²⁹ The only field for substantive information appears to be the "classification" field of the database.²³⁰ This field contains information relating to candidates' political activity. The only classifications the Committee has seen in this field are: "DNC Trustee," "DNC Key," "C/G Trustee" and "C/G Key."²³¹ All of these classifications refer to levels of political contributions and support given to the Clinton-Gore campaign and the DNC. This database contains the names of Charlie Trie, John Huang, Charles DeQueljo, all of whom are key figures in the campaign finance scandal, and all of whom received appointment to the Administration. Trie is listed in the database as a "DNC Trustee."²³² The Committee has not received any information regarding how this donor data got onto the White House computers, but it is one obvious source for how Charles Duncan tracked the political contributions of potential candidates for appointment to the Clinton Administration.

2. *Charlie Trie is Considered for the Commission*

At some point in mid-1995, Charlie Trie told Ernie Green that he was interested in an appointment to a position in the Clinton Administration.²³³ Green then contacted Charles Duncan, who had been a friend of Green since the 1970s, and told him of Trie's interest in an appointment.²³⁴ White House records indicate that on September 14, 1995, Trie and Green went to the White House to visit Charles Duncan. While Green denies attending any meeting between Trie and Duncan, White House WAVES records clearly show that Green went to the White House, and entered and departed the Old Executive Office Building at exactly the same time as Charlie Trie.²³⁵ The interview between Duncan, Trie, and Green lasted approximately 30 minutes. Duncan denies that he ever discussed the DNC or the Presidential Legal Expense Trust during his meeting with Trie and Green.²³⁶ Duncan has testified that he was interviewing Trie to try to determine the value that he would add

²²⁷ Charles Duncan's Responses to Interrogatories, Apr. 20, 1998 ("Duncan Interrogatories") at 1.

²²⁸ See *id.*

²²⁹ Database Printout, White House Document EOP 070826-070856 (Exhibit 80).

²³⁰ *Id.*

²³¹ *Id.*

²³² *Id.*

²³³ Green Deposition I at 125.

²³⁴ *Id.* at 127.

²³⁵ WAVES records of Yah Lin Trie and Ernest Green, Sept. 14, 1995 (Exhibit 81).

²³⁶ Duncan Deposition at 88. Duncan does not recall if Green was present at this meeting.

to the Commission.²³⁷ However, when asked if he determined what value Trie would add to the Commission, Duncan answered as follows:

QUESTION. You stated something to the effect that the purpose of the interview was to evaluate Mr. Trie with regard to the commission. Did you make a determination with regard to his qualifications as a result of the interview?

DUNCAN. I had begun to at that point in time.

* * * * *

QUESTION. And what was that evaluation?

DUNCAN. My initial evaluation was that he would add value to the commission.

QUESTION. And what was the basis for the beginning that you said of that judgment?

DUNCAN. The criteria for the commission was knowledge of trade barriers with Asian countries. I felt at that time Mr. Trie did have knowledge. I felt he would add value to it. The President has been very strong on having an administration and appointments as diverse as America. Mr. Trie, I thought, added diversity to it, also. And I thought it was also important to have small business people on this commission, and Mr. Trie would have been a small business person.²³⁸

On September 15, 1995, the day following the meeting between Duncan, Trie, and Green, Green called Mickey Kantor, the U.S. Trade Representative.²³⁹ Green claims that he does not specifically remember the call, but is certain that it was not about Charlie Trie's appointment to the Bingaman Commission.²⁴⁰ Similarly, Ambassador Kantor does not recall having any involvement in Trie's appointment.²⁴¹ It is noteworthy that the September 15 call is the only call between Green and Kantor for which the Committee has any record. Also on September 15, Trie had the opportunity to see the President personally. Trie was one of 50 guests at the White House for a dinner recognizing the DNC's top donors.²⁴² However, it is not clear whether Trie discussed the possibility of his appointment to the Commission at this dinner.

After his interview with Trie and Green, Duncan claims that he sought references for Trie. He called individuals "from Little Rock who knew Mr. Trie," specifically, Ernie Green, Bob Nash, and Lottie Shackelford.²⁴³ However, Green was the person who intro-

²³⁷ Id. at 88.

²³⁸ Id. at 90-91.

²³⁹ Mickey Kantor Phone Message, Sept. 15, 1995 (Exhibit 82).

²⁴⁰ Green Deposition I at 136-37.

²⁴¹ Deposition of Mickey Kantor, House Committee on Government Reform and Oversight, Aug. 8, 1997 ("Kantor Deposition") at 117-125.

²⁴² Memorandum from Ann Stock to the President and the First Lady, Sept. 15, 1995, White House Document EOP 058062. It is unknown whether Trie discussed his appointment to the Commission with the President or any other White House officials at this event. Trie also received two tickets to sit in the President's box at the Kennedy Center on this same evening. Exhibit 40. Given Trie's appearance at the White House dinner that evening, it appears the Kennedy Center tickets may have been used for guests of Trie.

²⁴³ Duncan Deposition at 96.

duced Trie to Duncan, so it was clear that he supported Trie's nomination. Also, Green had been extensively involved in Trie's DNC activities. Duncan also spoke to Shackelford, who was a DNC Vice-Chair, and who was aware of Trie's political activities.²⁴⁴ Shackelford told Duncan that she believed Trie was qualified for appointment to the Commission.²⁴⁵ However, Shackelford testified that Duncan never asked her about Trie's knowledge of international trade, and, by her own admission, Shackelford had never discussed business of any kind with Charlie Trie.²⁴⁶ Her contacts with him had come only through patronizing his restaurant in Little Rock, and more recently, from attending DNC fundraisers.²⁴⁷ Nash was Duncan's superior at the Office of Presidential Personnel. When Duncan asked him about Trie, Nash stated that he believed Trie was qualified for appointment to the Commission.²⁴⁸ Nash based his conclusion on the fact that Trie was "involved in international trade" and the fact that he had established a sister city relationship between Changchun City, China, and Little Rock.²⁴⁹

By this point, Duncan says he had concluded that Trie would add value to the Commission, and decided to recommend his appointment to the Commission.²⁵⁰ Duncan had spoken with only three people with any knowledge of Trie. Of these three individuals, only one, Green, had any knowledge of Trie's business activities. The other two, Nash and Shackelford, knew Trie primarily as a restaurateur. Nevertheless, Duncan claims that based on this information, he had concluded that Trie was qualified, and was willing to recommend Trie for appointment to the Commission.

On September 20, 1995, Duncan spoke to Phyllis Jones of the USTR to tell her that he wanted Trie added to the list of recommended candidates for the Commission.²⁵¹ Duncan gave Jones three names that were not on the list given by USTR to the White House, but that he wanted to add. The three were Trie, Kenneth Lewis, who had been recommended by Senator Sarbanes, and a third individual who was never appointed.²⁵² In an e-mail message sent to a USTR colleague after her conversation with Duncan, Jones described Trie as a "DNC nominee."²⁵³

Well, I spoke with Charles Duncan about Bingaman late Wed. Here is the update. They have not bumped anyone off of our list. However, they want to add 3 people—a Senator Sarbanes person (Charles will let me know the name), a DNC nominee Yah Lin Trie, President of Daihatsu International, an international trading company, and an Asian-American exec [sic] from Toys R Us.

²⁴⁴ Deposition of Lottie Shackelford, House Committee on Government Reform and Oversight, Apr. 14, 1998 ("Shackelford Deposition"), at 28.

²⁴⁵ *Id.* at 53.

²⁴⁶ *Id.* at 53.

²⁴⁷ *Id.* at 21–22.

²⁴⁸ Deposition of Bobby J. Nash, House Committee on Government Reform and Oversight, Sept. 4, 1997 ("Nash Deposition") at 92.

²⁴⁹ *Id.* at 92.

²⁵⁰ Duncan Deposition at 90.

²⁵¹ See Electronic Mail Message from Phyllis Jones to Jennifer Hillman and Peter Scher, Sept. 21, 1995 (Exhibit 83).

²⁵² *Id.*

²⁵³ *Id.*

Charles thinks the best thing to do is to get the exec [sic] order amended so it can be increased. Jennifer, how difficult is this to do? They are trying to push this through but we need to get the question answered about the commission size. Also we need to extend the report due date. Thanks.²⁵⁴

However, in her deposition, Jones attempted to distance herself from her own e-mail, claiming that “[t]he only thing that Charles told me about Mr. Trie was that he was a small business person that had done business in Asia.”²⁵⁵ She denied that Duncan told her anything about Trie’s support for the Administration, or his friendship with the President.²⁵⁶ In addition, both Jones and Duncan deny that they discussed Trie’s support of the DNC during their conversation.²⁵⁷ Jones was unable to explain why she referred to Trie as a “DNC nominee” if Duncan had never mentioned Trie’s support of the DNC during their discussion:

QUESTION. . . . You describe Yah Lin, that’s Charlie Trie, as a DNC nominee. What does that mean?

JONES. I don’t know.

QUESTION. Did Charles Duncan tell you that Trie was a DNC nominee?

JONES. I don’t know why those choice of words were used here. I don’t recall.

QUESTION. Have you ever used the term “DNC nominee” to describe any other potential appointee to any commission?

JONES. I don’t remember using it.

The e-mail message, though, casts grave doubt on Duncan’s claim that he had no knowledge of Trie’s support of the DNC, and had never discussed it with Trie.

It was during this September 20 discussion between Duncan and Jones that Duncan also recommended that the Commission be expanded past 15 members in order to accommodate Trie and the other new candidates.²⁵⁸ Therefore, Jones asked the USTR legal counsel to draft the required documents that would allow the President to issue a new Executive order expanding the Commission.²⁵⁹ On January 31, 1996, the President signed Executive Order 12987, which expanded the Commission from 15 to “up to 20” members.²⁶⁰ This Executive order allowed the President to appoint Charlie Trie to the Bingaman Commission.

3. *Objections Are Raised to Trie’s Appointment*

Shortly after the September 20 discussion between Jones and Duncan, Jones added Trie’s name to the list of appointees for the Commission, and circulated the list among individuals at USTR.²⁶¹ When he received Trie’s name, Steve Clemons says he was imme-

²⁵⁴ Id. (emphasis added).

²⁵⁵ Jones Deposition at 59.

²⁵⁶ Id. at 59–60.

²⁵⁷ Id. at 60; Duncan Deposition at 106–07.

²⁵⁸ Exhibit 83.

²⁵⁹ See id.

²⁶⁰ Executive Order 12987, Jan. 31, 1996 (Exhibit 84).

²⁶¹ Jones Deposition at 64.

diately concerned.²⁶² Trie was listed as working with Daihatsu International Trading Corp., and Clemons was concerned that Trie's company was affiliated with the Japanese conglomerate of the same name.²⁶³ Therefore, Clemons called Trie, to try to confirm that he was not affiliated with the Japanese company.²⁶⁴ Clemons spoke to him, and confirmed that his company was not Japanese, but immediately developed a great concern that Trie was not qualified to be appointed to the Commission.²⁶⁵ Clemons could tell after one brief conversation that Trie was not knowledgeable regarding trade issues.²⁶⁶ He was even more irritated that so many candidates who were more qualified had been rejected by Duncan, and for some reason, Duncan saw fit to recommend Trie.²⁶⁷ For example, Clemons had recommended Ed McCracken, Chairman of Silicon Graphics, Robert Galvin, the former Chairman of Motorola, Gordon Binder, Chairman of Amgen, and Steven Ballmer, president of Microsoft, and all had been rejected.²⁶⁸

Clemons was so angered by Trie's appointment to the Commission that he drafted a letter of protest for Senator Bingaman to send to President Clinton.²⁶⁹ Senator Bingaman initially signed the letter to Clinton, but then instructed Clemons not to send it, and to pursue his objections with the White House orally, rather than in writing, telling Clemons that "this was not the kind of matter to commit to paper."²⁷⁰ Clemons then began a series of telephone calls and e-mails to Phyllis Jones and Charles Duncan objecting to Trie's appointment. Clemons stated that he "did everything he could" to stop the appointment of Charlie Trie to the Commission.²⁷¹ Clemons stated that Jones was generally receptive to his arguments, but told him that since Trie was a White House selection, there was little she could do to change their mind.²⁷² Clemons also had a series of heated conversations with Charles Duncan about Trie. In these discussions, Duncan stated that Trie was an "absolute must appointment" whose name had come "directly from the highest levels of the White House."²⁷³ Duncan also referred to Trie's support of the Administration.²⁷⁴ Duncan concluded by telling Clemons that Trie was not coming off of the Commission.²⁷⁵ Clemons also says he repeated all of these objections in e-mail messages to both Jones and Duncan.²⁷⁶

When faced with Clemons' charges, Duncan denied them, and Jones claimed a lack of recall. Jones was questioned at length about Clemons' charges:

²⁶² Clemons Interview I at 2.

²⁶³ Id.

²⁶⁴ Id.

²⁶⁵ Id.

²⁶⁶ Id.

²⁶⁷ Id.

²⁶⁸ Letter from Senator Jeff Bingaman to President Clinton, July 26, 1995 (Exhibit 85).

²⁶⁹ Clemons Interview I at 2.

²⁷⁰ Id. Clemons retained a copy of the draft letter from Senator Bingaman to President Clinton. However, before he could provide it to the Committee, he was instructed by the Senate Legal Counsel not to provide it, because it was prepared in the course of his official Senate duties. Therefore, the letter presumably still exists in Clemons' possession, and in the office of Senator Bingaman.

²⁷¹ Id. at 3.

²⁷² Id. at 2.

²⁷³ Id. at 3.

²⁷⁴ Id.

²⁷⁵ Id.

²⁷⁶ Id.

QUESTION. Other than that concern [that Trie's company was Japanese], do you recall anyone at USTR having any other concerns about Charlie Trie being appointed to the Commission?

JONES. I don't know.

QUESTION. Did anyone in Senator Bingaman's office raise any concerns about Charlie Trie being appointed to the Commission?

JONES. I just don't remember.

* * * * *

QUESTION. Other than the issue about whether Mr. Trie's Daihatsu was the same as the Japanese car company Daihatsu, do you ever recall receiving any e-mails expressing concern about Charlie Trie being appointed to the Bingaman Commission?

JONES. I don't recall.

QUESTION. Are you aware of any individuals expressing concern to Charles Duncan about Charlie Trie's appointment to the Bingaman Commission?

JONES. I don't know.²⁷⁷

Faced with Clemons' detailed charges, Jones' testimony is difficult to believe. Duncan, however, flatly denied Clemons' charges in sworn interrogatories:

INTERROGATORY. Did anyone involved in the appointment process for the Bingaman Commission, including, but not limited to Steven C. Clemons, express any opposition to the appointment of Mr. Trie?

DUNCAN. No one expressed opposition, but the relative strengths and weaknesses of each potential nominee or potential appointment were discussed, including the strengths and weaknesses of Charlie Trie.

INTERROGATORY. Did you tell anyone involved in the appointment process for the Bingaman Commission, including, but not limited to Steven C. Clemons, that Yah Lin "Charlie" Trie's name came from high levels of the Administration?

DUNCAN. No.

INTERROGATORY. Did you tell anyone involved in the appointment process for the Bingaman Commission, including, but not limited to Steven C. Clemons that Mr. Trie was a "must appointment?"

DUNCAN. No.²⁷⁸

However, faced with the conflict in the testimony between that of Steve Clemons and that of Duncan and Jones, the Committee believes the Clemons testimony is more clear and accurate. Clemons has detailed recall of the events in question, and had no vested interest in the outcome of the investigation. Clemons, like the Committee, had an interest in seeing why the appointment process for the Bingaman Commission was so distorted. Jones and Duncan, on the other hand, have a vested interest in protecting the Clinton Ad-

²⁷⁷Jones Deposition at 83-84.

²⁷⁸See Duncan Interrogatories.

ministration from embarrassment. Jones served in the Clinton Administration, and Duncan continues to serve in the Office of Presidential Personnel. In addition, when the testimony of Duncan and Jones is reviewed, both had frequent lapses in memory, and both provided evasive answers.

Senator Bingaman's office was additionally dismayed by the fact that the Commission was being expanded to accommodate Charlie Trie and one other political appointee. Months earlier, Senator Bingaman had recommended that the Commission be expanded to accommodate qualified candidates, including major corporate CEOs, but Duncan rejected this suggestion out of hand.²⁷⁹ Now, Clemons found that Senator Bingaman's suggestion was being followed, not to allow the appointment of Steven Ballmer or some other qualified individual, but to make room for Charlie Trie. At the very least, Senator Bingaman's office hoped that the expansion of the Commission from 15 spots to "up to 20" would allow some of their original suggested candidates to be appointed.²⁸⁰ But, in the end, Duncan would not allow any of these candidates to go through.

After the failure of Steve Clemons' attempt to derail the appointment of Charlie Trie, the White House moved forward with the appointment process. On November 9, 1995, Duncan drafted a decision memorandum for the Bingaman Commission which listed Yah Lin Trie as a "White House selection" for the Commission.²⁸¹ Two weeks later, Duncan drafted another decision memorandum, which this time listed Trie as an "Ernie Green" selection for the Commission.²⁸² In the final decision memorandum, dated December 12, 1995, Trie was listed as being sponsored for appointment by Ernie Green.²⁸³ In his testimony before the Committee, Duncan indicated that he had erroneously listed Trie as a White House selection on the initial draft of the decision memorandum, and that he later corrected the error.²⁸⁴ Green testified that after he had initially recommended Trie for a position in the administration, Charles Duncan called him and asked if he would be "a supporter of Trie's candidacy."²⁸⁵ However, the fact that Trie was originally listed as a "White House selection" on the first White House document prepared about his selection supports the account of Steve Clemons,

²⁷⁹ In his deposition testimony, Duncan suggested that when he asked USTR to expand the Commission in September 1995, he was acting upon Senator Bingaman's recommendation to the President of July 1995. This suggestion was heartily endorsed by minority Committee counsel. Duncan Deposition at 108, 112. However, Clemons' testimony makes it clear that Duncan had earlier rejected Senator Bingaman's suggestion to expand the Commission. Rather, the expansion only took place to accommodate Charlie Trie and Kenneth Lewis.

²⁸⁰ Clemons Interview I at 3.

²⁸¹ Draft Memorandum from Bob J. Nash to President Clinton, Nov. 9, 1995, White House Document EOP 002199 (Exhibit 86).

²⁸² Draft Memorandum from Bob J. Nash to President Clinton, Nov. 22, 1995, White House Document EOP 002216 (Exhibit 87).

²⁸³ Memorandum from Bob J. Nash to President Clinton, Dec. 12, 1995, White House Document EOP 048649 (Exhibit 88).

²⁸⁴ Duncan Deposition at 190-92.

²⁸⁵ Green Deposition I at 140, 288. In a proffer that they gave to the Committee prior to Green's deposition, Robert Washington and James Christian, counsel for Mr. Green, asserted that Green had nothing to do with Trie's nomination for the Bingaman Commission. In this proffer, Washington and Christian suggested that a recommendation by Green would be unnecessary, because Trie had more extensive White House connections than Green. Green later contradicted the proffer offered by his attorneys, acknowledging that he did recommend Trie for a position on the Commission.

that Trie was a “must appointment” whose name had come “from the highest levels of the White House.”

B. TRIE’S CLEARANCE TO SERVE ON THE COMMISSION

As part of his appointment to the Bingaman Commission, Trie had to prepare a number of documents, including a financial disclosure form. The form required Trie to disclose, *inter alia*, “each asset or source of income . . . which generated over \$200 in income during the reporting period.”²⁸⁶ On this form, Trie indicated that he received a salary of \$60,000 from San Kin Yip International Trading Corporation, and \$37,500 from Daihatsu International Trading Corporation. He did not disclose on the form that he received hundreds of thousands of dollars from foreign sources, despite the fact that the form required such information to be disclosed. In addition, when Trie first turned in his form to USTR officials, he had failed to sign it.²⁸⁷ USTR and Commerce officials processing his appointment to the Commission repeatedly requested that he sign his form, and he did so only 1 day before the Commission’s first meeting.²⁸⁸

Even once Trie signed his financial disclosure form, questions remained regarding the nature of his business. In the spring of 1996, ethics officials at the Commerce Department and USTR prepared conflict of interest waivers for the members of the Commission. These waivers provided the members of the Commission with the necessary legal protection in case they did have some kind of conflict of interest. Laura Sherman, an attorney at the USTR, prepared Trie’s waiver, stating that Trie’s business interests gave him a “disqualifying financial interest in the matter.”²⁸⁹ However, Sherman recommended that the U.S. Trade Representative, Charlene Barshefsky, grant the waiver because Trie “possesse[d] special expertise vital to the work of the Commission and ha[d] substantial knowledge and/or experience regarding trade barriers restricting U.S. business access to Asian and Pacific markets.”²⁹⁰

However, Ambassador Barshefsky refused to sign the waiver, stating that she had a concern that Trie’s companies were foreign.²⁹¹ Thereafter, Sherman interviewed Trie about his business. Trie told her that both Daihatsu and San Kin Yip were U.S. companies.²⁹² Laura Sherman has also testified that Trie told her “San Kin Yip was a joint venture with a Macao corporation that invests in the United States; [and] that he provided advice on those investments.”²⁹³ Based on these statements, Sherman concluded that Trie would not have a conflict of interest in serving on the Commission. She then submitted the waiver to Barshefsky. However, the

²⁸⁶ Executive Branch Confidential Financial Disclosure Report, Commerce Document 01CD0234 (Exhibit 89).

²⁸⁷ Executive Branch Confidential Financial Disclosure Report, Department of Commerce Document 01CD0238 (Exhibit 90).

²⁸⁸ Answers to Interrogatories of Michael Cannon, Nov. 21, 1997, at 4; see also Telephone Notes of Michael Cannon, Mar. 28, 1996.

²⁸⁹ Memorandum from Laura Sherman to Charlene Barshefsky, May 9, 1996, White House Document EOP 017887 (Exhibit 91).

²⁹⁰ Exhibit 90 at 2.

²⁹¹ Answers to Interrogatories of Laura Sherman, Oct. 20, 1997 (“Sherman Interrogatories”) at 2; see also Memorandum from Laura Sherman to Charlene Barshefsky, June 12, 1996, White House Document EOP 017886 (Exhibit 92).

²⁹² Sherman Interrogatories at 3.

²⁹³ *Id.*

waiver form for Trie was never signed. In press reports about the affair, USTR sources stated that it simply “fell through the cracks.”²⁹⁴

C. TRIE’S SERVICE ON THE COMMISSION

The fears of Ambassador Barshefsky regarding Charlie Trie’s service on the Commission were well-founded. Trie used his position on the Commission to promote his business and political interests. At worst, Trie’s actions on the Commission presented an illegal conflict of interest. At best, they represent the serious harm that can result when unqualified, unsavory candidates are appointed to Federal positions without adequate background checks.

1. Trie’s “Contributions” to Commission Meetings

Charlie Trie attended at least eight of the meetings of the Commission.²⁹⁵ These meetings largely consisted of high-level intellectual discussions between the various members of the Commission, many of whom had extensive academic or business experience with Asian trade. Charlie Trie did not speak very much at Commission meetings, and when he did, his comments often could not be deciphered by his colleagues. One of the Commission members remarked that Trie “sat there like a bump on a log” during the meetings, and believed that Trie’s poor command of English caused him to be too embarrassed to speak.²⁹⁶ Trie brought with him to many Commission meetings an employee named Chu Lei. Chu Lei would often speak at meetings on Trie’s behalf. One Commission member recalled that Chu Lei once made a “stupid, indecipherable” statement to the effect that the “Chinese really like Americans, and cannot understand why Americans are so harsh with regard to trade.”²⁹⁷ Eventually, because of her frequent and strange comments at Commission meetings, the members asked the Chairman of the Commission, to bar Chu Lei from attending any more Commission meetings.²⁹⁸

Trie also made several written submissions to the Commission. These documents further confirm the fact that Trie was unqualified to serve on the Commission. Trie made three separate submissions to the Commission: “Proposal of the U.S.-Asia Trading Partnership Program,”²⁹⁹ “Recommendations for what we can do in U.S.-Asia Trade Policy Formulation,”³⁰⁰ and “Some Recommendations Before the Asia Trip.”³⁰¹ These documents are rife with grammatical and typographical errors, and are almost impossible to understand. After witnessing Trie’s performance at Commission meetings and reviewing these documents, many Commission members thought it was strange that Trie was on the Commission, and even the USTR

²⁹⁴ Glenn F. Bunting, “White House Helped Boost Trie Onto Asia Trade Panel,” Los Angeles Times, July 21, 1997.

²⁹⁵ Trie’s attendance is confirmed in a number of Commission memoranda. See EOP 015869, EOP 015364, EOP 015361, EOP 013303, EOP 015401, EOP 015386, EOP 013277, EOP 015917.

²⁹⁶ Interview of Meredith Woo-Cumings, Feb. 18, 1998 (“Woo-Cumings Interview”), at 1.

²⁹⁷ *Id.* at 2.

²⁹⁸ The Committee has learned that in this same period of time, Chu Lei was a conduit contributor to the DNC, and also introduced Trie to the Suma Ching Hai Buddhist cult, which Trie used to funnel \$700,000 to the Presidential Legal Expense Trust.

²⁹⁹ Proposal of the U.S.-Asia Trading Partnership Program, May 14, 1996 (Exhibit 93).

³⁰⁰ Recommendations for what we can do in U.S.-Asia Trade Policy Formulation, Aug. 1, 1996 (Exhibit 94).

³⁰¹ Some Recommendations Before the Asia Trip, Aug. 25, 1996 (Exhibit 95).

official in charge of the Commission concluded that “I believe that more qualified members could have been found to participate, but believe that Mr. Trie tried to be a useful participant.”³⁰²

However, a close examination of Trie’s contributions to Commission meetings show that he was not merely unqualified to participate. Such an examination reveals a great deal about Trie’s political loyalties, and indicates that he was apparently attempting to use his position on the Commission to promote strongly pro-China political views. One Commission member recalled that Trie and Chu Lei “grew agitated” when the Commission members were discussing China in a negative light.³⁰³ The Vice Chairman of the Commission stated that Trie was interested in promoting more friendly relations with China, and was “terribly concerned” regarding a possible confrontation between the United States and China over Taiwan.³⁰⁴ These sentiments are confirmed by Trie’s recorded statements in the transcripts of Commission meetings. In a June 12, 1996 meeting, Trie stated:

I feel this . . . human right [sic] issue, why we don’t listen the other side people [sic], what kind of problems they have, what they judge about the U.S. . . . I feel why we don’t find some way to work with them because potentially they will dominate whole Asia [sic]?³⁰⁵

Later at that same Commission meeting, Trie remarked:

Why don’t they have human rights? What problems do they have? How can we work out together [sic]? . . . We’ve got a chance to do the business, but on the human rights . . . human rights issue is a long way to [sic]—I don’t know. There’s a different culture, different country.³⁰⁶

These sentiments were echoed in Trie’s written submission to the Commission as well:

There are a lot of territories that we forget to pay attention to which might bring us advantages we need such as in India, Southeastern Peninsula. If we work harder with China (which is actually very friendly to us) and the underdeveloped [sic] nations, we will find alot [sic] of rooms [sic] there.³⁰⁷

Beyond promoting China, Trie also used his appointment to the Commission to promote himself. He mentioned the fact that he served on the Commission to a number of individuals.³⁰⁸ Outside of the United States, and among less sophisticated individuals, where, perhaps, the role of the Bingaman Commission was not so well understood, Trie claimed that he served as an “advisor to the

³⁰² Answers to Interrogatories of Nancy Adams, Feb. 23, 1998 (“Adams Interrogatories”) at 20.

³⁰³ Interview of Jackson Tai, Feb. 18, 1998 (“Tai Interview”), at 1.

³⁰⁴ Prestowitz Interview at 3.

³⁰⁵ Transcript of Commission Meeting, June 12, 1996, at 227 (Exhibit 96).

³⁰⁶ Id. at 228.

³⁰⁷ See, e.g., Recommendations for what we can do in U.S.-Asia Trade Policy Formulation, at 3.

³⁰⁸ Cardozo Senate Deposition I at 42; Mercer Deposition I at 77; Kearney Deposition at 64.

President.”³⁰⁹ Trie was even listed on the official letterhead of one Hong Kong company in this capacity.³¹⁰

2. Trie’s Participation on the Commission Trip to Asia

Trie also used his position on the Commission to promote his personal business interests. The vetting process that Trie went through before his appointment was intended to prevent this type of gain, but as described earlier, the process was entirely inadequate. In a document he sent to the Executive Director of the Commission, Trie recommended that the Commission meet with “small and medium business owners who are the real contributors to Taiwan economics.”³¹¹ In the same document, Trie also recommended that the Commission meet with Wang Jun, the Director of CITIC.³¹² Of course, at the same time, Trie and Ernie Green were trying to arrange business deals with Wang Jun and CITIC.

During the Commission’s September 1996 trip, Trie’s behavior attracted the notice of many members of the Commission. One Commission member recalled that Trie had “lieutenants” in many different Asian cities, who would meet him whenever the group arrived.³¹³ Another recalled that Trie introduced him to a governmental official in Beijing.³¹⁴ Upon his arrival with the delegation in Hong Kong, Trie was picked up by a limousine.³¹⁵ When the Commission met with James Riady in Jakarta, Trie made it clear that he was friends with Riady, and had known him since Riady had worked in Little Rock in the 1980s.³¹⁶ In Beijing, Trie took many Commission members to a restaurant where Trie clearly had great influence, and where he was greeted by a group that came and seemingly “paid homage” to Trie.³¹⁷ Another recalled that Trie traveled by chauffeur-driven limousine while in Beijing.³¹⁸ By the end of the trip, the Commission members were “amazed by [Trie’s] ability to maneuver.”³¹⁹

Shortly after the return of the Commission delegation to the United States, press stories broke regarding Trie’s questionable fundraising practices. Trie stopped attending Commission meetings, and sent a letter of apology to the Commission members. In his letter, Trie apologized for missing Commission meetings, and proclaimed his innocence:

However, I want to let you know and want you to have confidence in me that I did not do anything that is illegal to assist and to support the Democratic Party and President Clinton in the campaign activities. I actually felt proud of myself supporting President Clinton, who, as you might have the same feeling as I, is the real person wholeheartedly want to and able to [sic] lead peacefully not only

³⁰⁹ Interview of Soo Jung Mok, Sept. 10, 1998; Johnson Interview at 2.

³¹⁰ Johnson Interview at 2.

³¹¹ Exhibit 94.

³¹² *Id.*

³¹³ Tai Interview at 2.

³¹⁴ Prestowitz Interview at 4.

³¹⁵ *Id.* at 3.

³¹⁶ *Id.*

³¹⁷ Tai Interview at 2.

³¹⁸ Woo-Cumings Interview at 2.

³¹⁹ Tai Interview at 2.

the United States, but also the world to the 21st Century.³²⁰

After stories about Trie's illegal fundraising had come to light, many Commission members questioned whether Trie should remain a member of the Commission.³²¹ The Chairman of the Commission, Ken Brody, and the USTR decided that since Trie was a presidential appointee, it was the White House's decision whether to remove Trie as a member of the Commission.³²² The President ended up leaving Charlie Trie on the Commission. Therefore, even after Charlie Trie had fled the country in January 1997, the Commission continued to fax him Commission documents at his Watergate apartment.³²³ The Commission staff faxed Trie drafts of the Commission report, and asked for his comments, even though they knew that he was embroiled in the fundraising controversy, and that he had fled the country. When the report was published in April 1997, Charlie Trie's name was on the cover as an official member of the Commission.³²⁴

V. TRIE'S 1996 ACTIVITIES

While Trie's career as a DNC fundraiser and Washington insider was to come crashing to a halt by the end of 1996, for most of the year, Trie enjoyed unprecedented access to the White House. Trie brought his friends and business associates to at least six different White House events, ranging from tours to arrival ceremonies for heads of state.³²⁵ Trie himself visited the White House at least 11 times in 1996, visiting high-level White House officials such as Charles Duncan and Ben Johnson.³²⁶ Through his frequent contacts with these officials, Trie built up personal relationships with many of them. For example, Trie gave a Christmas gift to close Clinton advisor Mack McLarty, who wrote back to Trie thanking him, and including a handwritten acknowledgment in his letter.³²⁷

Trie's personal ties with White House and DNC officials also led him to host a number of parties at his Watergate apartment. A number of Administration and DNC officials have testified to attending multiple events at Trie's apartment. At various times, Trie's apartment served as a gathering place for: Mark Middleton,³²⁸ Ernie Green,³²⁹ Charles Duncan, Associate Director of Presi-

³²⁰ Letter from Charlie Trie to Nancy Adams and Commission Members, Jan. 1, 1997 (Exhibit 97).

³²¹ Adams Interrogatories at 33.

³²² Interview of Kenneth Brody, Feb. 19, 1998, at 2; see also Adams Interrogatories at 35.

³²³ See, e.g., Memorandum from Nancy Adams to Lawrence Johnson, Kenneth Lewis, Harold Poling, Charlie Trie, et al., Mar. 3, 1997.

³²⁴ Building American Prosperity in the 21st Century: U.S. Trade and Investment in the Asia Pacific Region, April 1997 ("Commission Report"). It should be noted that three members of the Commission filed dissenting views from the report. The dissenting members concluded that the "report's conclusions are out of touch with the economic concerns of the majority of the American public." They also stated that "the report fails to fulfill the President's mandate to recommend policies that would increase U.S. access to Asian markets "in such a way that a maximum number of high-wage jobs are created and maintained in the United States." See id. at 62.

³²⁵ See, e.g., Memorandum from Susan Lavine to "WAVES," Feb. 20, 1996, White House Document EOP 056859 (Exhibit 98); Memorandum from Susan Lavine to Melinda Bates, Jan. 29, 1996, White House Document EOP 056851 (Exhibit 99).

³²⁶ WAVES Records of Yah Lin Trie.

³²⁷ Letter from Mack McLarty to Charlie Trie, Jan. 10, 1996, White House Document EOP 008589 (Exhibit 100).

³²⁸ Deposition of Robert Ben Johnson, House Committee on Government Reform and Oversight, Feb. 20, 1998 ("Johnson Deposition"), at 89.

³²⁹ Green Deposition I at 57.

dential Personnel,³³⁰ Jude Kearney, Deputy Assistant Secretary of Commerce,³³¹ Ben Johnson, Special Assistant to the President,³³² Lottie Shackelford, Vice-Chair of the DNC,³³³ David Mercer, Deputy Finance Director of the DNC,³³⁴ and Susan Lavine, DNC White House Liaison.³³⁵

Charlie Trie was to capitalize on these ties throughout 1996. First, he brought Wang Jun, Chairman of the China International Trust and Investment Corporation (“CITIC”), a Chinese government-controlled conglomerate, to the White House to meet President Clinton at a February 6, 1996, White House coffee. Trie made the introduction at the same time that Wang’s company was under investigation for smuggling illegal machine guns into the United States. Also in 1996, Trie raised large sums of money for the DNC. Trie was prominently involved in raising funds for at least three major DNC events. Most of the funds raised by Trie have been determined to be illegal.

A. THE FEBRUARY 6, 1996, WHITE HOUSE COFFEE

On February 6, 1996, Charlie Trie accompanied Chinese executive Wang Jun to a fundraising coffee held in the White House. Several weeks after the coffee, a subsidiary of Wang’s company called Poly Technologies was discovered smuggling illegal machine guns to Los Angeles street gangs.³³⁶ After learning late in 1996 who Wang was and which company he was affiliated with, President Clinton described Wang’s presence at the coffee as “clearly inappropriate.”³³⁷ However, it appears that Wang’s attendance at the coffee was not a simple mistake, but rather, was the result of a carefully orchestrated plan of Charlie Trie. It also appears that Trie had the cooperation and assistance of Ernie Green, the DNC, and the Clinton White House in getting Wang into the coffee.

1. *Background of Wang Jun*

Wang Jun was known to American governmental officials before his appearance at the White House coffee. He had visited the United States, and he had also met with U.S. Governmental officials in China. It appears that Wang had somehow developed a relationship with officials in the Department of Commerce, most notably, Melinda Yee and Jude Kearney. In 1995, during Secretary Brown’s October trade mission to China, Wang requested that he meet with Brown to discuss trade opportunities.³³⁸ Yee endorsed this request and forwarded it to Jude Kearney for action.³³⁹ It is unknown whether Wang gained an official audience with Ron Brown during the trade mission. However, at the end of the trade

³³⁰Duncan Deposition at 183.

³³¹Kearney Deposition at 46.

³³²Johnson Deposition at 88.

³³³Shackelford Deposition at 40.

³³⁴Mercer Deposition I at 114.

³³⁵Deposition of Susan Lavine, House Committee on Government Reform and Oversight, July 21, 1997 (“Lavine Deposition”), at 95.

³³⁶“Report: Two Chinese Arms Company Representatives Arrested,” Associated Press, May 22, 1996.

³³⁷Susan Schmidt and Lena H. Sun, “Clinton Calls Wang Meeting ‘Inappropriate,’” the Washington Post, Dec. 21, 1996 at A1.

³³⁸Facsimile from Jude Kearney to Melinda Yee, Oct. 13, 1995, Commerce Document 10BA1259 (Exhibit 101).

³³⁹Id.

mission, Wang did meet with Brown in Hong Kong. Wang was invited to the October 18, 1995, dinner at the Hong Kong Shangri-La Hotel organized by Trie and Ng Lap Seng. Photographs of the event indicate that Wang was one of the approximately 20 foreign business leaders invited by Trie and Ng.³⁴⁰

At the Shangri-La dinner, Wang was introduced to Ernie Green, and according to Green, the two had a “modest exchange.”³⁴¹ Green also claims that he collected the business cards of Wang and an associate of Wang, Wong Xu of the Shezhen Bao Hua Trading Corporation, a subsidiary of CITIC involved in international investment.³⁴² Shortly after the Shangri-La dinner, Green wrote to both Wang and Wong, inviting them to come to the United States later that year. Green wrote “I enjoyed our discussions and feel there are many business opportunities we may pursue. If your schedule will allow, I would like to extend an invitation to you to visit the USA during the month of December.”³⁴³ Wang, Wong, and an entourage of CITIC officials used Green’s letters of invitation to apply for a visa to visit the United States on January 22, 1996.³⁴⁴

2. *Wang Jun’s Invitation to the Coffee*

In January 1996, Charlie Trie began speaking to high-level DNC officials about arranging for Wang’s attendance at a DNC coffee in the White House. Trie told David Mercer that he wanted to attend a DNC coffee, and bring Wang Jun with him as a guest.³⁴⁵ Mercer responded that his request to bring a guest was unusual, but requested Wang’s biography so that the DNC and White House could process the request.³⁴⁶ Mercer passed Trie’s request on to Richard Sullivan. Sullivan recalls that Trie had expressed a strong desire to have Wang at the coffee, and mentioned his extensive fundraising activities for the DNC in the past, and his planned activities in connection with John Huang’s February 19, 1996, fundraiser at the Hay-Adams Hotel.³⁴⁷ It appears that the DNC had several concerns about allowing Wang’s attendance at the coffee. First, there was a DNC policy of not allowing donors to bring guests to White House coffees.³⁴⁸ Second, Richard Sullivan claims to have had concerns about the fact that Wang was a foreign national.³⁴⁹ Therefore, Sullivan asked Karen Hancox, Deputy Assistant to the President for Political Affairs, to conduct background research on Wang and CITIC.³⁵⁰ However, it is not clear whether Hancox did actually conduct any research regarding Wang before the coffee.³⁵¹ Despite

³⁴⁰ Exhibit 63.

³⁴¹ Green Deposition I at 155.

³⁴² Green Senate Deposition at 117.

³⁴³ Letter from Ernest Green to Wang Jun, Nov. 6, 1995, Ernest Green Document 005044 (Exhibit 102); see also Letter from Ernest Green to Wong Xu, Nov. 6, 1995, Ernest Green Document 005045 (Exhibit 103).

³⁴⁴ Visa Application to the U.S. Embassy in Beijing for Wang Jun and three other individuals.

³⁴⁵ Deposition of David Mercer, Senate Committee on Governmental Affairs, May 27, 1997 (“Mercer Senate Deposition”), at 139.

³⁴⁶ *Id.*

³⁴⁷ Sullivan Senate Deposition at 103.

³⁴⁸ Mercer Senate Deposition at 142.

³⁴⁹ Sullivan Senate Deposition at 108.

³⁵⁰ *Id.*

³⁵¹ Deposition of Karen Hancox, Senate Committee on Governmental Affairs, June 9, 1997, (“Hancox Senate Deposition”) at 74–78. Hancox did testify, though, that she discussed Wang with Andrew Sens, a staffer at the National Security Council, after the coffee. Even after the coffee and the press reports regarding the fact that Wang Jun was in charge of a company found

any concerns, the DNC and the White House allowed Wang to attend the coffee.

According to Ernie Green, in late January 1996, Green was informed by Charlie Trie that Wang Jun and his party would be coming to the United States. At this time, Green began making plans to entertain the group and introduce them to Lehman executives in Washington and New York City. He also requested that Trie provide him with biographical information for Wang and his party.³⁵² While Green readily admits to planning for business meetings with Wang, he denies that he had any role in arranging for Wang's attendance at the February 6 coffee.³⁵³ However, the records and testimony received by this Committee and the Senate Governmental Affairs Committee indicate that Green did have a role in planning Wang's attendance at the coffee. First, Richard Sullivan, the DNC Finance Director, stated that:

I understood David Mercer telling Marvin Rosen and myself, it was in the context of something that was important to Ernie and Charlie . . . It was a mistake. I was—it's obviously a mistake. It was something, as I understood it, that was important that Ernie had this guy in town doing business. Ernie had been a longtime supporter and *it was purely as a favor to Ernie*.³⁵⁴

In addition, it appears that when the DNC asked Charlie Trie to provide Wang Jun's resume in order to check his background, it was provided by Ernie Green, not Charlie Trie.³⁵⁵ Green denies that he was involved in arranging Wang's attendance at the White House coffee, but is unable to explain why he faxed Wang's resume to the DNC.³⁵⁶

3. Ernie Green's \$50,000 Contribution

The final, and most significant way that Green appears to have been involved in providing for Wang's attendance at the coffee is by making a large contribution to the DNC. Attendance at White House coffees usually required a sizable contribution to the Democratic party by the person attending the coffee. However, neither Wang nor Trie contributed to attend the coffee. It appears, though, that Ernie Green made a sizable contribution in this period of time. On February 6, 1996, the day of the coffee, Green made a contribution of \$50,000 to the DNC. The check he gave was signed by his wife, Phyllis Caudle-Green. Green has testified that he gave the \$50,000 check to David Mercer at a breakfast on the morning of February 6.³⁵⁷ Green also stated that he and his wife gave the contribution out of a long-standing feeling that they should give a

smuggling weapons into the United States, Sens still believed it was appropriate to host Wang at the White House.

³⁵² Green Deposition I at 193.

³⁵³ *Id.* at 196.

³⁵⁴ Senate Committee on Governmental Affairs, Hearing 105-300 pt. I at 132, July 9, 1997 (emphasis added).

³⁵⁵ Resume of Wang Jun, DNC Document 3043714 (containing a fax header indicating that it was faxed from Lehman Brothers to "DNC Chairman") (Exhibit 104). See also Green Senate Deposition at 171-74.

³⁵⁶ Green Senate Deposition at 172-74.

³⁵⁷ Green Deposition I at 211.

large contribution to the DNC.³⁵⁸ Green adamantly denied that his \$50,000 contribution was connected to Trie or Wang Jun.³⁵⁹

However, David Mercer denies that he received the \$50,000 check from Ernie Green.³⁶⁰ Mercer recalls that he received the check from Charlie Trie.³⁶¹ Mercer's testimony is supported by the DNC check tracking form for Green's contribution. The form shows that Mercer credited Charlie Trie with soliciting the Green contribution.³⁶² In addition to recognizing Trie as the solicitor of the Green contribution, Mercer credited the contribution to the February 6 coffee. Mercer's accreditation of the contribution to the coffee was reviewed by a number of DNC officials, including Marvin Rosen, Scott Pastrick, and Richard Sullivan.³⁶³ In light of this documentary evidence, it appears that Ernie Green not only helped arrange Wang's invitation to the White House coffee, but that he also may have made a \$50,000 contribution to the DNC in connection with the coffee.

Records received by the Committee also indicate that in the 2 month period surrounding the time that Green contributed \$50,000 to the DNC, Green deposited over \$38,000 cash he cannot account for into his bank accounts, and separately received \$11,500 from Charlie Trie in travelers checks and a wire transfer.

a. Ernie Green's Mysterious Cash Deposits

Starting in December 1995, Green began a highly unusual pattern of banking activity in which he made a number of trips to the bank to deposit large amounts of cash. Green cannot account for any of these transactions. On December 15, 1995, Green deposited \$4,000 cash into his NationsBank account.³⁶⁴ On January 23, 1996, Green deposited \$2,000 cash at NationsBank,³⁶⁵ and \$700 into his account at the Riggs Bank.³⁶⁶ Three days later, Green made two trips to NationsBank, depositing \$300 and \$1,000 cash.³⁶⁷ On February 9, Green made four separate trips to two different banks. He made three trips to NationsBank, making cash deposits of \$1,000, \$3,000, and again \$3,000.³⁶⁸ Then Green went to Riggs and deposited \$1,000 cash.³⁶⁹ On February 21, Green made three trips to the bank, depositing \$5,000 and then \$3,000 cash at NationsBank,³⁷⁰ and then \$2,500 at Riggs Bank.³⁷¹ On February 22, Green depos-

³⁵⁸ Id. at 208–09.

³⁵⁹ Id. at 210.

³⁶⁰ Mercer Deposition II at 35.

³⁶¹ Id.

³⁶² Check Tracking Form for Contribution of Ernest G. Green and Phyllis Caudle-Green, Feb. 6, 1996, DNC Document DNC 3064259 (Exhibit 105).

³⁶³ Memorandum from David Mercer to Marvin Rosen et al., Feb. 6, 1996, DNC Document DNC 3422907 (Exhibit 106).

³⁶⁴ Deposit Item, NationsBank Account of Ernest G. Green and Phyllis Caudle Green, Dec. 15, 1995.

³⁶⁵ Deposit Item, NationsBank Account of Ernest G. Green and Phyllis Caudle Green, Jan. 23, 1996.

³⁶⁶ Deposit Item, Riggs Bank, Ernest G. Green Travel Expenses Account, Jan. 23, 1996.

³⁶⁷ Deposit Items, NationsBank Account of Ernest G. Green and Phyllis Caudle Green, Jan. 26, 1996.

³⁶⁸ Deposit Items, NationsBank Account of Ernest G. Green and Phyllis Caudle Green, Feb. 9, 1996.

³⁶⁹ Deposit Item, Riggs Bank, Ernest G. Green Travel Expenses Account, Feb. 9, 1996.

³⁷⁰ Deposit Items, NationsBank Account of Ernest G. Green and Phyllis Caudle Green, Feb. 21, 1996.

³⁷¹ Deposit Item, Riggs Bank, Ernest G. Green Travel Expenses Account, Feb. 21, 1996.

ited \$3,000 cash at NationsBank.³⁷² The following day, Green deposited \$3,500 cash at Riggs Bank.³⁷³ On February 28, Green deposited \$5,400 cash at NationsBank.³⁷⁴ Green's cash deposits are laid out in the following chart:

Date	Bank	Deposit
December 15, 1995	NationsBank	\$4,000
January 23, 1996	NationsBank	2,000
January 23, 1996	Riggs Bank	700
January 26, 1996	NationsBank	300
January 26, 1996	NationsBank	1,000
February 9, 1996	NationsBank	1,000
February 9, 1996	NationsBank	3,000
February 9, 1996	NationsBank	3,000
February 9, 1996	Riggs Bank	1,000
February 21, 1996	NationsBank	5,000
February 21, 1996	NationsBank	3,000
February 21, 1996	Riggs Bank	2,500
February 22, 1996	NationsBank	3,000
February 23, 1996	Riggs Bank	3,500
February 28, 1996	NationsBank	5,400

Green's banking activity during the 2 month period raises a number of questions. First, the volume of cash deposits, over \$38,000, raises questions regarding the source of the money. The Committee asked Green, and he could not recall the source of any of this \$38,000.³⁷⁵ Green merely speculated that it could have come from speaking engagements before churches and schools which paid him in cash.³⁷⁶ However, when asked about each cash deposit individually, Green could not recall the source of any of the cash that he deposited into his bank accounts.³⁷⁷ Green denied that any of the money came from Trie or Trie's associates.³⁷⁸ The second question raised by Green's activity is the unusual pattern of deposits. At several points during January and February 1996, Green went to the bank multiple times in 1 day to deposit large amounts of cash. For example, on February 9, 1996, Green made four trips to the bank and deposited \$8,000 cash. Also, in late February, Green went to the bank seven times in a 1 week period to deposit \$24,400 cash. This pattern suggests that Green may have been attempting to conceal the size of his deposits, and possibly avoid Currency Transaction reporting requirements. In his deposition before the Committee, Green denied that he was aware of, or attempting to avoid these reporting requirements.³⁷⁹ The Committee invited Green to provide further information to the Committee explaining the source of the cash deposits, but thus far, he has not done so.

³⁷² Deposit Item, NationsBank Account of Ernest G. Green and Phyllis Caudle Green, Feb. 22, 1996.

³⁷³ Deposit Item, Riggs Bank, Ernest G. Green Travel Expenses Account, Feb. 23, 1996.

³⁷⁴ Deposit Item, NationsBank Account of Ernest G. Green and Phyllis Caudle Green, Feb. 28, 1996.

³⁷⁵ Deposition of Ernest G. Green, House Committee on Government Reform and Oversight, Sept. 25, 1998, ("Green Deposition II") at 20-22.

³⁷⁶ Id. at 16-17.

³⁷⁷ Id. at 15-29.

³⁷⁸ Id.

³⁷⁹ Id. at 24.

b. Ernie Green Received At Least \$11,500 From Trie

During this same period of time, Green received at least \$11,500 from Trie. First, Trie wired \$9,500 to the company run by Green and his wife to sell the self-inflating novelty balloons, the Green/McKenzie Group. In January 1996, Trie visited the family of his sister, Manlin Fong, in California.³⁸⁰ While he was there, Trie deposited a \$30,000 cashier's check into his sister's bank account at the Travis Federal Credit Union.³⁸¹ Then, several days later, Trie withdrew \$15,000 in cash.³⁸² On January 19, Trie asked Fong to wire \$9,500 of his remaining money to the NationsBank account for the Green/McKenzie Group.³⁸³ Before the Committee acquired proof that Green/McKenzie had received money from Trie, Green adamantly denied that he had received money from Trie in connection with the pop-up balloon venture:

QUESTION. Did Green McKenzie receive any funds from any of Mr. Trie's companies that he was affiliated with, be it Capitol Hill [Enterprises], Daihatsu or San Kin Yip?

GREEN. No. Any—are we speaking of direct investments?

QUESTION. Yes.

GREEN. No.

QUESTION. Did you or your wife receive personally any money from Mr. Trie or any of his companies with respect to the pop-up balloon venture?

GREEN. No, we did not.³⁸⁴

However, in his second deposition, once he was shown evidence of a wire transfer for \$9,500 to Green/McKenzie, Green admitted that Green/McKenzie did receive money from Charlie Trie for the pop-up balloon venture:

QUESTION. Under that agreement, do you know how much money Green/McKenzie received from Mr. Trie?

GREEN. I think this incoming wire was \$9,500, and that was the amount.

QUESTION. And that was all the money that you ever received from Mr. Trie for the balloon project?

GREEN. That is correct.³⁸⁵

On this point, like many others, Green has offered contradictory testimony. This time, Green contradicted his own sworn statement in his first deposition. Especially alarming is the fact that Green flatly denied receiving money from Trie for Green/McKenzie in his first deposition, and then recalled with great precision the transfer of money from Trie to Green/McKenzie in his second deposition. Green acknowledged receiving this money from Trie only after the Committee subpoenaed the bank records of Green/McKenzie.

On February 27, 1996, Green deposited \$2,000 at NationsBank.³⁸⁶ In his second deposition before the Committee,

³⁸⁰ Interview of Manlin Fong, Sept. 22, 1998.

³⁸¹ Id.

³⁸² Id.

³⁸³ Id.

³⁸⁴ Green Deposition I at 145.

³⁸⁵ Green Deposition II at 37.

³⁸⁶ Deposit Item, NationsBank Account of Ernest G. Green and Phyllis Caudle Green, Feb. 27, 1996.

Green acknowledged that he received \$2,000 in travelers checks from Trie and deposited them into his account:

QUESTION. I would now like to show you Exhibit EG-16, which indicates that you made a cash deposit of \$2,000 into NationsBank, your account there, on February 27, 1996. Do you recall the form of that deposit, whether it was cash or travelers checks?

GREEN. I assume that this is a travelers check.

QUESTION. . . . Charlie Trie gave you these travelers checks; is that correct?

GREEN. Yes.

Green's explanation for receiving this money was that he had won a \$2,000 bet on a basketball game with Trie.³⁸⁷ However, Green's admission followed sworn testimony before the Senate Committee on Governmental Affairs wherein Green flatly denied ever receiving any money from Trie:

QUESTION. Did you ever receive any money from Mr. Trie?

GREEN. No, I have not.³⁸⁸

Remarkably, Green was able to recall every minute detail of his \$2,000 bet with Charlie Trie, while at the same time entirely forgetting the source of any of the \$38,000 in cash he deposited between December and February 1996.³⁸⁹ Green's selective memory on this point, as many others, suggests that his testimony before the Committee about why he received the \$2,000 in travelers checks is not credible. Green's sworn statements, therefore, that he was never reimbursed for his \$50,000 contribution to the DNC, similarly carry little weight.

4. Wang Jun's Tour of Washington, DC

Wang entered the United States at San Francisco on February 1, 1996. It is unknown where Wang traveled between February 1 and 5. On February 5, Charlie Trie scheduled a reception for Wang and other CITIC officials at his Watergate apartment. Little is known about this event or who attended, other than the fact that Jude Kearney was scheduled to attend.³⁹⁰ Kearney denied that he had any knowledge of Wang's attendance at the coffee, and also denied that he even knew of any connection between Charlie Trie and Wang Jun:

³⁸⁷ Green Deposition II at 27-28.

³⁸⁸ Green Senate Deposition at 192.

³⁸⁹ Green recalled his wager with Trie in great detail:

QUESTION. Why did Mr. Trie give you these travelers checks?

GREEN. We had a gentlemen's bet on a basketball game.

QUESTION. Which basketball game was that?

GREEN. It was the Bulls playing—the Bulls were playing Indiana. It was a Sunday game. I think it was on the 18th, and the bet was that Michael Jordan would score 40 points or better, and Charlie was not a big Michael Jordan fan so he took the bet.

QUESTION. I take it you won this bet, is that correct?

GREEN. I did. I think Michael Jordan scored 43 points.

Green Deposition II at 27. Green's detailed testimony regarding the Bulls-Pacers game followed half an hour of questioning in which he was not able to offer any testimony regarding any of 14 different cash banking transactions.

³⁹⁰ Calendar for Jude Kearney, Feb. 5, 1996, Commerce Document 02AB2576 (Exhibit 107).

QUESTION. Are you aware of any relationship between Mr. Trie and CITIC?

KEARNEY. Only what I have read in the papers.³⁹¹

Despite the fact that Kearney testified that he was unaware of any relationship between Trie and CITIC, Kearney was scheduled to attend the CITIC reception at Trie's apartment. Kearney claimed to have no recollection of the reception, including whether he attended.³⁹²

The following day, February 6, Wang had three significant appointments. First, he met with Commerce Secretary Ron Brown.³⁹³ Wang and Brown had met earlier at least once at the Shangri-La dinner, and possibly during Brown's 1995 trade mission to China. It is unknown how this meeting was arranged, or who specifically attended the meeting. Second, Wang met with Ernie Green and his Lehman Brothers associate at Green's offices. According to those present, several individuals attended the meeting, including Wang, his translator, Trie, and Ng Lap Seng.³⁹⁴ According to Green, the purpose of the meeting was to "reintroduce" CITIC to Lehman Brothers.³⁹⁵ At the end of the meeting, Trie mentioned that he and Wang were going to a White House coffee.³⁹⁶ It was at this time, Green claims, that he first learned that Trie and Wang were going to the White House.³⁹⁷ After the Lehman Brothers meeting, Trie and Wang went to the White House coffee. White House photographs indicate that Trie and Wang had a number of photographs taken with the President.³⁹⁸ However, other guests present at the coffee have informed the Committee that neither Trie nor Wang spoke at all during the event.³⁹⁹ Following the coffee, Trie took the CITIC delegation to New York, where Ernie Green had arranged a meeting with other Lehman Brothers officials.⁴⁰⁰ Shortly after the coffee, Trie and Wang received autographed copies of the President's State of the Union address.⁴⁰¹ Wang's copy read "[t]o Wang Jun, with appreciation, Bill Clinton."⁴⁰²

It has been suggested in the press that Wang may have used his visit to the United States in February 1996 as an opportunity to thwart the ongoing probe of CITIC's arms-smuggling activity.⁴⁰³ Shortly after Wang's Washington tour and appearance at the White House, word of the Federal investigation into Poly Technologies was leaked to the press.⁴⁰⁴ This leak brought an early end to the sting operation run by the Customs Service. At the time of the

³⁹¹ Kearney Deposition at 83.

³⁹² *Id.* at 84.

³⁹³ Calendar for Secretary Ronald H. Brown, Feb. 5–11, 1996, Department of Commerce Document 10AK0081 (Exhibit 108).

³⁹⁴ Green Deposition I at 202–03.

³⁹⁵ *Id.* at 203.

³⁹⁶ *Id.* at 204–05.

³⁹⁷ As discussed earlier, Green's claims of ignorance conflict with several pieces of evidence: (1) the DNC check tracking form crediting his contribution to the coffee; (2) testimony of DNC officials acknowledging Green's involvement in arranging the coffee; and (3) the fact that Green had provided Wang's resume to the DNC.

³⁹⁸ White House Communications Agency photographs, BUR 00554 (Exhibits 109–110).

³⁹⁹ Nash Deposition at 154. It is not surprising that Wang did not speak, as it appears that Wang cannot speak English.

⁴⁰⁰ Green Deposition I at 225–226.

⁴⁰¹ State of the Union Address, Jan. 23, 1996, DNC Document DNC 3059953 (Exhibit 111); State of the Union Address, Jan. 23, 1996, DNC Document DNC 3059706 (Exhibit 112).

⁴⁰² Exhibit 111.

⁴⁰³ See generally Howard Blum, *The Tail of the Dragon*, Vanity Fair, December 1997.

⁴⁰⁴ *Id.*

leak, Customs officials were on the verge of arresting high-ranking Chinese officials for arms smuggling.⁴⁰⁵ After the leak, which came from “diplomatic sources,” the Customs officials were left only with low-level criminals to arrest. The Committee continues to review these matters.

B. FEBRUARY 19, 1996, FUNDRAISER

After Wang’s visit to the United States in February 1996, Trie focused on raising funds for the DNC’s February 19, 1996, Asian-American fundraiser at the Hay-Adams Hotel. This event was the first major DNC event organized by John Huang, and Charlie Trie was a major part of Huang’s fundraising plans for the event. However, a large part of the money that was raised for the event was raised from illegal sources.

At this event, Trie and Ng Lap Seng were rewarded with a seat at the head table, next to President Clinton.⁴⁰⁶ On the other side of the President sat Pauline Kanchanalak and Ted Sioeng.⁴⁰⁷ Of the four individuals who sat around the President at the event, two, Trie and Kanchanalak, have been indicted, and two, Ng and Sioeng, have fled the country. Of these four individuals, only Trie was even able to legally contribute at any time. The following day, the participants in the February 19 dinner were invited to a breakfast with Vice President Gore. Trie, Ng, Pan, and a number of other guests had breakfast, as well as a number of photographs with the Vice President.⁴⁰⁸

1. *Trie’s Conduit Contributions*

Trie brought a number of guests to the event, and raised at least \$230,000. Many of the contributions that Trie raised for the fundraiser were illegal.

a. *Manlin Foug and Joseph Landon*

In February 1996, Charlie Trie telephoned his sister, Manlin Foug, and requested that she and her friend, Joseph Landon, contribute \$12,500 each to the DNC.⁴⁰⁹ Trie promised to reimburse both Foug and Landon fully.⁴¹⁰ Foug and Landon agreed to contribute. On February 19, 1996, Foug and Landon each contributed \$12,500 via personal checks to the DNC⁴¹¹ with the understanding that they would be reimbursed before their checks cleared their respective banks.⁴¹²

⁴⁰⁵ Id.

⁴⁰⁶ Photograph of Head Table, Feb. 19, 1996, (Exhibit 113); see also Photograph of Charlie Trie and President Clinton, Feb. 19, 1996 (Exhibit 114); Photograph of Antonio Pan and President Clinton, Feb. 19, 1996 (Exhibit 115); Photograph of Ng Lap Seng and President Clinton, Feb. 19, 1996 (Exhibit 116); Photograph of Pun Nun Ho and President Clinton, Feb. 19, 1996 (Exhibit 117).

⁴⁰⁷ See Photograph of Head Table, Feb. 19, 1996 (Exhibit 118); see also Exhibit 113.

⁴⁰⁸ Photograph of Charlie Trie and Vice President Gore, Feb. 20, 1996 (Exhibit 119); Photograph of Ng Lap Seng and Vice President Gore, Feb. 20, 1996 (Exhibit 120); Photograph of Pun Nun Ho and Vice President Gore, Feb. 20, 1996 (Exhibit 121); Photograph of Antonio Pan and Vice President Gore (Exhibit 122).

⁴⁰⁹ Foug Deposition at 40–41, 44–46; Deposition of Joseph Landon, House Committee on Government Reform and Oversight, Sept. 29, 1996 (“Landon Deposition”) at 12–13.

⁴¹⁰ Foug Deposition at 44–46.

⁴¹¹ DNC Check Tracking Form for Contribution of Manlin Foug, Feb. 19, 1996, DNC Document 000526 (Exhibit 123); DNC Check Tracking Form for Contribution of Joseph Landon, Feb. 19, 1996, DNC Document D0000350 (Exhibit 124).

⁴¹² Foug Deposition at 40–41, 44–46; Landon Deposition at 13–14.

Bank records indicate that on February 22, 1996, Antonio Pan opened a savings account at the Amerasia Bank in Flushing, New York, with an initial deposit of \$25,200 cash.⁴¹³ Within minutes of the initial deposit, Pan withdrew \$25,000 cash from the savings account⁴¹⁴ and purchased five sequentially numbered \$5,000 cashier's checks totaling \$25,000 from Amerasia Bank.⁴¹⁵ Three of the cashier's checks totaling \$15,000 were made payable to Fong⁴¹⁶ and two totaling \$10,000 were made payable to Landon.⁴¹⁷ Pan then sent these checks to Fong via overnight mail. On February 23, 1996, Fong and Landon deposited these checks in their accounts.⁴¹⁸

b. Ming Chen and Yue Fang Chu

On February 14, 1996, San Kin Yip Holdings Co. Ltd., a company controlled by Ng Lap Seng, wired \$150,000 from the Bank of China, Hong Kong, to the joint account of Trie and Ng held at Riggs Bank, Washington, DC.⁴¹⁹ At the time of the transfer, the account balance was \$10,459.55.⁴²⁰ The wire transfer was received only 5 days before the February 19 dinner. In the days following the wire transfer, four checks totaling \$37,500 were issued by Trie's employee Keshi Zhan from Trie and Ng's joint account to individuals who subsequently contributed the same amount of money to the DNC. Zhan issued check number 382 dated February 19, 1996 to Ming Chen, an employee of Trie, in the amount of \$12,500.⁴²¹ Yue Fang Chu, an individual who shares an address and at least two joint bank accounts with Ming Chen, contributed \$12,500 to the DNC the same day, February 19, 1996, from their joint account at Bank-Fund Staff Federal Credit Union.⁴²²

Check number 383 dated February 19, 1996, in the amount of \$7,500 was also issued to Ming Chen.⁴²³ That same day, Yue F. Chu issued a check in the amount of \$7,500 to the DNC from one of her joint bank accounts with Chen held at the Chevy Chase Bank of Chevy Chase, Maryland.⁴²⁴ Chu was credited with both the

⁴¹³Amerasia Bank Signature Card of Antonio Pan, Feb. 22, 1996; Amerasia Bank Personal New Account Application of Antonio Pan, Feb. 22, 1996; Amerasia Bank Savings Account Statement of Antonio Pan, Mar. 31, 1996; Amerasia Bank Savings Deposit Slip of Antonio Pan, Feb. 22, 1996.

⁴¹⁴Amerasia Bank Savings Withdrawal Slip of Antonio Pan, Feb. 22, 1996.

⁴¹⁵Amerasia Bank Applications of Antonio Pan for three \$5,000 Cashier's Checks to Manlin Fong, Feb. 22, 1996; Amerasia Bank Applications of Antonio Pan for two \$5,000 Cashier's Checks to Joe Landon, Feb. 22, 1996; three \$5,000 Amerasia Bank Cashier's Checks to Manlin Fong, Feb. 22, 1996; two \$5,000 Amerasia Bank Cashier's Checks to Joe Landon, Feb. 22, 1996.

⁴¹⁶Three \$5,000 Amerasia Bank Cashier's Checks to Manlin Fong, Feb. 22, 1996;

⁴¹⁷Two \$5,000 Amerasia Bank Cashier's Checks to Joe Landon, Feb. 22, 1996.

⁴¹⁸Travis Federal Credit Union Deposit Slip of Manlin Fong in the amount of \$14,500, Feb. 23, 1996; three Deposited \$5,000 Amerasia Bank Cashier's Checks to Manlin Fong, Feb. 22, 1996; Travis Federal Credit Union Posted Transaction Register for the Checking Account of Manlin Fong.

⁴¹⁹Lap Seng Ng and Yah Lin Trie, Account Statement, Riggs National Bank, Washington, DC, Mar. 5, 1996; Lap Seng Ng and Yah Lin Trie, Wire Transfer Report, Riggs National Bank, Washington, DC, Feb. 14, 1996.

⁴²⁰Lap Seng Ng and Yah Lin Trie, Account Statement, Riggs National Bank, Washington, DC, Mar. 5, 1996.

⁴²¹Lap Seng Ng and Yah Lin Trie, Check No. 382, Riggs National Bank, Washington, DC, Feb. 19, 1996.

⁴²²DNC Check Tracking Form for Contribution of Yue Fang Chu, Feb. 19, 1996, DNC Document 000528 (Exhibit 125).

⁴²³Lap Seng Ng and Yah Lin Trie, Check No. 383, Riggs National Bank, Washington, DC, Feb. 19, 1996.

⁴²⁴DNC Check Tracking Form for Contribution of Yue Fang Chu, Feb. 19, 1996, DNC Document 000531 (Exhibit 126).

\$12,500 and the \$7,500 contributions on the Federal Election Commission records.⁴²⁵

c. Zhengwei Cheng and Xiping Wang

Keshi Zhan issued check number 384 dated February 19, 1996, to Zhengwei Cheng in the amount of \$5,000.⁴²⁶ Xiping Wang, an individual who shares an address and a checking account at the Bank-Fund Staff Federal Credit Union with Zhengwei Cheng, contributed \$5,000 to the DNC the same day, February 19, 1996, from that account.⁴²⁷ Xiping Wang was credited with the \$5,000 contribution on the Federal Election Commission records.⁴²⁸

d. Keshi Zhan

On February 9, 1996, Trie's assistant Keshi Zhan issued a check to herself from the joint bank account of Trie and Ng in the amount of \$12,500.⁴²⁹ She then wrote a check to the DNC in the amount of \$12,500.⁴³⁰ Both the check from Trie to Zhan and the check from Zhan to the DNC are dated February 9, 1996. However, Zhan did not deposit the check from Trie into her checking account until February 26, 1996.⁴³¹ Similarly, Ms. Zhan's check to the DNC did not clear her account until February 26, 1996.⁴³² Zhan's conduit contribution allowed her to attend the February 19, 1996, dinner with President Clinton as well as the February 20, 1996, breakfast with Vice President Gore and have her photograph taken with both.⁴³³ Ms. Zhan invoked the Fifth Amendment in response to Congressional requests for cooperation. Zhan received immunity from the Senate Committee on Governmental Affairs. However, Committee staff were convinced that Zhan was not being truthful in her testimony, and accordingly terminated her deposition, and sealed it so that she could be prosecuted.

e. Lei Chu

Lei Chu, Trie's advisor on the Bingaman Commission, attended the February 19, 1996, fundraiser at the Hay-Adams Hotel with Charlie Trie.⁴³⁴ She also attended a breakfast with Vice President Gore the following day at the Hay-Adams.⁴³⁵ More importantly, Lei Chu made what appears to be a conduit contribution to attend the event. On February 20, 1996, Chu established a checking account at the Citizens Bank of Washington with an initial cash deposit of

⁴²⁵ FEC Website, www.tray.com/fecinfo.

⁴²⁶ Lap Seng Ng and Yah Lin Trie, Check No. 384, Riggs National Bank, Washington, DC, Feb. 19, 1996.

⁴²⁷ DNC Check Tracking Form for Contribution of Xiping Wang/Zhengwei Cheng, Feb. 19, 1996, DNC Document 000532 (Exhibit 127).

⁴²⁸ FEC Website, www.tray.com/fecinfo.

⁴²⁹ Lap Seng Ng and Yah Lin Trie, Check No. 385, Riggs National Bank, Washington, DC, Feb. 9, 1996.

⁴³⁰ DNC Check Tracking Form for Contribution of Keshi Zhan, Feb. 9, 1996, DNC Document 000530 (Exhibit 128).

⁴³¹ Keshi Zhan, Yongli Su, and Zhengkang Shao, Account Statement, Bank-Fund Staff Federal Credit Union, Washington, DC, Feb. 29, 1996.

⁴³² Id.

⁴³³ Photograph of Keshi Zhan and President Clinton, Feb. 19, 1996 (Exhibit 129); Photograph of Keshi Zhan and Vice President Gore, Feb. 20, 1996 (Exhibit 130).

⁴³⁴ Photograph of Lei Chu and President Clinton, Feb. 19, 1996 (Exhibit 131).

⁴³⁵ Photograph of Lei Chu and Vice President Gore, Feb. 20, 1996 (Exhibit 132).

\$12,520.00.⁴³⁶ On that same day, Chu issued starter check number 90—the first check ever written on that account—in the amount of \$12,500 to the DNC⁴³⁷ in conjunction with the Hay-Adams fundraiser.⁴³⁸ That check cleared Chu's account on February 26, 1996,⁴³⁹ and was the sole check written from that account during the period February 1996–July 1996.⁴⁴⁰

f. J & M International

On February 22, 1996, Antonio Pan was introduced to Jack Ho, a New York businessman. This is the same day that Pan sent \$25,000 in cashier's checks to Manlin Fong and Joseph Landon. At this meeting, Pan asked Ho to contribute \$25,000 to the DNC, and assured Ho that he would be reimbursed for this contribution. Ho agreed, and Pan delivered to Ho 35 \$1,000 Bank Central Asia travelers check totaling \$35,000,⁴⁴¹ all of which were purchased in Indonesia.⁴⁴² Ho gave \$10,000 cash over to Pan, and deposited the remainder in his bank account.⁴⁴³ Immediately after his deposit, Ho issued a check in the amount of \$25,000⁴⁴⁴ to the DNC in conjunction with the DNC's Asian Dinner fund-raiser at the Hay-Adams Hotel, a fund-raiser that had been held 3 days prior.⁴⁴⁵ The fact that Trie and Pan received tens of thousands dollars in travelers checks from Indonesia raise questions about whether they received this money from the Lippo Group. As described earlier, both Trie and Pan had extensive ties with the Riadys dating to the 1980s.

2. Ernie Green's \$6,000 Contribution

DNC documents indicate that Charlie Trie also solicited Ernie Green to give \$6,000 to the DNC in connection with this event. Green gave a contribution to the DNC on March 8, 1996, and DNC records credit Trie with soliciting this contribution, and credit the contribution itself to the February 19, 1996, dinner at the Hay-Adams.⁴⁴⁶ However, Green denies that it was solicited by Charlie

⁴³⁶ Citizens Bank Signature Card of Lei Chu; Citizens Bank Deposit Ticket of Lei Chu in the amount of \$12,520, Feb. 20, 1996; Citizens Bank Cash In Ticket of Lei Chu; Citizens Bank Checking Account Statement of Lei Chu, Mar. 15, 1996; Currency Transaction Report by Form 4789 for Lei Chu.

⁴³⁷ Citizens Bank Checking Account Statement of Lei Chu, Mar. 15, 1996; Citizens Bank Check No. 90 from Lei Chu to the DNC in the amount of \$12,500.

⁴³⁸ DNC Check Tracking Form for Contribution of Lei Chu, Feb. 20, 1996, DNC Document 000525 (Exhibit 133).

⁴³⁹ Citizens Bank Checking Account Statement of Lei Chu, Mar. 15, 1996.

⁴⁴⁰ Citizens Bank Checking Account Statement of Lei Chu, Apr. 15, 1996; Citizens Bank Checking Account Statement of Lei Chu, May 15, 1996; Citizens Bank Checking Account Statement of Lei Chu, June 15, 1996; Citizens Bank Checking Account Statement of Lei Chu, July 15, 1996.

⁴⁴¹ Bank Central Asia Travelers Checks Nos. 109 3255 610 009 through 109 3255 610 043; see Citibank Checking Account Statement for J & M International, Feb. 23, 1996; Citibank Deposit Ticket and Deposited Items of J & M International in the amount of \$5,000, Feb. 22, 1996; Citibank Deposit Ticket and Deposited Items of J & M International in the amount of \$25,000, Feb. 22, 1996.

⁴⁴² Letter from Christopher M. Curran, Esq., Attorney for Bank Central Asia, to Committee Senior Investigative Counsel Tim Griffin, Esq., July 20, 1998.

⁴⁴³ Interview of Jack Ho, July 30, 1998.

⁴⁴⁴ Citibank Check No. 730 from J & M International to the DNC in the amount of \$25,000, Feb. 23, 1996; Citibank Checking Account Statement of J & M International, Mar. 22, 1996.

⁴⁴⁵ DNC Check Tracking Form for Contribution of J & M International, Feb. 23, 1996, DNC Document 000524 (Exhibit 134).

⁴⁴⁶ DNC Check Tracking Form for Contribution of Ernest G. Green, Mar. 8, 1996, DNC Document D0000353 (Exhibit 135).

Trie or had any connection to the February 19, 1996, dinner.⁴⁴⁷ Green's denials bear great similarity to his denials surrounding the February 6, 1996, White House coffee. Again, Green claims that his contribution was mistakenly credited to the wrong solicitor and the wrong event. Again, Green's denials are questionable. Not only do they appear to be contradicted by the documentary evidence regarding Green's contribution,⁴⁴⁸ but by Green's presence at the February 19, 1996, event.⁴⁴⁹

Also of note, 2 days after the February 19 event, Green deposited \$2,500 cash into his account at Riggs Bank.⁴⁵⁰ Two days later, he went back to Riggs and deposited another \$3,500 in cash, making a total of \$6,000 in cash deposits over the 4 days following the Hay-Adams event.⁴⁵¹ Green denies that he received this money from Charlie Trie or that he was reimbursed for his contribution.⁴⁵² However, Green lacks any explanation for where he received the \$6,000, or why he deposited it in two separate trips to the bank.⁴⁵³

C. MAY 13, 1996 EVENT

In May 1996, Trie was centrally involved in another major DNC Asian-American fundraiser. Trie gave \$10,000 for this event, and sat at the head table with President Clinton.⁴⁵⁴ Moreover, Trie raised over \$330,000 for this event, almost all of it from Yogesh Gandhi. Shortly before the fundraiser, Gandhi had attempted to gain access to the Clinton White House to present the "Gandhi World Peace Award" to President Clinton.⁴⁵⁵ The White House staff rejected Gandhi's offer, and decided not to admit him to the White House, in large part because of his questionable background.⁴⁵⁶ However, Trie told Gandhi that he could introduce him to the President, and give him the opportunity to present the Gandhi prize to the President. Trie asked Gandhi to give \$325,000 to the DNC in exchange for the privilege of attending the meal and meeting the President.⁴⁵⁷ Gandhi was happy to oblige, in large part, because his contribution came not from his own money, but directly from Yoshio Tanaka, a Japanese industrialist.⁴⁵⁸ Gandhi had several tables at the May 13 event, and two members of his party sat

⁴⁴⁷ Green Deposition II at 10–11. Both of Green's major contributions for the period between 1994 and 1996 are credited to Charlie Trie. Green denies that Trie solicited him to make either contribution, but cannot explain the documentary evidence to the contrary, or his seeming bad luck in having his contributions mis-credited. Green is the only witness to come before the Committee to dispute the accuracy of solicitation information on a DNC Check Tracking Form.

⁴⁴⁸ Exhibit 135; Finance System Source Detail Report, Feb. 19, 1996, DNC Document DNC 3438334.

⁴⁴⁹ See Photograph of Ernest G. Green and President Bill Clinton, Feb. 19, 1996 (Exhibit 136).

⁴⁵⁰ Deposit Item, Riggs Bank, Ernest G. Green Travel Expenses Account, Feb. 21, 1996.

⁴⁵¹ Deposit Item, Riggs Bank, Ernest G. Green Travel Expenses Account, Feb. 23, 1996.

⁴⁵² Green Deposition II at 13–14.

⁴⁵³ *Id.* at 12–13.

⁴⁵⁴ DNC Check Tracking Form for Contribution of Yah Lin Trie, May 12, 1996, DNC Document DNC 3687040 (Exhibit 137); Memorandum, Head Table, May 13, 1996, DNC Document DNC 1604073 (Exhibit 138).

⁴⁵⁵ Letter from Yogesh K. Gandhi to President Bill Clinton, Feb. 5, 1996.

⁴⁵⁶ Notes of Ann Eder, White House Document EOP 001534; see also Letter from Stephanie S. Streett and Ann Walley to Yogesh K. Gandhi, Apr. 17, 1996, White House Document EOP 003401 (Exhibit 139).

⁴⁵⁷ DNC Check Tracking Form for Contribution of Yogesh K. Gandhi, May 13, 1996, DNC Document DNC 0829404 (Exhibit 140).

⁴⁵⁸ Citibank F.S.B. Wire Transfer for Yogesh Gandhi, May 20, 1996, May 23, 1996, and May 29, 1996.

at the head table with the President.⁴⁵⁹ One of these individuals, Teruyoshi Fukunaga was the head of a Japanese cult widely recognized as the source of widespread fraud in Japan.⁴⁶⁰ After the May 13 meal, Trie introduced Gandhi and his entourage to the President, and Gandhi presented the Gandhi Prize to the President.⁴⁶¹

It was during this event that the President recalled his long friendship with Trie:

Soon it will be twenty years that I had my first meal with Charlie Trie. Almost twenty years, huh? Twenty years in just a few months. At the time, neither of us could afford a ticket to this dinner, it's fair to say.⁴⁶²

However, at the time that Trie was raising massive funds for the DNC, and contributing \$10,000 himself, Trie borrowed \$5,000 from Mark Middleton for his personal use.⁴⁶³ He also was named in a complaint in District of Columbia court for failing to pay his rent.⁴⁶⁴ This contradictory evidence raises many questions regarding Trie's finances, and helps confirm the fact that much of the money that Trie gave was not his own.

D. TRIE'S CONTRIBUTIONS TO THE PRESIDENTIAL LEGAL EXPENSE TRUST

Charlie Trie did not limit his illicit fundraising activities to his work on behalf of the DNC. Trie also raised substantial sums of money for the Presidential Legal Expense Trust ("PLET"). The PLET was established by the President and First Lady to cover their expenses related to the Whitewater and Paula Jones matters. While the PLET initially raised large amounts of money, by early 1996, its fundraising had slowed to a trickle. It was at this time that Charlie Trie decided to start raising money for the PLET. It is unknown why Trie began raising money for the PLET, or if anyone encouraged him to do so.

To raise money for the PLET, Trie sought the assistance of the Suma Ching Hai International Association, a Buddhist cult based in Taiwan. In March 1996, Trie met with the members of the Suma Ching Hai cult in New York City, and with the help of Suma Ching Hai, the leader of the cult, convinced many members to write checks to the PLET.⁴⁶⁵ All of them were reimbursed for their contributions by the cult.⁴⁶⁶

⁴⁵⁹ Exhibit 138.

⁴⁶⁰ Willis Witter, "Japan Got a 'Foot' in Fund-Raising Door; But Democrats Returned \$325,000," the Washington Times, July 22, 1997 at A1.

⁴⁶¹ See Photograph of Presentation of Gandhi Bust, May 13, 1996 (Exhibit 141-42). The photographs of the award presentation indicate that Craig Livingstone was involved in the presentation of the Gandhi Prize. See also Photograph of Charlie Trie and President Clinton, May 13, 1996 (Exhibit 143); Photograph of Craig Livingstone and President Clinton, May 13, 1996 (Exhibit 144); Photograph of John Huang and President Clinton, May 13, 1996 (Exhibit 145).

⁴⁶² White House Communications Agency videotape No. 6, May 13, 1996. Of course, Trie still could not afford the ticket to the May 13 fundraiser, or any other DNC event that he attended without the assistance of foreign nationals.

⁴⁶³ Check from Commerce Corp. to Charlie Trie for \$5,000, May 22, 1996, Commerce Corp. Document CC-H-001147 (Exhibit 146).

⁴⁶⁴ Complaint of NHP Property Management Inc. vs. Yah Lin Trie, Apr. 12, 1996 (Exhibit 147).

⁴⁶⁵ Deposition of Zhi Hua Dong, Senate Committee on Governmental Affairs, June 17, 1997, at 68-91.

⁴⁶⁶ Id. at 99-100.

Shortly thereafter, on March 21, 1996, Charlie Trie visited the offices of Michael Cardozo, the head of the PLET.⁴⁶⁷ Shortly after his meeting with Cardozo started, Trie opened a manila envelope stuffed with hundreds of small checks totaling \$380,000.⁴⁶⁸ Cardozo developed an immediate suspicion of the money delivered by Trie, based on the manner of their delivery, the fact that many of the cashier's checks and money orders were sequentially numbered, and that there were misspellings on a number of the checks.⁴⁶⁹

1. Taiwan Strait Letter

On March 21, 1996, after Trie delivered the checks to the PLET offices, he met with Mark Middleton and gave him a letter for delivery to the White House. The letter indicates that it was faxed first from "P.E.C. Co.," on March 20.⁴⁷⁰ The following day, after Middleton received it, he faxed it to the White House.⁴⁷¹ The fact that the letter was faxed from "P.E.C. Co." the day before it was delivered by Trie to Middleton raises some question as to whether the letter was written by Trie or some other individual. However, one witness informed the Committee that Trie was "terribly concerned" over possible incidents between the United States and China over Taiwan.⁴⁷² According to this witness, Trie spoke of having talked to "people in the White House and National Security Council about the danger of confronting China over Taiwan."⁴⁷³ Middleton faxed Trie's letter to the White House, and on the cover page, informed the White House staff that "[a]s you likely know, Charlie is a personal friend of the President from L.R. He is also a major supporter. The President sat beside Charlie at the big Asian fundraiser several weeks ago. Thanks for your always good assistance."⁴⁷⁴

The letter outlined a number of views regarding the Taiwan Strait crisis which was brewing at the time:

Regarding the current situation in the Taiwan Strait Crisis and also the U.S. aircraft carriers and cruisers involvement, I would like to propose some important points to you in order not to endanger the U.S. interest based on the followings [sic]:

1. Any negative outcomes of the U.S. decision in the China Issue will affect your administration position especially in this campaign year;
2. Why U.S. has to send the aircraft carriers and cruisers to give China a possible excuse of foreign intervention and hence launch a real war? And, if the U.S. recognized "one China" policy, don't [sic] such conduct will cause a conflict for "intervening China's internal affairs?" Therefore, won't the recent inconsistent talks by the captains and some governmental officials in the mass media cause

⁴⁶⁷ Cardozo Senate Deposition I at 27–28.

⁴⁶⁸ Id. at 34.

⁴⁶⁹ Id. at 65.

⁴⁷⁰ Letter from Charlie Y.L. Trie to the President, Mar. 21, 1996, White House Document EOP 029284 (Exhibit 148).

⁴⁷¹ Id.

⁴⁷² Prestowitz Interview at 3.

⁴⁷³ Id.

⁴⁷⁴ Exhibit 147.

problems for the U.S. policy of not [sic] interference of China's internal affairs?

* * * * *

7. Once the hard parties of the Chinese military inclined [sic] to grasp U.S. involvement as foreign intervention, is U.S. ready to face such challenge?

8. 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. . . .⁴⁷⁵

Trie's letter received a response from President Clinton just 1 month later. The response, in relevant part, stated that the U.S. action "was intended as a signal to both Taiwan and the PRC that the United States was concerned about maintaining stability in the Taiwan Strait region. It was not intended as a threat to the PRC."⁴⁷⁶ Trie's letter and the Administration's response to it were handled by several high-level national security staffers, including National Security Advisor Anthony Lake and staffer Robert Suettinger.⁴⁷⁷

Several aspects of this episode are not yet clear and are still under investigation. First, it is not clear who drafted the letter, and why they drafted it. However, it is clear that Trie's status as a DNC supporter was helpful in having his letter read by top-level White House national security staff, and having it answered promptly.

2. Return of Trie's PLET Contributions

After his receipt of Trie's checks, Cardozo immediately launched an internal investigation of the funds. Cardozo also visited the White House to inform the President and First Lady, the beneficiaries of the trust, about the Trie contributions. On April 4, 1996, Cardozo met with Hillary Clinton and Harold Ickes, and informed them that a businessman named Charlie Trie had delivered \$380,000 in contributions to the PLET:

I tried to get Mrs. Clinton to guess—I said a substantial amount of money has been brought to the trust by someone who says he knows you. Would you like to try to guess who it is? And she said, well—she tried. . . . And then I said, well, it's someone from Arkansas. . . . And then, you know, finally I told her. You know, she didn't—drew a blank. I mean, she just did not recognize Charlie Trie's name at all. And then after 30 seconds or a minute, she said "Oh yeah, is he the guy that owns the Chinese restaurant near the Capitol?"⁴⁷⁸

During April 1996, private investigators hired by Cardozo investigated the contributions delivered by Trie to the PLET. On April 24, Trie returned to the PLET offices to contribute another

⁴⁷⁵ Id.

⁴⁷⁶ Letter from President Clinton to Charlie Y.L. Trie, Apr. 26, 1996, White House Document EOP 029282 (Exhibit 149).

⁴⁷⁷ Trie's letter was handled by National Security staffer Robert Suettinger, and National Security Advisor Anthony Lake. See Memorandum from Anthony Lake to President Clinton, Apr. 24, 1996, White House Document EOP 029283; Action Data Summary Report, White House Document EOP 029279.

⁴⁷⁸ Cardozo Senate Deposition I at 71.

\$179,000 in checks from Suma Ching Hai devotees.⁴⁷⁹ By the end of the month, they had concluded that the contributions had been orchestrated by members of the Suma Ching Hai cult. Cardozo told the White House that he intended to return the Trie contributions at a meeting on May 9, 1996. This meeting was attended by high-level White House staffers including Bruce Lindsey, Harold Ickes, Cheryl Mills, and Maggie Williams. During this meeting, according to Cardozo, Bruce Lindsey stated that Trie was “involved with the Democratic Party.”⁴⁸⁰

However, no one in the White House took any action to stop Trie’s frequent visits to the White House or to warn the DNC about Trie’s troubling fundraising practices. Bruce Lindsey and Harold Ickes both had direct knowledge of Trie’s involvement in DNC fundraising activities. Both received a direct warning from Michael Cardozo about Trie’s fundraising activities on behalf of the PLET. Nevertheless, neither warned the DNC until the eve of the 1996 general election. In the interim, between May 9, 1996, and October 1996, Trie would raise hundreds of thousands of dollars for the DNC, most of it illegal,⁴⁸¹ and would visit the White House six times.⁴⁸²

E. AUGUST 18, 1996, FUNDRAISER

On August 18, 1996, the DNC held a massive fundraiser in honor of President Clinton’s birthday. Charlie Trie and Ng Lap Seng attended this event, and Trie was also heavily involved in raising funds for the event as well.⁴⁸³ Trie raised at least \$30,000 in conduit contributions for this event.

1. *Manlin Fong*

On or about August 15, 1996, Trie telephoned his sister, Manlin Fong, and requested that she contribute \$10,000 to the DNC.⁴⁸⁴ Trie promised to reimburse her fully.⁴⁸⁵ On August 15, 1996, 3 days before President Clinton’s birthday party in New York City, Trie’s company, San Kin Yip, sent a \$10,000 wire transfer to Manlin Fong’s checking account at the Travis Federal Credit Union in Vacaville, California.⁴⁸⁶ On August 18, 1996, approximately 1 week later, Fong contributed \$10,000 to the DNC Birthday Victory Fund from that same account.⁴⁸⁷

⁴⁷⁹Id. at 83. In addition, Trie appeared at the PLET offices on a third occasion to contribute money, but his contributions were rejected by Cardozo. Id. at 188.

⁴⁸⁰Id. at 175.

⁴⁸¹Trie raised funds for two major DNC events between May 9, 1996, and Oct. 1996: the May 13 DNC Fundraiser in Washington, DC, and the Aug. 18, 1996, Presidential Birthday Fundraiser in New York City. Trie’s most significant solicitation at any of these events was the \$325,000 he solicited from Yogesh Gandhi. This illegal contribution was returned by the DNC on Election Day, 1996.

⁴⁸²See WAVES Records of Yah Lin Trie.

⁴⁸³See Photograph of Ng Lap Seng and President Clinton, Aug. 18, 1996 (Exhibit 150).

⁴⁸⁴Fong Deposition at 60.

⁴⁸⁵Id. at 61.

⁴⁸⁶Riggs Bank Wire Transfer Report of Ng Lap Seng and Yah Lin Trie, Aug. 15, 1996; Travis Federal Credit Union Account Statement of Manlin Fong, Aug. 31, 1996. Immediately before the transfer, Fong’s checking account balance was \$2,146.63, and her savings account balance was \$5,378.95. Travis Federal Credit Union Account Statement of Manlin Fong, Aug. 31, 1996.

⁴⁸⁷DNC Check Tracking Form for Contribution of Manlin Fong, Aug. 15, 1996, DNC Document DNC 1821214 (Exhibit 151); see also FEC website, www.tray.com/fecinfo.

2. *David Wang and Daniel Wu*

David Wang testified that on the morning of August 16, 1996, John Huang and Antonio Pan visited David Wang at his used car dealership in order to solicit a contribution to the DNC.⁴⁸⁸ Huang asked Wang if he knew of any friends who might like to contribute.⁴⁸⁹ Wang suggested Daniel Wu, a Taiwanese citizen who was living in Taiwan.⁴⁹⁰ Wang agreed to contribute \$5,000 to the DNC and also agreed to contribute \$5,000 in Wu's name using Wu's checking account.⁴⁹¹ Huang or Pan then indicated that he might be able to reimburse both Wang and Wu for their contributions.⁴⁹²

That same morning Wang and Wu each contributed \$5,000 to the DNC totaling \$10,000—Wang contributed \$5,000 from his personal checking account and \$5,000 from Wu's personal checking account over which Wang held power of attorney.⁴⁹³ DNC records indicate that the contributions were in conjunction with the DNC's birthday party fundraiser held for President Clinton in New York City on August 18, 1996.⁴⁹⁴

In the afternoon of August 16, 1996, Pan returned to Wang's car dealership unaccompanied by Huang and delivered \$6,000 cash to Wang, \$3,000 for Wang and \$3,000 for Wu.⁴⁹⁵ Wang recorded the receipt of these funds in his personal journal.⁴⁹⁶ This delivery of cash by Pan partially reimbursed Wang and Wu. Wang deposited \$3,000 into his personal checking account⁴⁹⁷ and \$3,000 in Wu's account.⁴⁹⁸ On August 20, 1996, Pan returned to Wang's car dealership unaccompanied by Huang and delivered \$4,000 cash to Wang, \$2,000 for Wang and \$2,000 for Wu.⁴⁹⁹ Wang again recorded the receipt of these funds in his journal.⁵⁰⁰ Wang deposited \$2,000 into his personal checking account and \$2,000 in to Wu's personal checking account.⁵⁰¹ This delivery of cash by Pan completed the reimbursement of Wang and Wu. DNC records indicate that it received Wang and Wu's contributions on August 20, 1996.⁵⁰²

3. *Kimmy Young*

In August 1996, Antonio Pan solicited Kimmy Young, of Ohio, to contribute \$10,000 to the DNC in connection with the President's

⁴⁸⁸ Personal Journal of David Wang (Exhibit 152); Deposition of David Wang, House Committee on Government Reform and Oversight, Oct. 6, 1997 ("Wang Deposition"), at 16. Whether or not Huang actually appeared at Wang's place of work is in dispute. Wang has offered sworn testimony that Huang was there, but Huang's attorney has disputed Wang's claim, stating that Huang was in New York at the time.

⁴⁸⁹ Wang Deposition at 39.

⁴⁹⁰ *Id.*

⁴⁹¹ *Id.* at 70.

⁴⁹² *Id.* at 43.

⁴⁹³ *Id.* at 70; DNC Check Tracking Form for Contribution of David Wang, Aug. 16, 1996, DNC Document D0000323 (Exhibit 153); DNC Check Tracking Form for Contribution of Daniel Wu, Aug. 16, 1996, DNC Document DNC 1803086 (Exhibit 154); Bank of Canton of California Account Statement of Daniel Wu, Feb. 12, 1997; Bank of Canton of California Statement of Power of Attorney.

⁴⁹⁴ Exhibit 153; Exhibit 154.

⁴⁹⁵ Wang Deposition at 44.

⁴⁹⁶ Exhibit 152.

⁴⁹⁷ See Trans National Bank Account Statement of David Wang, Aug. 16, 1996.

⁴⁹⁸ See Bank of Canton of California Account Statement of Daniel Wu, Apr. 14, 1997.

⁴⁹⁹ See Trans National Bank Account Statement of David Wang, Sept. 17, 1996; Bank of Canton of California Account Statement of Daniel Wu, Apr. 14, 1997; see also Exhibit 152.

⁵⁰⁰ Exhibit 152.

⁵⁰¹ Trans National Bank Account Statement of David Wang, Sept. 17, 1996; Bank of Canton of California Account Statement of Daniel Wu, Apr. 14, 1997.

⁵⁰² Exhibit 153; Exhibit 154.

birthday fundraiser. Young wrote a check for \$10,000 to the DNC on August 16, 1996.⁵⁰³ Pan subsequently reimbursed Young in cash for her contribution.⁵⁰⁴

CONCLUSION

Finally, in October 1996, shortly before the election, Harold Ickes warned the DNC about Charlie Trie. In mid-October 1996, B.J. Thornberry called Ickes about her concerns regarding John Huang's fundraising activities. During that conversation, Ickes told Thornberry, "well, if you're concerned about Huang, you better look at Charlie Trie."⁵⁰⁵ While this warning represented the beginning of the end of Charlie Trie's fundraising career, Trie would continue to visit the White House until mid-December.⁵⁰⁶ Trie visited the White House for a Christmas party in December 1996, and spoke with the President, apologizing to him for the embarrassment he had caused him.⁵⁰⁷ After his apology, Trie left the party.⁵⁰⁸ According to aide Bruce Lindsey, the President was saddened by Trie's travails:

QUESTION. And what was the President's reaction to that?

LINDSEY. I think he felt sad, because I think, that Charlie Trie was sorry that he had caused the President the embarrassment; and the fact that he then left, you know, I think reflected on that, and I think he was sad about it.

QUESTION. Was the President at all concerned that he was at the event or how he got there, given the situation at that time?

LINDSEY. If he was, he didn't reflect that with me.⁵⁰⁹

This report represents just one part of the story regarding Charlie Trie. While most of Trie's actions are known, the motives behind them are not known. The full truth regarding Trie's relationship with the Clinton White House will not be known until Trie cooperates with the Committee. Only then will the Committee know the reason he illegally gave hundreds of thousands of dollars to the DNC, and solicited hundreds of thousands more in illegal contributions. Only then will it be known why the Clinton Administration appointed Trie to an Administration post, and gave him wide-ranging access to the White House.

The evidence collected by the Committee to date shows a disturbing pattern of conduct by the White House and the close associates of the President. This evidence demonstrates that political contributions were collected from Trie with little regard to their legality. It also demonstrates that the White House continued to allow

⁵⁰³ DNC Check Tracking Form for Contribution of Kimmy Young, Aug. 16, 1996, DNC Document D0000320 (Exhibit 155).

⁵⁰⁴ See Cash Deposit, Bank One Account 984111998, Sept. 19, 1996; see also Indictment of Yah Lin "Charlie" Trie and Yuan Pei "Antonio" Pan, Jan. 1998 (listing the Young contribution as one of Trie's many illegal contributions).

⁵⁰⁵ Deposition of Betty Jane Thornberry, House Committee on Government Reform and Oversight, July 22, 1997, at 71.

⁵⁰⁶ See WAVES Records of Yah Lin Trie.

⁵⁰⁷ Deposition of Bruce Lindsey, House Committee on Government Reform and Oversight, Apr. 29, 1998, at 24-25.

⁵⁰⁸ Id.

⁵⁰⁹ Id.

the DNC to accept contributions from Trie, even though it knew that Trie was engaged in suspect fundraising practices with respect to the PLET. This evidence also shows that Trie received special treatment from the White House and DNC, culminating in an appointment to a Presidential commission, with little regard for Trie's suspect background.

[Supporting documentation follows:]

1409

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CHAPTER IV, PART C

**UNPRECEDENTED INFUSION OF FOREIGN MONEY INTO
THE AMERICAN POLITICAL SYSTEM:**

**JOHNNY CHUNG: HIS UNUSUAL ACCESS TO THE WHITE
HOUSE AND HIS POLITICAL DONATIONS**

JOHNNY CHUNG: HIS UNUSUAL ACCESS TO THE WHITE HOUSE AND HIS POLITICAL DONATIONS

OVERVIEW

In an interview with the Los Angeles Times in July 1997, California entrepreneur Johnny Chien Chuen Chung captured the essence of the campaign fundraising scandal when he observed: “*I see the White House is like a subway—you have to put in coins to open the gates.*”¹ Johnny Chung was a frequent passenger on this subway.

Between 1994 and 1996, Chung visited the White House 49 times.² His visits to the White House coincided with a large volume of donations to the Democratic National Committee. In total, Chung contributed over \$366,000 over the same time period.³

In the course of its investigation, the Committee has learned that Chung frequently sought access to senior Clinton Administration officials on behalf of high-level Chinese business associates, often with specific objectives. On almost every occasion, those meetings were facilitated by senior DNC officials, and often coincided with large political contributions.

The Committee has also learned that much of the money contributed by Chung originated overseas. Despite clear indications that some officials at the DNC were concerned about the origins of Chung’s money as early as February 1995, DNC officials continued to solicit and accept contributions from him for another year-and-a-half. In late February 1997, a full 2 years after DNC Finance Director Richard Sullivan first raised concerns about Chung, the DNC announced its intention to return all of his contributions.⁴

On March 16, 1998, Johnny Chung pled guilty to multiple campaign-related charges, including making conduit contributions to Clinton/Gore ’96 and the campaign of Senator John F. Kerry (D-MA), and tax evasion.⁵

Shortly thereafter, the New York Times reported that Chung told Justice Department investigators that \$80,000 that he donated to the DNC in 1996 was given to him by a Lieutenant Colonel in China’s People’s Liberation Army.⁶ According to the Times account, the money came from Liu Chao-Ying, a senior aerospace industry executive and the daughter of retired PLA General Liu Huaqing.⁷

¹ William Rempel and Alan Miller, “First Lady’s Aide Solicited Check to DNC, Donor Says,” the Los Angeles Times, July 27, 1997 (Exhibit 1).

² White House WAVES Records (Exhibit 2).

³ FEC Internet Records www.tray.com/fecinfo/. (Exhibit 3).

⁴ Sharon Lafraniere and Lena Sun, “DNC Returns Another \$1.5 Million,” the Washington Post, Mar. 1, 1997 (Exhibit 4).

⁵ Associated Press, “Fund-raiser Chung Pleads Guilty,” the Washington Post, Mar. 17, 1998 (Exhibit 5).

⁶ David Gerth, David Johnston and Don Van Natta, “Democrat Fund-Raiser Said to Detail China Tie,” the New York Times, May 15, 1998 (Exhibit 6).

⁷ Id.

BACKGROUND

Johnny Chung was born in Taiwan in 1954 and moved to Costa Rica at the age of 12 with his Presbyterian missionary parents.⁸ He returned to Taiwan to attend college, where he earned a degree in American literature from Fu-Jen Catholic University.⁹ He then immigrated to the United States, and later became a citizen in 1988.¹⁰

Chung also attended the University of California, Los Angeles, where he took graduate courses in electrical engineering.¹¹ He started Iris Data Computer, Inc. in 1979 and Telform Inc. in 1992.¹² Telform Inc. later evolved into Automated Intelligent Systems, Inc. (AIS), in January 1993. The company brochure states:

Automated Intelligent Systems, Inc. provides its clients with state-of-the-art communications services. The company, originally known as Telform Inc. in 1992, was formed to develop AIS's current fax broadcast system. Recognizing the challenges of rapid technological growth, Chairman and C.E.O., Mr. Johnny Chung spent 8 years in designing and developing an advance [sic] technology that brings a new dimension to the world of faxing. Today, it is a fast growing company with its corporate office in Torrance, California and our branch offices in Washington, D.C., Hong Kong and China.¹³

According to the Los Angeles Business Journal, Chung first appears to have approached the Clintons in the fall of 1992:

[W]hile watching a debate between George Bush and Bill Clinton on television, it came to him—political candidates and governments send out more faxes than private companies. . . . Chung called Clinton's mansion and offices in Arkansas non-stop and finally he flew to Little Rock, where he said he banged on the door of the then-governor's home. He was fortunate enough to meet Hillary Rodham Clinton and hand her some information.¹⁴

The story goes on to relate that Chung received a letter from Mrs. Clinton in April 1993, following the election. The letter states:

Thank you for your letter and my apologies for not getting back to you sooner. It appears from the correspondence you have had with federal and state officials, and with the private sector, that you are already on the right track. Nevertheless, I wish you good luck with your innovative system.¹⁵

⁸ Anne Rackham, "Chung can send fax to thousands at same time—but who wants to listen?" Los Angeles Business Journal, Week of Mar. 28–Apr. 3, 1994, DNC 3233807–808 (Exhibit 7).
⁹ Id.; DNC 3363002 (Exhibit 8).

¹⁰ Anne Rackham, "Chung can send fax to thousands at same time—but who wants to listen?" Los Angeles Business Journal, Week of Mar. 28–Apr. 3, 1994, DNC 3233807–808 (Exhibit 7).
¹¹ DNC 3363002 (Exhibit 8).

¹² Id.

¹³ AISI Brochure, DNC 3233800–817 at 3233809 (Exhibit 9).

¹⁴ Anne Rackham, "Chung can send fax to thousands at same time—but who wants to listen?" Los Angeles Business Journal, Week of Mar. 28–Apr. 3, 1994, DNC 3233807–808 (Exhibit 7).

¹⁵ AISI brochure, DNC 3233803 which includes an Apr. 26, 1993 letter to Johnny Chung from Hillary Rodham Clinton, F 0018591. [Note: The Committee has not received from the White

Chung apparently used this letter from the First Lady to approach Governor Pete Wilson's office in Sacramento. The Governor's office became Chung's first client.¹⁶ The article further discusses Chung's plans to branch out into government document services, and Chung's discussions with the Centers for Disease Control in Atlanta to discuss taking over the faxing of health-hazard updates to travel agents, communicable disease reports to health-care providers, and HIV newsletters to various agencies.

According to his company brochure which Chung sent to the DNC in the spring of 1995, the "Government Division" of AISI served 48 state government offices and Federal agencies. Chung also claims to have expanded his services into the Fortune 500 companies.¹⁷

CHUNG'S EARLY CONTACTS AT THE WHITE HOUSE AND THE DNC

The White House's "Workers and Visitors Entry System" (WAVES) records indicate that Chung's first visit to the White House was on February 2, 1994.¹⁸ According to the WAVES records, Chung met with Brian Foucart, who was at that time working in the White House administrative offices under David Watkins.¹⁹ Chung's next recorded visit is on July 22, 1994.²⁰

It appears that Chung's initial interest in the White House was as a potential client for AISI. In documents produced by the White House, it appears that the White House was comparing AISI with other companies to contract with for fax broadcast services.²¹ These documents also make it clear that Chung's entreaties were being heard at the highest levels, including the First Lady and Deputy Chief of Staff Harold Ickes. Included in these White House documents is a page with handwritten notes that appears to set forth details about AISI, including names of employees.²² It also contains the following notation: "First Lady—if we don't use Johnny Chung, we're in trouble."²³

On March 21, 1995, White House aide Brian Bailey prepared a memorandum for Erskine Bowles regarding "fax issues."²⁴ The memo states: "If we are going to use AISI, we need to do so at the DNC. Using this company in the White House would raise legal concerns."²⁵ The memo continues with: "Even if we consider other vendors, we still should avoid housing the operation in the White House."²⁶

A July 17, 1995 memorandum from Deputy White House Chief of Staff Harold Ickes to DNC Executive Director Bobby Watson "strongly urges" the DNC to obtain broadcast fax capability:

House the original letter from Chung to Mrs. Clinton, but this Apr. 26, 1993 letter appears to be the first White House contact with Chung on record.] (Exhibit 9).

¹⁶ Anne Rackham, "Chung can send fax to thousands at same time—but who wants to listen?" *Los Angeles Business Journal*, Week of Mar. 28–Apr. 3, 1994, DNC 3233807–808 (Exhibit 7).

¹⁷ DNC 3233809 (Exhibit 9).

¹⁸ EOP 008708 (Exhibit 2).

¹⁹ *Id.*

²⁰ EOP 008700 (Exhibit 2).

²¹ EOP 070626–634 (Exhibit 10); 070636–637 (Exhibit 11); 070648–662 (Exhibit 12); 070679–680 (Exhibit 13).

²² EOP 070635 (Exhibit 14).

²³ *Id.*

²⁴ EOP 070638 (Exhibit 15).

²⁵ *Id.*

²⁶ *Id.*

We understand that Johnny Chung's firm has such capability which should be negotiated at a reasonable price. Erskine Bowles has looked into this and it is his understanding that once names and addresses are provided to Mr. Chung's company, as many as 30,000 pages per hour could be faxed at an approximate cost of \$0.17 per page.²⁷

However, months earlier, Chung had already tried to contract with the DNC. On March 6, 1995, Richard Sullivan wrote a memo to "Bobby" [Watson, DNC Executive Director at the time] regarding "AISI Faxcast," which stated:

Johnny Chung, Torrance, CA, CEO of Automated Intelligent Systems, contributed \$94,000 to the DNC in 1994 and raised an additional \$20,000. Johnny's company, AISI is a faxcast company with many political clients including Gov. Chiles, Sen. Kennedy and others. Johnny would like to get some of our business. Art Liang, managing director of the company will be in town on Wednesday and Thursday and would like to meet with the appropriate person at the DNC. He has said that he would beat the price of the company we are currently using. Please advise.²⁸

Although Chung failed to win a contract from either the White House or the DNC, he put his contacts to work in other ways to benefit his company. During his numerous visits to the White House, he obtained numerous photos with the First Lady, the President, the Vice President, and various other White House officials. Chung developed a brochure for his company which included all of these pictures.²⁹ Since this brochure was produced by the White House, presumably White House officials were well aware of Chung's promotional and commercial uses of his relationship with the President and the First Lady.

CHUNG'S CONTRIBUTIONS TO THE DNC AND ADDITIONAL WHITE HOUSE VISITS

Chung's first large contributions to the DNC appear to have resulted from his involvement in the President's August 2, 1994 birthday party event, which was held at the Sumner Wells estate in Maryland and was chaired by long-time Presidential friend and DNC Managing Trustee Ernie Green.³⁰ Chung is listed as a co-chair and bringing 10 guests, along with Charlie Trie.³¹ The event reportedly raised \$1.2 million. Approximately 1,500 people attended the dinner, with an additional 200–250 attending a reception. The reception cost \$1,000 per couple and the dinner cost \$10,000 per couple. FEC records show that Chung donated \$11,000 to the DNC that week.³²

Earlier that same day, Chung entered the White House for a visit with a staff person named "Lewis" at the exact same time that

²⁷ EOP 070607 (Exhibit 16).

²⁸ DNC 1096986, Mar. 6, 1995 memo to Bobby Watson from Richard Sullivan (Exhibit 17).

²⁹ EOP 018020–38 (Exhibit 18).

³⁰ DMC 1786472–81 (Exhibit 19).

³¹ Id.

³² FEC Internet Records—www.tray.com/FECinfo/ (Exhibit 3).

John Huang entered the White House for a visit with "Lewis."³³ After Mr. Chung's participation in the President's birthday event, he became a more frequent visitor to the White House. In August 1994 alone, Chung visited the White House six times.³⁴

On December 3, 1994, Chung and his wife attended an intimate DNC luncheon for the First Lady which included 37 guests.³⁵ This event was held by the DNC in California.

By the end of 1994, Chung had contributed in excess of \$90,000 to the DNC. In December 1994, he made two separate \$40,000 contributions.³⁶

FOREIGN FUNDS PAID TO CHUNG AND HIS POLITICAL CONTRIBUTIONS

Between 1994 and 1996, he contributed \$366,000 to the DNC. Over that same time period, he and his company received wire transfers from outside the country in excess of \$2.4 million. The following table lists foreign wire transfers received by Chung and contributions made by him in chronological order:

Date	Payment Received From	Amount Received	Origin of Transfer	Political Contribution	Recipient of Contribution
1994:					
7/12/94	[Unknown]	\$100,000	Hong Kong		
8/9/94				\$1,000	DNC
8/9/94				10,000	DNC
11/4/94	Yi Chen Liu	220,000	California		
12/6/94				40,000	DNC
12/22/94				40,000	DNC
1995:					
1/9/95	Yi Chen Liu	20,000	New York		
3/17/95				50,000	DNC
4/8/95	Yi Chen Liu	100,000	California		
4/8/95				125,000	DNC
4/21/95	Gold Treasure, Ltd	234,985	Canada/Bank of China		
7/5/95	Strong Ever Inv., Ltd	99,985	Bank of China NYC/Hong Kong.		
9/14/95	China Nationalities Int'l Trust & Inv.	49,985	Bank of China/NYC		
9/21/95				20,000	Clinton/Gore '96
10/12/95	Gold Treasure, Ltd	69,984	Hong Kong Bank of Canada.		
10/19/95	Brilliance Fin Co Ltd, HK	129,985	Bank of China NYC/Hong Kong.		
10/19/95				25,000	Africare
1996:					
2/1/96	Chan Koon Wai	199,985	Hong Kong		
				25,000	Back to Business
2/7/96	Sundart Engr Ltd-Beijing	19,985	China		
6/3/96	Zhen Fa Intl' Inv	101,985	Chase Bank New York		
6/10/96	Johnny Chung (HK)	24,980	Standard Chartered Bank Hong Kong.		
6/14/96				20,000	DNC
6/30/96				2,000	John F. Kerry (D-MA)
7/15/96	Johnny Chung (HK)	190,000	Standard Standard Chartered Bank Hong Kong.		
7/25/96				20,000	DNC.
7/19/96				25,000	DNC.

³³ WAVES at EOP08698 (Exhibit 2).

³⁴ Id.

³⁵ F0038495 (Exhibit 20).

³⁶ FEC Internet Records-www.tray.com/FECinfo/. (Exhibit 3).

Date	Payment Received From	Amount Received	Origin of Transfer	Political Contribution	Recipient of Contribution
8/19/96	Johnny Chung (HK)	19,980	Standard Chartered Bank Hong Kong.		
8/15/96	Johnny Chung (HK)	79,980	Standard Chartered Bank Hong Kong.		
8/23/96	HOMKO Intl Finance (Holdings).	99,988	Shanghai Commerce Bank.		
8/29/96	Bu Ming Trading	99,990	Hong Kong		
9/6/96				1,000	Loretta Sanchez (D- CA-46)
9/12/96				10,000	John F. Kerry (D-MA)
9/24/96				10,000	DNC
9/24/96				20,000	DNC
9/24/96				5,000	DNC
9/27/96				10,000	DSCC
9/30/96	New Silver Eagle Hold- ings, Ltd.	80,000	New York		
10/4/96	Johnny Chung	150,000	China		
10/4/96	Johnny Chung	170,000	Standard Chartered Bank Hong Kong.		

WHITE HOUSE/DNC CONTACTS AND JOHNNY CHUNG'S BUSINESS ASSOCIATES

At some point during the months of late 1994 and early 1995, Chung's political activities took on a new focus. He began to spend less time attempting to line up clients for his blastfax business and more time trying to help business and political leaders from the People's Republic of China make political connections in the United States. Chung began to develop relationships with numerous prominent Chinese figures, the first of which was the Chairman of the Haomen Group—Shi Zeng Chen.

Chung formed several corporations in Los Angeles with his Chinese associates. Documents produced by Chung show that he formed no fewer than eight companies with six prominent Chinese nationals in 1995 and 1996. These individuals include Shi Zeng Chen of the Haomen Beer Company and Liu Chao-Ying of China Aerospace.

Financial records from most of those entities do not indicate significant financial activity typical of an ongoing concern. In fact, these companies appear to have engaged in no business activity whatsoever. Testimony from one of Chung's employees, Irene Wu, indicates that these companies had an entirely different purpose. According to Ms. Wu, they were created not to do business, but rather to help Chung's associates obtain visas to visit the United States. When questioned about the purpose of one of these companies, Wu stated the following:

The same purpose like I said earlier, for the three reasons that they form companies. It was Johnny's way of talking to those people, for them to form a company so it would be easier if they want to come and visit. So it's all for the same reasons. There was no business conducted in any of those companies at all.³⁷

³⁷ Deposition of Irene Wu, 7/28/98, pp. 228–29.

During questioning about the company Chung formed with Liu Chao-Ying of China Aerospace, Wu suggested that Chung's business partners even hoped to obtain permanent residence in the United States through these companies:

To my knowledge, all of these companies that were set up was because, first of all, it was easier for them to come and visit if they have a company here. They could come and visit. And secondly, eventually, it would be easier for them to get residency here in the United States. That's my understanding of forming all those companies. And also if there are any business potential.³⁸

Wu did not have direct knowledge that Liu Chao-Ying or any of Chung's other overseas associates were actually seeking permanent residency.³⁹ However, she testified that Chung frequently wrote letters of invitation to his Chinese associates to assist them in getting visas to come to the United States:

Q. Did Johnny Chung ever mention needing to write letters to overseas individuals in order to assist with their acquiring visas?

A. Invitation letters. We did a lot of invitation letters.⁴⁰

Documents produced to the Committee by the U.S. State Department verify that Chung's associates in China, including Liu Chao-Ying of China Aerospace, did indeed bring these letters to U.S. consulates to acquire visas.⁴¹

SHI ZENG CHEN AND THE HAOMEN GROUP

Among the earliest instances of Johnny Chung leading overseas businessmen into the White House was Shi Zeng Chen of the Haomen Group Company. The Haomen Group is the second largest beer manufacturer in China. Irene Wu, Johnny Chung's main assistant at AISI, said that Shi Zeng Chen was one of Johnny Chung's first contacts in China. She said:

I would know, like Haomen—the President of Haomen. I know he's one of the first persons that Johnny met in China, and through him, Johnny met a lot of other people. . . . How they met, I would not have any idea.⁴²

According to an article in the China Youth Journal, Chung met Shi Zeng Chen through Haomen's U.S. Representative, Ms. Yao, who had met a Los Angeles immigration attorney and AISI shareholder Larry Liou after Haomen opened an office in Los Angeles.⁴³

1. *The White House Holiday Reception*

Shi Zeng Chen and Haomen Assistant President Yei Jun He attended a White House holiday reception along with Johnny Chung

³⁸ Id.

³⁹ Id.

⁴⁰ Id. p. 214.

⁴¹ DOS 013146 (Exhibit 21); 013140 (Exhibit 22); 013143 (Exhibit 23); 013154 (Exhibit 24).

⁴² Deposition of Irene Wu at p. 121.

⁴³ Hsu Chang-Yin, "President of Haomen Group," China Youth Journal, Feb. 8, 1995 (Exhibit 25).

on December 20, 1994.⁴⁴ They met the President and the First Lady and had their pictures taken with them.⁴⁵

Chung had initially requested, in a December 14, 1994 letter to DNC Finance Director Richard Sullivan, that Shi Zeng Chen and Yei Jun He be admitted to the President's radio address on December 17 and lunch at the White House mess. In his letter, which he appears to have written from Taiwan, he states cryptically:

He [Shi Zeng Chen] will play an important role in our future party functions.⁴⁶

Sullivan testified that he did not assist Chung in getting into the White House, but referred him to Eric Sildon, the Director of National Membership Services at the DNC.⁴⁷ Sildon wrote to David Leavy, Staff Assistant to the Press Secretary at the White House, requesting that "Mr. Johnny Chung, a DNC Managing Trustee from Los Angeles and his guest" be provided two spots at the December 17 radio address.⁴⁸ Sildon wrote, "Chung was extremely supportive of our recent event in California with Mrs. Clinton and will be meeting with Debra DeLee, Chair of the DNC, on Monday to reiterate his commitment for strong future support of the party."⁴⁹

Chung did not get the invitation to the President's radio address on the 17th, as he had requested. Instead, according to the China Youth Journal article, Shi Zeng Chen and Yei Jun He were scheduled to visit the White House on Sunday, December 18. However, that visit was postponed after a pedestrian fired shots at the White House.⁵⁰

On the morning of Monday, December 19, Chung and the Haomen Group delegation went to DNC headquarters to meet with DNC Chairwoman Debra DeLee.⁵¹ FEC records show that Chung made a \$40,000 donation to the DNC through AISI at around the same time.⁵²

That afternoon, Chung and the group went to the White House for lunch at the White House mess. WAVES records show that Chung was cleared into the White House at 12:30 p.m.⁵³ The author of the China Youth Journal article accompanied the group, concealing his identity as a reporter for the Xinhua News Agency by posing as an assistant to Shi Zeng Chen.⁵⁴ He reported that Chung and the group were met at the White House gate by White House aide Lenore Lewis and bypassed some security measures.⁵⁵ Shi Zeng Chen brought a 6-pack of Haomen beer into the White

⁴⁴ EOP004738-9 (Exhibit 26).

⁴⁵ EOP018036 (Exhibit 27).

⁴⁶ DNC 3233321 (Exhibit 28).

⁴⁷ Deposition of Richard Sullivan, pp. 158-159.

⁴⁸ F0038495 (Exhibit 20).

⁴⁹ Id.

⁵⁰ Hsu Chang-Yin, "President of Haomen Group," China Youth Journal, Feb. 8, 1995 (Exhibit 25). See also, Karen De Witt, "Several Gunshots Are Fired at the White House as the President and His Family Sleep," the New York Times, Dec. 18, 1998 (Exhibit 29).

⁵¹ Id.

⁵² FEC Internet Records www.tray.com/fecinfo/ (Exhibit 3).

⁵³ WAVES at EOP005040 (Exhibit 2).

⁵⁴ Hsu Chang-Yin, "President of Haomen Group," China Youth Journal, Feb. 8, 1995 (Exhibit 25).

⁵⁵ Id.

House, which the group thought would be prohibited. After lunch, they toured the White House.⁵⁶

Later that Monday afternoon, the Haomen delegation visited the Commerce Department. A week earlier, on the same day that Chung wrote to Richard Sullivan about visiting the White House, he also wrote to Mark Harris, Deputy Chief of Staff at the Commerce Department, seeking a meeting for Shi Zeng Chen.⁵⁷ The date on the letter is December 14, 1995 instead of 1994, but this appears to be an error.

According to the China Youth Journal article:

In the afternoon, Yei Jun He joined us and went to many Department of Commerce offices for meetings and the U.S. officials indicated that they were willing to help him push for the sale of Haomen Beer in this country.⁵⁸

The Haomen delegation was apparently scheduled to return to the White House to see the President during the day on Tuesday, December 20, but there were several delays.⁵⁹ According to the China Youth Journal:

[i]t later turned out that President Clinton's advisors were split in their opinion whether to receive Chen. Some said that Clinton should not receive a member of the Communist Party. Others disagreed. Finally, Clinton decided that if the United States wants to do business in China, he must receive Communist Party members since most Chinese business officials are Communist Party Members. . . . [Chen] is a 3rd generation Communist Party member.⁶⁰

That evening, Chung escorted Shi Zeng Chen and Yei Jun He to the holiday reception in the White House residence.⁶¹ The President and Mrs. Clinton received the Haomen executives privately before the reception and had photos taken with them.⁶² The Haomen executives reportedly used the photos with the President and the First Lady in advertisements in China.⁶³ It has also been reported that the ad promoted other Chinese officials to call on Chung, leading to the "China Delegation" that attended the President's Radio Address in March 1995.⁶⁴

2. *Shi Zeng Chen's Son*

As a favor to Shi Zeng Chen, Chung gave his son, David Chen, a job with AISI.⁶⁵ Chung gave David Chen the title of "Special Assistant to the Chairman," and put in charge of AISI's Beijing office. However, David Chen's business card has the same address as the

⁵⁶ Id.

⁵⁷ JCH15036 (Exhibit 30).

⁵⁸ Hsu Chang-Yin, "President of Haomen Group," China Youth Journal, Feb. 8, 1995 (Exhibit 25).

⁵⁹ Id.

⁶⁰ Id.

⁶¹ White House WAVES records, EOP 005040 (Exhibit 2).

⁶² Hsu Chang-Yin, "President of Haomen Group," China Youth Journal, Feb. 8, 1995 (Exhibit 25).

⁶³ Liu, Melinda "The portrait of a hustler; inside Johnny Chung's mad scramble to the top," Newsweek, Mar. 31, 1997 (Exhibit 31).

⁶⁴ Id.

⁶⁵ Deposition of Irene Wu, p. 105.

headquarters of Haomen Group in Beijing.⁶⁶ According to Ms. Wu's testimony, David Chen's title was for show, and he did not actually perform any work for AISI:

The office—the real AISI office in Beijing was set up much later, 1996. The card you show me, two offices with David Chen's business card, that wasn't really an office. It was just a title given to David and, you know, for show purpose. That was not a real office.⁶⁷

David Chen was present when the "China Delegation" visited the White House in March 1995 and attended President Clinton's Radio address.⁶⁸ His presence raises important questions about the involvement of the Haomen Group in these events.

3. Joint Companies in California

Subsequent to these events at the White House, Chung formed two companies in Los Angeles with President Shi Zeng Chen and Assistant President Yei Jun He of the Haomen Group.

On April 21, 1995, Johnny Chung and Shi Zeng Chen formed Yuangao International, Inc. in Artesia, California.⁶⁹ On October 27, 1995, the company issued 9,900 shares to Beijing Gaoyuan Trading Company.⁷⁰ According to Irene Wu, Gaoyuan is a company controlled by Haomen's Yei Jun He.⁷¹ Johnny Chung received 100 shares on the same date.⁷²

Yuangao's 1995 Federal tax return indicates that the company had no income and incurred a net loss of \$35,617.⁷³ The return lists Beijing Gaoyuan Trading Company as a foreign entity that owned more than 25 percent of Yuangao's voting shares.⁷⁴ Yuangao's bank account indicates few transactions over \$1,000, and little activity.⁷⁵

On June 1, 1995 Johnny Chung and the two Haomen officials formed Sino-American Economic Development, Inc. ("SAED").⁷⁶ California State filings list Chung and Shi Zeng Chen as officers and directors of the corporation.⁷⁷ The filings also indicate that the purpose of SAED is import/export, general trading, and telecommunications.⁷⁸ SAED issued 10,000 shares of stock, split in the following manner: Shi Zeng Chen (3,000 shares/\$15,000), Johnny Chung (3,500 shares/\$17,500), and Jun Yei He (3,500 shares/\$17,500).⁷⁹ Statements from SAED's bank account indicate incoming wire transfers totaling \$20,000 from Sundart Engineering, Ltd. of Beijing in April 1996.⁸⁰

⁶⁶ Business cards—GR001, Exhibit 32, Deposition of Gina Ratliffe.

⁶⁷ Deposition of Irene Wu, July 28, 1998, p. 185.

⁶⁸ DNC3233326–3233332 (Exhibit 33).

⁶⁹ Corporate filings, California Secretary of State (Exhibit 34).

⁷⁰ JC 1271 (Exhibit 35).

⁷¹ Deposition of Irene Wu, July 28, 1998, p. 130.

⁷² JC 1270 (Exhibit 36).

⁷³ JC 1446–51.

⁷⁴ Id.

⁷⁵ JC 1460–92 (Exhibit 37).

⁷⁶ JCH13202 (Exhibit 38).

⁷⁷ JCH13200 (Exhibit 39).

⁷⁸ Id.

⁷⁹ JCH13202 (Exhibit 38); JCH13204–6 (Exhibit 40).

⁸⁰ JCH13229 (Exhibit 41).

Shi Zeng Chen and Yei Jun He were Chung's guests at a Clinton/Gore '96 fund-raiser on September 21, 1995.⁸¹ The event was a southern California Presidential Gala held in Century City. Chung squired a delegation of 24 people to the dinner, many of whom were Chinese nationals. Chung used his employees and their friends as straw donors to illegally contribute \$20,000 in connection with the event. Those contributions were among the charges to which Chung pled guilty in March 1998.⁸²

THE CHINA DELEGATION

In February 1995, Chung began to petition the White House and the DNC to get a meeting with the President for what came to be known as the "China delegation." A February 2, 1995 e-mail from Calvin Mitchell at the National Security Council indicates that Chung had met with him to discuss the impending visit of one member of this "China delegation." In his e-mail to his NSC colleagues Roseanne Hill, Stanley Roth, and Robert Suettinger, Mitchell mentioned that he had met "several times" with Johnny Chung, "who is a big Clinton supporter. He has told me that Mr. Zheng Hongye, Chairman, China Chamber of International Commerce, China Council for the Promotion of International Trade, the China Member Committee of the Pacific Basin Economic Council, will be traveling to the U.S. sometime this spring. If Johnny contacts me again to meet this guy, I'll let you all know."⁸³

1. Seeking Access

Instead on contacting Mitchell, Chung contacted DNC Finance Director Richard Sullivan. In a letter faxed to Sullivan on February 27, 1995, Chung wrote:

I am going to need your help again. I am bringing with me the delegation from China. This is a group of very important and powerful business leaders from China. They will be in D.C. from 3/7 to 3/11 and will be staying at J.W. Marriott. . . . Enclose [sic] please find the name list and their personal information. As I have mentioned on the phone, their main purpose would be as follows:

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

Please help me make arrangements accordingly. Thank you in advance for all your help. I will see you soon.⁸⁴

At the bottom of the letter, there is a handwritten note that states: "Meet Don Fowler." Sullivan testified that it was his handwriting, and that either Chung or his assistant, Irene Wu, called

⁸¹ JCH15023 (Exhibit 42).

⁸² Associated Press, "Fund-raiser Chung Pleads Guilty," Washington Post, Mar. 17, 1998 (Exhibit 5).

⁸³ EOP 039319 (Exhibit 43).

⁸⁴ DNC 323326 (Exhibit 33), Feb. 27, 1995 letter from Johnny Chung to Richard Sullivan at the DNC sent via fax.

to request that meeting.⁸⁵ Sullivan passed along the request and Chung's delegation did meet with Fowler.⁸⁶

Attached to the letter was a list of names of the delegation, with their biographies. They included:

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

SHENG HUAREN. President of China Petro-Chemical Corporation, Chairman of China International United Petroleum and Chemicals Co. Ltd, and concurrently Vice Chairman of China-Korea Economic Council.

HUANG JICHUM. Director and Vice President of China International Trust and Investment Corporation (CITIC) in charge of investment and trade both at home and abroad as well as enterprise management.

WANG RENZHONG. Shanghai Vice Chairman, President of Shanghai AJ Corporation.

JAMES J. SUN. President of Xinjiang Taihe Enterprise Group Co. Ltd. The Taihe Group also consists of Taihe Real Estate Company.⁸⁷

When the delegation arrived in Washington, Sheng Huaren of China Petrochemical was not among the group. In his place, he sent his Vice President, Yan Sanzhong.

Testimony received by the Committee suggests that Zheng Hongye of the China Chamber of International Commerce was the most influential member of the delegation. Gina Ratliffe, who worked as an assistant for Chung and who traveled to China with him a month later, described Zheng as "the political link."⁸⁸ She stated:

The Chamber of Commerce dude seemed to be, and I could be wrong, but he seemed to be the link between the higher-up officials.⁸⁹

We spent a lot of time with him (Zheng). We went to his home one afternoon.⁹⁰

On February 28, 1995, Chung also wrote to Ann McCoy in the White House visitors' office to reinforce his request:

How are you? We would like to request for your assistance again. I am bringing with me the delegation from China. This is a group of very important and powerful business

⁸⁵ Deposition of Richard Sullivan, pp. 177-178.

⁸⁶ Id. pp. 181-82.

⁸⁷ DNC 323326-3233332 (Exhibit 33).

⁸⁸ Deposition of Gina Ratliffe, p. 102.

⁸⁹ Id. p. 101.

⁹⁰ Id. p. 100.

leaders from China. They will be in DC from 3/7 to 3/11, and as usual, please arrange for a tour of the White House. I have asked Mr. Richard Sullivan, Mr. Eric led [sic] of DNC and Mr. Mark Middleton to assist me in arranging a meeting with President Clinton, Vice President Al Gore and a lunch at the Mess in the White House. It would be ideal if you could arrange a tour either before or after the lunch at the Mess.⁹¹

On March 1, 1995, Richard Sullivan and Ari Swiller, Director of the DNC's Trustees Program, wrote a memo to DNC Chairman Don Fowler's office requesting a meeting on March 8th for Chung and his associates from China with Fowler. The memo discussed Chung's contributions of "94,000 to the DNC" and the fact that he had raised an additional \$40,000.⁹² The memo stated that "\$60,000 of this was for a DNC fundraising luncheon with the First Lady in Los Angeles on December 3rd, our first fundraiser after the November elections." The memo mentioned, "Johnny also does a great deal of business/trade with China" and stated that his group "will be meeting with Secretary Brown earlier in the day." Sullivan and Swiller enclosed the list of names and their biographies for Fowler.

2. Sullivan's Doubts

Although Sullivan had apparently assisted Chung in getting the officials from the Haomen Group into the White House Mess in December 1994, Sullivan testified that he did not assist him with these Chinese nationals in February 1995. Sullivan told the Senate in a sworn deposition:

Johnny had showed up at the DNC . . . said that he would make a contribution to us of \$50,000 if I would get he and five members of his entourage into a radio address with the President. . . . I think he had contributed about \$100,000 to that point over the past year, and the fact that—him showing up with these five people from China . . . I had a sense that he might be taking money from them and then giving it to us, you know. That was my concern. So I said, I said, I said I wouldn't do it.⁹³

In his deposition with the Government Reform and Oversight Committee, Sullivan amplified these concerns. He testified that he suggested to Fowler that DNC officials review Chung's contributions to make sure they were legal:

In March of 1995, . . . after Johnny had contributed approximately about \$90,000 to date, I asked—and when Don Fowler gave me a \$50,000 contribution from Johnny that he made in March, I suggested to him that I thought it would be wise for him to have a conversation with Joe Sandler [DNC Counsel] in regards to taking more money from Johnny Chung.⁹⁴

⁹¹JCH 15011 (Exhibit 44). Note that this document of a letter to the White House from Chung was NOT produced by the White House but was only produced by Johnny Chung.

⁹²F 0017561 (Exhibit 45).

⁹³Deposition of Richard Sullivan (Senate), pp. 228–229.

⁹⁴Deposition of Richard Sullivan (House), p. 186.

I didn't get a fog horn and shout, "Don't take Johnny Chung's money," I just suggested to Don Fowler that he have a conversation with Joe Sandler.⁹⁵

Fowler has denied receiving such a warning from Sullivan, stating that, "I have no memory of that. It's all news to me."⁹⁶ However, Sullivan's attorney, Bob Bauer, told the Washington Post that Sullivan stands by his recollection of events.⁹⁷

Despite his evident concerns, Sullivan did assist Chung in getting the China delegation in to see Fowler. Fowler welcomed them and posed for pictures with an arm around Chung's shoulder.⁹⁸

3. *The Haomen Beer Connection*

While Shi Zeng Chen of the Haomen Group was not included in this delegation, his son, David Chen, did travel with them.⁹⁹ Three days prior to the group's arrival in Washington, the Haomen Group transferred \$150,000 to Johnny Chung's bank account. The money was transferred through the Bank of China and a company listed as "Winlick Investments, Ltd."¹⁰⁰

The wire transfer carried the following notation: "Payment for goods—Haomen." However, testimony from Chung's employees casts doubt as to whether Haomen owed Chung money for any work he performed. Chung's office manager, Irene Wu, testified that she was not aware of any payment Chung received for goods or services he provided to Haomen.¹⁰¹ His bookkeeper, Nancy Lee, testified in a similar vein:

Q. Are you aware of a \$150,000 payment from the Haomen Group to Johnny Chung in March of 1995?

A. I don't remember.

Q. Are you aware of any invoices sent to the Haomen Group?

A. No.

Q. Do you know of any services provided by Johnny Chung to the Haomen Group?

A. I don't know.¹⁰²

Given the proximity of this wire transfer to the \$50,000 contribution Chung gave to the DNC, and given the presence of Zhi Zeng Chen's son in the delegation, it is reasonable to conclude that this money was sent to Chung to enable him to make this contribution so that the requested meetings could be obtained. Prior to the transfer, Chung's bank account did not contain sufficient funds for him to make the contribution,¹⁰³ which he presented to the First Lady's Chief of Staff, Margaret Williams, on March 9, 1995. The Committee has been unable to question Mr. Chung about this matter due to his assertion of his Fifth Amendment rights. The Com-

⁹⁵ Id. p. 191.

⁹⁶ George Lardner, "Chung Secured Treasury Meeting For Chinese Petrochemical Firm," Washington Post, July 2, 1998 (Exhibit 46).

⁹⁷ Id.

⁹⁸ William Rempel and Alan Miller, "First Lady's Aid Solicited Check to DNC," Los Angeles Times, July 27, 1997 (Exhibit 1).

⁹⁹ DNC 3233326-3233332 (Exhibit 33).

¹⁰⁰ Deposition of Irene Wu, July 28, 1998.

¹⁰¹ Id. p. 132.

¹⁰² Deposition of Nancy Lee, p. 63.

¹⁰³ JCH16554 (Exhibit 47).

mittee has also been refused visas by the Chinese government and has been unable to travel to China to interview representatives of the Haomen Group.

4. \$50,000 “Opens the Gates”—Meeting with the First Lady

Having failed to get his requests filled through the DNC, Chung apparently turned to the First Lady’s Office on March 8, 1995. Up until this time, according to WAVES records, Chung had little contact with the First Lady’s Office. Evan Ryan, the assistant to the First Lady’s Chief of Staff, Margaret Williams, has testified that she recalls meeting him at some point in the Old Executive Office Building when he stopped by her office, but she does not remember when. She says she learned that he was a trustee of the DNC and that he was from Los Angeles and ran a fax business.¹⁰⁴ It should be noted that none of the WAVES records indicate that Ryan WAVED in Chung until March 9, 1995. After that, Ryan WAVED in Chung almost 20 times.¹⁰⁵ In fact, after March 9, 1995, Chung was admitted to the White House almost exclusively by Ryan. Prior to this, Chung was WAVED in by various White House employees.

5. Johnny Chung’s Account

In a Los Angeles Times article on July 27, 1997, Johnny Chung provided the following account of how he came to give \$50,000 to the DNC in March 1995. Chung claims he was seeking “VIP treatment for a delegation of visiting Chinese businessmen when he was asked to help the First Lady defray the cost of White House Christmas receptions billed to the Democratic National Committee.”¹⁰⁶ “I see the White House is like a subway: You have to put in coins to open the gates,” Chung has said.¹⁰⁷ In this interview, Chung says he felt he had a special relationship with Hillary Clinton because he says he had met her years earlier at the governor’s mansion in Little Rock, Arkansas, while touting his new fax service. Since then, according to the Times, Chung was photographed with Mrs. Clinton on about a dozen occasions.¹⁰⁸

As reported in the Los Angeles Times, Chung went to the First Lady’s Office on March 8, 1995, and was greeted by Evan Ryan, then a staff assistant in the First Lady’s Office. He showed her the business cards of his Chinese companions and asked if arrangements could be made for them to eat lunch in the White House mess and meet Hillary Clinton. Chung also asked if there was anything he could do to help the White House. After speaking with Maggie Williams, Ryan returned saying: “Maybe you can help us.”¹⁰⁹

Ryan explained that “the first lady had some debts with the DNC” from expenses associated with White House Christmas parties.¹¹⁰ Chung believes that Ryan mentioned a figure of around \$80,000. Ryan told him that she was relaying the request on behalf

¹⁰⁴ Deposition of Evan Ryan, p. 96.

¹⁰⁵ White House WAVES Records (Exhibit 2).

¹⁰⁶ William Rempel and Alan Miller, “First Lady’s Aide Solicited Check to DNC,” Los Angeles Times, July 27, 1997 (Exhibit 1).

¹⁰⁷ Id.

¹⁰⁸ Id.

¹⁰⁹ Id.

¹¹⁰ Id.

of Williams, who hoped Chung could “help the first lady” defray those costs.¹¹¹

“Then a light bulb goes on in my mind, I start to understand,” Chung said.¹¹² “I said I will help for \$50,000.”¹¹³ After making that commitment, Chung left the White House confident that his wish list would be substantially fulfilled.

The next morning, Chung went back to the White House and was escorted to Ryan’s desk in the reception area of the First Lady’s Office. He said he gave her an unsealed envelope. According to Chung, Ryan lifted the flap and examined the contents. Inside was his check¹¹⁴ and a note to Williams, which he recalled said something like: “To Maggie—I do my best to help. Johnny Chung.”¹¹⁵

A short time later, Williams joined them and Ryan handed the envelope to her, according to Chung. Williams led him into her office and called to reserve a table for the Chinese delegation at the White House Mess. Williams has since told congressional investigators that she never looked at the check. Chung said there was no need for her to look inside the envelope. “I know she knew what was inside, because to me it was her idea to help,” he said.¹¹⁶

Before the delegation convened for lunch in the White House Mess, Chung was advised that another wish list item had been granted. The First Lady could see them before addressing a teachers’ group that afternoon. “Maggie set up everything,” Chung said.¹¹⁷

Later, waiting for Hillary Clinton in a White House reception room, Chung said he asked if the First Lady had been informed of his donation and Ryan responded, “Yes, she definitely knows.”¹¹⁸ According to Chung, when the First Lady met the delegation, she declared to Chung: “Welcome to the White House, my good friend.”¹¹⁹

6. *Evan Ryan’s Account*

Ryan cannot identify exactly when she met Chung and her testimony is not clear whether she had met Chung prior to March 8, 1995, when she confirms he did stop by the First Lady’s Office. On March 8, 1995, Chung had been WAVED into the Old Executive Office Building by Brian Bailey from Erskine Bowles’ office.¹²⁰ Ryan testified that Chung “showed up” in her office that day unannounced.¹²¹ Chung told her that he had this delegation visiting from China and “he would like to see if he could get them a tour of the White House, to the White House Mess, if he could get them into the President’s radio address and if he could get a photo with

¹¹¹ Id.

¹¹² Id.

¹¹³ Id.

¹¹⁴ JCH795 (Exhibit 48).

¹¹⁵ William Rempel and Alan Miller, “First Lady’s Aid Solicited Check to DNC,” Los Angeles Times, July 27, 1997 (Exhibit 1).

¹¹⁶ Id.

¹¹⁷ Id.

¹¹⁸ Id.

¹¹⁹ Id.

¹²⁰ WAVES at EOP008683 (Exhibit 2).

¹²¹ Deposition of Evan Ryan, p. 106.

Mrs. Clinton.”¹²² Chung also mentioned to Ryan that while he was in town, he would be donating money to the DNC.¹²³

According to Ryan’s testimony, while Chung was still in the reception room, she went to speak with Maggie Williams about Chung’s requests.¹²⁴ Ryan told Williams that “Johnny Chung was here and he had some businessmen from China here and he was hoping to get the tour, the radio address, the Mess and the photo with Mrs. Clinton, and he was also going to be donating money to the DNC while he was here.”¹²⁵ Williams told her that they would see what they could arrange for him and “that it was helpful to know about his donation because then maybe that would enable the DNC to pay off some of their debts.”¹²⁶ Williams never mentioned to her an amount that Chung could donate, and, according to Ryan, Ryan never mentioned to Chung a bill of \$80,000 that the DNC owed to the White House.¹²⁷ Ryan then returned to Chung and told him that they would try to set up some of these requests.¹²⁸ Chung was “very pleased” and “said he hoped that Maggie got credit for his donation.”¹²⁹

By the end of the day, each of Chung’s requests, with the exception of the radio address, had been scheduled. Ryan testified that she contacted the Visitor’s Office about the tour and contacted the Mess about lunch.¹³⁰ Ryan also stated that Williams set up the photo with the First Lady.¹³¹ Ryan believes Chung contacted her later that day and she then informed him that each of his requests had been scheduled.¹³²

The following day, March 9, 1995, Chung and his guests arrived at the Old Executive Office Building and Ryan escorted them to the Mess for lunch.¹³³ After their lunch, Ryan believes that Ann McCoy, from the Visitor’s Office, took them on their tour.¹³⁴ From the WAVES records, Ryan believes that Chung and his guests left the White House and returned later that day.¹³⁵ Ryan recalls that they were late for their photo with the First Lady.¹³⁶ As soon as they arrived, Ryan escorted them to the Map Room for their photo.¹³⁷ Ryan testified that Mrs. Clinton gave a general greeting to Chung, not the “welcome, my good friend” that Chung has claimed.¹³⁸

Ryan further testified that Chung did not hand her the envelope containing his donation. “I remember that Mr. Chung was insistent that he wanted to hand this envelope directly to Maggie Williams. I remember he really wanted to see her and hand the envelope to

¹²² *Id.* p. 105.

¹²³ *Id.* pp. 105, 107–08.

¹²⁴ *Id.* pp. 108–09.

¹²⁵ *Id.* p. 109.

¹²⁶ *Id.* p. 110.

¹²⁷ *Id.* pp. 110–11.

¹²⁸ *Id.* p. 111.

¹²⁹ *Id.*

¹³⁰ *Id.* p. 114.

¹³¹ *Id.*

¹³² *Id.*

¹³³ *Id.* p. 115.

¹³⁴ *Id.*

¹³⁵ *Id.*

¹³⁶ *Id.* p. 116.

¹³⁷ *Id.* p. 117.

¹³⁸ *Id.* pp. 121–22.

her.”¹³⁹ Chung and his delegation of Chinese businessmen returned to the Old Executive Office Building. Ryan told Williams that Chung was there and he wanted to speak with her. Ryan said Williams seemed “confused” at “why he was delivering a donation to the DNC through her.”¹⁴⁰ Ryan brought Mr. Chung to Williams’ office, where he handed the envelope to Williams. Ryan explained that she was standing near the door and does not remember hearing Chung say anything to Williams.¹⁴¹ Ryan testified that Chung never asked her whether the First Lady was aware of his contribution, so she never told him that she was.¹⁴²

7. Maggie Williams’ Account

Williams does not remember the events of these 2 days as occurring all at once.¹⁴³ She remembers this sequence of events as “separate occasions.”¹⁴⁴ Williams does not recall Chung wanting to get his friends into the White House on that particular day. She recalls Ryan asking her if she should arrange a photo for Chung and Williams told her that she should.¹⁴⁵ Williams also recalls Chung requesting the use of her Mess account on a couple of occasions, which she allowed.¹⁴⁶ Williams testified that Chung had used her Mess account prior to receiving his donation.¹⁴⁷

Williams testified that Chung often asked her how he could give to the First Lady. Williams responded that he could not give to the First Lady, but could give to the DNC.¹⁴⁸ As to Chung handing her the check, Williams testified that she was:

[L]eaving the office and coming out into the vestibule, at which point Mr. Chung enthusiastically said, I give to the First Lady, I give to the First Lady. I said something to the effect of, Johnny, I have told you that you cannot give money to the First Lady, you can give to the DNC, and I believe I told him that again and he said, I am giving to the DNC, I am giving through you, I give through you, I give through the First Lady’s office. I told him again that he should just give it to the DNC. He continued to be somewhat insistent. I wanted out. I said, you know, I will take it, I will give it to the DNC, and I think our encounter was, I don’t even know if it was a minute or a minute and a half.¹⁴⁹

Williams stated that she never looked at the check, and did not even know it was in the amount of \$50,000 until she read about it in the newspapers.¹⁵⁰ She then placed the check in her out basket and assumed that Ryan or someone else would get the check

¹³⁹ Id. p. 117.

¹⁴⁰ Id. p. 118.

¹⁴¹ Id. p. 119.

¹⁴² Id. p. 125.

¹⁴³ Deposition of Maggie Williams, p. 247.

¹⁴⁴ Id. p. 240.

¹⁴⁵ Id. p. 241.

¹⁴⁶ Id. pp. 241–42.

¹⁴⁷ Id. p. 242.

¹⁴⁸ Id. p. 240.

¹⁴⁹ Id. pp. 240–41.

¹⁵⁰ Id. p. 248.

to the DNC.¹⁵¹ Williams is not aware of anyone in the First Lady's office telling Chung about DNC bills for Christmas parties.¹⁵²

8. *Comparison of Accounts*

The principal conflicts between these three accounts center around the alleged solicitation of Chung's contribution in the First Lady's office and the delivery of his check the next day.

Regarding Chung's donation, Ryan claims that Chung volunteered to her unsolicited that he would be donating to the DNC while he was in town.¹⁵³

Chung claims that after he made his request for assistance, Ryan left for about 15–20 minutes. She returned saying she had spoken with Williams and said "maybe you can help us." Chung has stated that Ryan told her that the First Lady had some debts with the DNC from expenses associated with White House Christmas parties. Chung believes Ryan mentioned a figure of \$80,000.¹⁵⁴ Chung also claims that Ryan told him that the request was on behalf of Williams, who hoped he could help the First Lady.¹⁵⁵ Chung states that it was at this point that he offered to contribute \$50,000.¹⁵⁶

Ryan testified that she did leave Chung to speak with Williams about the requests, and mentioned that Chung told her he would be donating to the DNC.¹⁵⁷ According to Ryan, Williams told her that they would see what they could arrange for him, and that perhaps his donation would enable the DNC to pay off their debts to the White House.¹⁵⁸ Ryan stated that she never told Chung about the debts the DNC owed the White House, nor did she ever mention a figure of \$80,000.¹⁵⁹

Williams has testified that she recalls Ryan asking if she could set up the requests for Chung.¹⁶⁰ However, Williams states that she never mentioned to Ryan what Chung's donation to the DNC would be used for.¹⁶¹

It is unlikely that Chung would have been aware of DNC debts to the White House unless he had been informed of them by someone who worked there. Given that Ryan recalls Williams discussing the DNC debt with her, and that Chung recalls Ryan discussing the debt with him, it is reasonable to conclude that the DNC debts to the White House were discussed with Chung at the First Lady's office. However, without sworn testimony from Chung, it is not possible to determine if this occurred before or after he offered his contribution.

Internal memoranda demonstrate that the First Lady's office was being kept apprised of the unpaid debts for the holiday receptions. White House records of reimbursable political events held at the White House in December 1994 show a bill of \$236,060.90 for var-

¹⁵¹ *Id.* p. 249.

¹⁵² *Id.* pp. 250–51.

¹⁵³ Deposition of Evan Ryan, pp. 107–08.

¹⁵⁴ William Rempel and Alan Miller, "First Lady's Aide Solicited Check to DNC," *Los Angeles Times*, July 27, 1997 (Exhibit 1).

¹⁵⁵ *Id.*

¹⁵⁶ *Id.*

¹⁵⁷ Deposition of Evan Ryan, pp. 108–09.

¹⁵⁸ *Id.* pp. 109–110.

¹⁵⁹ *Id.* pp. 110–11.

¹⁶⁰ Deposition of Maggie Williams, pp. 241–42.

¹⁶¹ *Id.* p. 258.

ious Christmas Holiday Receptions.¹⁶² These records indicate that the billing date for these receptions was February 23, 1995 and the bill was paid in July 1995.¹⁶³ A March 24, 1995 memo for Maggie Williams from the Chief White House Usher, Gary Walters, addressed the issue of unpaid bills for collection “issued by the Executive Residence at the White House for fiscal years 1994 and 1995.”¹⁶⁴ The memo stated: “It is very obvious that unpaid bills are attributed to the DNC.”¹⁶⁵ Mr. Walters’ memo at this time notes various “Holiday events” in 1994 as being \$41,291 and “partially paid by the DNC.”¹⁶⁶ At this time Walters noted that there was \$135,345.25 to be paid by the DNC for fiscal year 94.¹⁶⁷ In the memo, Walters noted that there was a “partial payment of \$198,714.56” paid on March 15, 1995.¹⁶⁸

Regarding the delivery of the check, Chung claims that he returned the next day and presented Ryan with an unsealed envelope.¹⁶⁹ According to Chung, Ryan examined the contents of the envelope. There was a note inside the envelope that stated: “Maggie—I do my best to help. Johnny Chung.”¹⁷⁰ A short time later, Williams joined them and Ryan handed her the check.¹⁷¹ Ryan has testified that Chung insisted that he give the check to Williams, and that she arranged for him to do so.¹⁷² Williams has testified that Chung did hand her an envelope, but she never looked at the contents.¹⁷³ Williams does not recall Chung handing her any note.¹⁷⁴

Chung also stated that he asked Ryan if the First Lady was aware of his donation and she replied that she knew.¹⁷⁵ According to Ryan’s testimony, Chung never asked her if the First Lady was aware of his donation, and further, he had not handed Williams the check until after his photo with the First Lady.¹⁷⁶

9. The President’s Radio Address

It appears that the First Lady’s office was able to fulfill all of Chung’s requests, as outlined in his February 27 letter, except for the most important—an invitation to the President’s radio address. During his testimony before the Senate Governmental Affairs Committee on September 9, 1997, DNC Co-Chairman Don Fowler was questioned about his knowledge of how Johnny Chung and his Chinese delegation were able to attend the radio address. Mr. Fowler testified that he did not become aware of Chung’s attendance at the radio address until sometime after the election. His assistant,

¹⁶² Fiscal year 1998 Treasury Postal Appropriations Hearing held on Mar. 11, 1997.

¹⁶³ *Id.*

¹⁶⁴ DNC 3078128–30 (Exhibit 49).

¹⁶⁵ *Id.*

¹⁶⁶ *Id.*

¹⁶⁷ *Id.*

¹⁶⁸ *Id.*

¹⁶⁹ William Rempel and Alan Miller, “First Lady’s Aide Solicited Check to DNC,” *Los Angeles Times*, July 27, 1997 (Exhibit 1).

¹⁷⁰ *Id.*

¹⁷¹ *Id.*

¹⁷² Deposition of Evan Ryan, p. 117.

¹⁷³ Deposition of Maggie Williams, pp. 240–41, 248.

¹⁷⁴ *Id.* p. 296.

¹⁷⁵ William Rempel and Alan Miller, “First Lady’s Aide Solicited Check to DNC,” *Los Angeles Times*, July 27, 1997 (Exhibit 1).

¹⁷⁶ Deposition of Evan Ryan, pp. 117–18, 125.

Carol Khare, was involved with this, and he questioned her about it. Ms. Khare told Mr. Fowler:

She received a call from Mr. Chung and he asked her if he could attend the radio address. This was a relatively short period of time after we had come to Washington. She did not know anything about the process or procedures for arranging such a visit. And, so, she walked out into this area where three or four people who work in my office were sitting and just posed the general question, does anybody know how you get into the President's radio address? And one the people there said, a friend of mine who works in the White House arranged for people to get in to those addresses. And, so, Mrs. Khare asked this person to call her friend and make the inquiry. This person did make that call and the word back was that her friend, unnamed, and I do know that persons' name, said that he or she would arrange if it [sic] possible. She reported that back to Mrs. Khare, and Mrs. Khare called Johnny Chung back and gave him that information.¹⁷⁷

Fowler testified that Ceandra Scott was the person who contacted a friend at the White House.¹⁷⁸ Mr. Fowler did not know the person contacted at the White House.

During her deposition, Ms. Khare explained that Chung had contacted her by phone and asked for help.¹⁷⁹ Khare was not aware at the time that people attended the radio addresses.¹⁸⁰ Khare asked the staff assistants if they know whether they could get people into the radio address.¹⁸¹ Ceandra Scott said that she knew someone at the White House who handled the addresses and would call them.¹⁸² According to Khare, Ms. Scott called her contact immediately.¹⁸³ Scott returned to Khare and told her that Chung and the delegation could attend the radio address.¹⁸⁴

Using the number that Chung had provided, Khare contacted Chung at the First Lady's office. Khare explained that she knew it was the First Lady's office because they answered the phone, "Office of the First Lady."¹⁸⁵

Ceandra Scott recalled contacting the First Lady's office late Friday afternoon to try to get Chung and the delegation into the radio address. Scott was not certain if she spoke with Williams or someone else.¹⁸⁶ Shortly thereafter, she got a call back from the First Lady's office and was told that Chung and the delegation could attend.¹⁸⁷

Chung and the delegation did attend the radio address on March 11, 1995. At the conclusion of the address, Chung introduced the

¹⁷⁷ Fowler Senate Governmental Affairs testimony, Sept. 9, 1997 at p. 209.

¹⁷⁸ *Id.* p. 210.

¹⁷⁹ Khare deposition at p. 34.

¹⁸⁰ *Id.*

¹⁸¹ *Id.*

¹⁸² *Id.* pp. 34-35.

¹⁸³ *Id.* p. 37.

¹⁸⁴ *Id.* p. 39.

¹⁸⁵ Testimony of Ceandra Scott, House Committee on Government Reform and Oversight, p.

177.

¹⁸⁶ *Id.* p. 211.

¹⁸⁷ *Id.*

President to his Chinese associates. Pictures were taken with the President and each delegation member. In addition, the delegation presented the President with a large heart-shaped piece of jade.¹⁸⁸ All of this was captured on videotape by the White House photographer's office.

10. National Security Council Staffers Raise Concerns About Chung

According to Nancy Hernreich's Senate deposition, the President become concerned about the delegation after having had his picture taken with them:

A: As I recall it, the President said to me, "You shouldn't have done that," or we shouldn't have done that."

Q: Done what? Help me.

A: Well, the Chinese, have the Chinese at that radio address.

Q: Why not?

A: I don't know. He didn't say.

Q: Did you have any understanding of what he was talking about?

A: Yes, generally.

Q: What was your understanding?

A: Well, that these were foreign, either officials or, you know, inappropriate foreign people. This was my understanding of that.¹⁸⁹

At this point, the National Security Council was brought into the picture. White House aide Kelly Crawford testified in her deposition that she has a vague recollection that the President asked either Hernreich or herself who the delegation was, where their request came from and why they were there.¹⁹⁰ The President also inquired as to whether anyone at the National Security Council knew that the delegation was attending the radio address.¹⁹¹ Crawford has a vague recollection that she took the list of names of the delegation to Nancy Soderberg or to Tony Lake's office to have them determine if there was a "problem" with any of the names.¹⁹²

As the NSC's Director for Asian Affairs, Robert Suettinger was the logical choice to vet Johnny Chung's guests. Suettinger, a CIA detailee to the NSC and an expert on Asian affairs, evidently was contacted by Brooke Darby—an assistant to NSC Staff Director Nancy Soderberg—about Chung's request that the White House release photographs of the President with the China delegation.¹⁹³

Darby's e-mail to Suettinger was on behalf of Presidential assistant Nancy Hernreich, who was ultimately responsible for deciding whether or not to release the photographs to Chung. The e-mail was also sent to Stanley Roth, the Senior Director for Asian Affairs, and another NSC staffer, Roseanne Hill. According to Darby:

¹⁸⁸ EOP 063827 (Exhibit 50).

¹⁸⁹ Hernreich Senate deposition, June 20, 1997, at pp. 67–68.

¹⁹⁰ Deposition of Kelly Crawford, p. 50.

¹⁹¹ *Id.* p. 51.

¹⁹² *Id.* p. 54.

¹⁹³ EOP005438 (Exhibit 51).

An odd situation on which I need some guidance for the President's office asap:

A couple of weeks ago . . . the head of the DNC asked the President's office to include several people in the President's Saturday Radio Address. They did so, not knowing anything about them except that they were DNC contributors.

It turns out that they are various Chinese gurus and the POTUS¹⁹⁴ wasn't sure we'd want photos of him with these people circulating around. Johnny Chung, one of the people on the list, is coming in to see Nancy Hernreich tomorrow and needs to know urgently whether or not she can give him the pictures. Could you please review the list ASAP and give me your advice on whether we want these photos circulating around? (FYI—These people are major DNC contributors and if we can give them the photos the President's office would like to do so.)¹⁹⁵

Suettinger did not object to releasing the photographs to Chung, but he issued an explicit warning about him for future reference. His reply by e-mail is worthy of lengthy quotation:

The joys of balancing foreign policy considerations against domestic politics . . . I don't see any lasting damage to U.S. foreign policy from giving Johnny Chung the pictures. And to the degree that it motivates him to continue giving to the DNC, who am I to complain? Neither do I see any unalloyed benefit either. But as far as the Chinese on the list are concerned, they all seem to be bona fide (present or former) Chinese officials, with the possible exception of James Y. Sun, "young entrepreneur and self made millionaire." Got some doubts there. Notwithstanding that, these guys will all hang the pictures on the wall and feel grateful for the memory.

But a caution—a warning of future *deja vu*. Having recently counseled a young intern from the First Lady's office who had been offered a "dream job" by Johnny Chung, I think that he should be treated with a pinch of suspicion. My impression is that he's a hustler, and appears to be involved in setting up some kind of consulting operation that will thrive by bringing Chinese entrepreneurs into town for exposure to high level U.S. officials. My concern is that he will continue to make efforts to bring his friends into contact with POTUS and FLOTUS¹⁹⁶—to show one and all that he is a big shot, thereby enhancing his business ventures. I'd venture a guess that not all of his business ventures—or those of his clients would be ones that the President would support. I also predict that he will become a royal pain, because he will expect to get similar treatment for future visits. He will be persistent.¹⁹⁷

¹⁹⁴ President of the United States.

¹⁹⁵ EOP005438 (Exhibit 51).

¹⁹⁶ First Lady of the United States.

¹⁹⁷ EOP005439 (Exhibit 52).

Suettinger was interviewed by the Committee on August 20, 1997. When asked about the aforementioned correspondence about Chung, he stated that Darby was acting on behalf of Nancy Soderberg. Darby wanted Suettinger to determine who Chung's "Chinese gurus" were and whether the release of the photos would embarrass the President.¹⁹⁸ He stated that he was not asked to vet these individuals prior to their invitation to the President's radio address, but after he received Darby's request, he checked his handbook of Chinese officials. After determining that the release of the photographs would not harm U.S. foreign policy, he claimed that in addition to warning Darby about Chung being a "hustler," he also warned Stanley Roth.¹⁹⁹ Suettinger was concerned that because of Chung's status as a DNC trustee he would get "carte blanche" treatment at the White House.²⁰⁰

Even after Suettinger's warning, Chung was still permitted to visit the White House 23 times.²⁰¹ When asked about Chung's many White House visits after the "hustler" warning, Suettinger expressed personal dismay. He stated to Committee investigators that his initial concerns about Chung were based on his knowledge of PRC and Taiwanese business practices, evidently referring to widespread influence peddling. Suettinger feared what he referred to as Chung's "own agenda" and felt that it was his responsibility to protect the President.²⁰²

Darby was also interviewed by the Committee. Even though Suettinger did not recommend against releasing the pictures, Darby informed the President's staff that they should not release the photos.²⁰³

11. The Spielberg Fundraiser—Chung Gets His Pictures

Chung vigorously pursued the release of the radio address photos with the President through his numerous contacts. On April 5, 1995, Chung wrote to Maggie Williams, requesting her assistance in having the photos released before his upcoming trip to China.²⁰⁴ Chung wrote, "I have learned from Richard Sullivan of DNC that the National Security Council is holding on to those pictures."²⁰⁵ However, the photos were not released until after Chung contributed an additional \$125,000 at an April 8 DNC fundraiser at the home of Director Steven Spielberg.

It appears that this donation, by far the biggest Chung ever gave, was at least partially underwritten by AISI shareholder Yi Chen (George) Liu. According to AISI records, Liu purchased \$100,000 of AISI stock on July 12, 1994.²⁰⁶ He purchased another \$150,000 worth of stock on November 4, 1996.²⁰⁷ Liu's business card describes him as "Special Assistant to the Chairman, AISI," and lists AISI's California and Taiwan offices.²⁰⁸ Liu and his father

¹⁹⁸ Committee interview of Robert Suettinger, Aug. 20, 1997.

¹⁹⁹ Senior Director for Asian Affairs at the NSC and Suettinger's direct superior.

²⁰⁰ Committee interview of Robert Suettinger, Aug. 20, 1997.

²⁰¹ White House WAVES records (Exhibit 2).

²⁰² Committee interview of Robert Suettinger, Aug. 20, 1997.

²⁰³ Committee interview of Melanie Brooke Darby, August 1997.

²⁰⁴ JCH15013 (Exhibit 53).

²⁰⁵ Id.

²⁰⁶ JCH13699 (Exhibit 54).

²⁰⁷ Id.

²⁰⁸ Documents produced by Gina Ratliffe.

toured the White House in 1995 and attended a Kathleen Brown for Governor event in San Francisco.²⁰⁹

Liu accompanied the “China Delegation” to the White House in March 1995.²¹⁰ He also accompanied Chung on his April trip to China,²¹¹ the trip for which Chung was desperate to acquire these photos. On April 8, 1995, Liu paid Chung \$100,000.²¹² That same day, Chung contributed \$125,000 to the DNC in order to attend a fund-raiser at Steven Spielberg’s home.²¹³ Liu accompanied Chung to the event.²¹⁴

In her deposition, Chung’s assistant, Gina Ratliffe, describes Liu in this way: “George had a ton of money of his own . . . George just seemed to have fun with life.”²¹⁵

On April 11, 1995, 3 days after the Spielberg event, Chung received a fax from Carol Khare in Don Fowler’s office: “The White House assures me that you now have the pictures—Hurray! If you don’t, give me a call. Have a good trip.”²¹⁶

Both Hernreich and Crawford testified at the Committee’s November 13 hearing that they believed the photos were not released to Chung. However, Gina Ratliffe, a former intern in the First Lady’s office who went to work for Chung, testified that she went to the White House to pick up the photos prior to her departure to China with Chung.²¹⁷

Chung was accompanied on his subsequent trip to China by his assistant, Ratliffe. She was an intern in the First Lady’s office when Chung hired her to handle logistics and social arrangements for groups that he brought to Washington. They left for China on April 12, 1995, and returned on April 25.²¹⁸

Ratliffe states in her deposition that they spent a great deal of time with officials from the Haomen Group and China Petrochemical.²¹⁹ She also states that James Sun, the Chinese entrepreneur who attended the Radio Address at the White House, came to Beijing to meet them.²²⁰ During the trip, Chung’s group visited the Forbidden City to visit Vice Premiere Lee.²²¹

CHUNG TRIES TO ASSIST IN RELEASING HARRY WU

Chung’s actions in the summer of 1995 indicate that Suettinger’s concerns about his personal White House “agenda” were well founded. On July 25, Chung’s assistant at AISI, Irene Wu, faxed a letter on Chung’s behalf to Presidential aide Betty Currie requesting that President Clinton write a “credential letter” for Chung’s forthcoming trip to China.²²² On the same day, Chung also

²⁰⁹ JCH13699 (Exhibit 54).

²¹⁰ DNC3233326-3233332 (Exhibit 33).

²¹¹ Deposition of Gina Ratliffe, p. 118.

²¹² N0209 (Exhibit 55).

²¹³ JCH797 (Exhibit 56).

²¹⁴ JCH13699 (Exhibit 54).

²¹⁵ Deposition of Gina Ratliffe, p. 119.

²¹⁶ JCH15021 (Exhibit 57).

²¹⁷ Deposition of Gina Ratliffe, pp. 62, 70.

²¹⁸ Id. p. 92.

²¹⁹ Id. pp. 97, 100.

²²⁰ Id. p. 121.

²²¹ Id. pp. 101–102.

²²² JCH 466 (Exhibit 58).

faxed Currie on the same subject,²²³ enclosing a letter he received from DNC Chairman Don Fowler that commended Chung for his efforts “to build a bridge between the people of China and the United States” and for being “a friend and a great supporter of the DNC.”²²⁴

Chung planned to use his trip to China in late summer 1995 to play the role of unofficial White House envoy in facilitating the release of imprisoned human rights activist Harry Wu. Wu, a Chinese-born American human rights activist, was arrested and detained in Wuhan Province²²⁵ earlier in the summer by PRC authorities when he attempted to enter China secretly.²²⁶ His detainment caused an uproar in the international community; California Senator Diane Feinstein and her husband Richard Blum—both of whom have high-level Chinese contacts—traveled to Beijing to aid in the Wu negotiations.²²⁷ The arrest and outcry presented Chung with an opportunity to raise his profile with Beijing and the White House by attempting to portray himself as the President’s personal envoy in seeking Wu’s release.

Troubled by Wu’s arrest, Chung sought to talk to the President at a DNC reception in California in July 1995. When he spoke to the President in the receiving line, Chung told him of his intention to use his own contacts in China to press for Wu’s release.²²⁸ Chung recalls that the President encouraged him, jabbing the air with his finger and saying that he should, “Tell them they have no right to arrest U.S. citizens.” According to Chung, the President said, “We have enough problems between our countries. We don’t need any more.” Chung recalls that as he stepped away, Clinton called him back, pointing a finger at Chung’s heart and repeating: “Johnny—tell them.”²²⁹

Chung left the reception convinced that he was an envoy representing the interests of the President of the United States, charged with obtaining the release of Harry Wu.

On July 24, 1995, Janice Enright, Assistant to Deputy Chief of Staff Harold Ickes, sent a memorandum to National Security Advisor Anthony Lake documenting a telephone call she had with the Executive Director of the DNC, Bobby Watson, concerning Chung. Watson had alerted Enright about Chung’s plans to visit China to negotiate for Wu’s release on behalf of the President.²³⁰ The memo stated:

Apparently, Johnny Chung, A DNC Trustee, is traveling with a group of people to China and meeting with the President of China this week. His mission is to negotiate the release of Harry Woo.

²²³ JCCH 467 (Exhibit 59).

²²⁴ EOP005057 (Exhibit 60).

²²⁵ Rone Tempest, “U.S. citizen detained by China,” *Los Angeles Times*, June 27, 1995 (Exhibit 61).

²²⁶ “Do Human Rights Change with Political Agendas?” *The Columbus Dispatch*, Sept. 1, 1995 (Exhibit 62).

²²⁷ Elaine Sciolino, “Summit in Washington: The Politics; A Chinese Visitor Comes Between Longtime California Allies,” *New York Times*, Oct. 30, 1997 (Exhibit 63).

²²⁸ William Rempel, “How Big Clinton Contributor Turned into Freelance Envoy,” *Los Angeles Times*, Mar. 2, 1997 (Exhibit 64).

²²⁹ *Id.*

²³⁰ 003626 (Exhibit 65).

Mr. Watson wanted to alert us that Mr. Chung plans to represent to the President of China that he is sanctioned by President Clinton in his efforts to get Mr. Woo released. He bases this representation on the fact that he recently saw the President during his trip to California and mentioned to him (I believe on a photo line) what he was doing in this regard. Apparently, the President was supportive. To what extent, is unclear but nevertheless, it is being construed as a validation and will be represented that way to the President of China.²³¹

The NSC's Robert Suettinger was tasked to investigate the matter and concluded that:

Johnny Chung's attempt to get Harry Wu released is very troubling, in part because I was not able to contact the DNC in time to get them to discourage Chung from involving himself in this diplomatically difficult and high stakes issue.²³²

While Chung was unsuccessful in getting a credential letter from the President, he did receive something similar from DNC Co-Chairman Don Fowler, a matter of some concern at the NSC. Suettinger stated that "the credential letter that the DNC provided was one thing and all we can do is hope that the Chinese recognize that his message should be treated with caution."²³³

According to the Los Angeles Times, in the summer of 1995, the Chairman of China Petrochemical, Huaren Sheng, arranged for Chung to meet with a senior official from the Chinese foreign ministry in Beijing to discuss the detention of Wu.²³⁴ At this point, the Committee is unable to determine what if any impact Chung's meddling in this tense situation might have had. However, it is troubling that, when so many people at the DNC and the White House had been put on notice that Chung was preparing to intrude into a sensitive diplomatic matter, nobody intervened.

THE CENTURY CITY FUNDRAISER

September 1995 brought the political event that would eventually prove to be Johnny Chung's legal undoing. Chung brought a large group of Chinese associates to a Clinton/Gore '96 fundraising dinner in Century City, California on September 21. He attempted to pay for his guests with a large, soft money contribution to the DNC. However, Clinton/Gore could not legally accept contributions in excess of \$1,000 from a single individual. The next day, Chung enlisted his employees to generate a series of \$1,000 conduit contributions to pay for the event. This scheme was the centerpiece of the criminal information filed by the Justice Department to which Chung pled guilty in March 1998.²³⁵

²³¹ Id.

²³² Committee interview of Robert Suettinger, Aug. 20, 1997.

²³³ Id.

²³⁴ William Rempel and Alan Miller, "Donor's Claim of Altered O'Leary Letter Investigated," Los Angeles Times, Sept. 22, 1997 (Exhibit 66).

²³⁵ Associated Press "Fund-Raiser Chung Pleads Guilty," the Washington Post, Mar. 17, 1998 (Exhibit 5).

In 1995, Chung became a member of the Clinton/Gore '96 Southern California Finance Council by making a commitment to Clinton/Gore National Finance Chairman Terry McAuliffe to raise \$100,000 for the campaign.²³⁶ Chung was later pressed to fulfill his commitment. He received an August 5 form letter from the campaign urging him to line up guests for the Century City dinner.²³⁷ As the September 21 dinner approached, Chung was contacted by Kimberly Ray, Deputy Finance Director for Southern California for Clinton/Gore '96. Ms. Ray wrote, "Please send list of names for seating arrangements . . . Johnny, I'm not showing any individual commitments or contributions toward your 100K commitment you made to Terry. Time is running out. Please advise."²³⁸

1. *The Guest List*

On September 19, 1995, Chung faxed a guest list of 24 people to Karen Sternfeld, Clinton/Gore '96 Deputy Finance Director for southern California.²³⁹ The list included himself and his wife, his parents, and several AISI employees and stockholders. It also included a dozen Chinese nationals who were not eligible to contribute to Clinton/Gore. Prominent on the list were the President and Assistant President of the Haomen Group, Shi Zeng Chen and Yei Jun He. According to testimony from Chung's assistant, Irene Wu, most of the remaining overseas guests were friends and associates of Mr. He.²⁴⁰ As noted earlier, Wu has testified that the Haomen Beer officials were Chung's first substantial contacts in China, and that they introduced Chung to many other people.

Chung went on to develop business relationships with several of these individuals, including Bin Liu, who has been identified as the son of a high-ranking Chinese general.²⁴¹ The list includes two other Chinese nationals with whom Chung went on to form companies in Los Angeles: Mr. Shijin Yu of Honestwin Limited, and Bao Jian Cui of the Great Wall International Culture Company. These relationships will be detailed in a later section of this chapter.

According to Karen Sternfeld, Johnny Chung brought a \$25,000 check made out to the Democratic National Committee ("DNC") to the Century City event.^{242s} Sternfeld later explained to Chung that contributions to Clinton/Gore '96 were limited to \$1,000 per individual for the primary election, and that his \$25,000 check to the DNC was not acceptable.²⁴³

2. *Arranging Straw Donors*

The following morning, Sternfeld phoned Irene Wu at the AISI offices. She informed Wu that she had Chung's check, but that she could not accept it. She told Wu that they could only accept checks of up to \$1,000. Wu informed Sternfeld that most of Chung's guests had already left, and it would be difficult for her to get individual checks. According to Wu, Sternfeld told her that the individuals

²³⁶ JCH12214 (Exhibit 67).

²³⁷ Id.

²³⁸ JCH12220 (Exhibit 68).

²³⁹ JCH15023 (additional information is italicized) (Exhibit 42).

²⁴⁰ Deposition of Irene Wu, pp. 34-36.

²⁴¹ Id. p. 225.

²⁴² Deposition of Karen Sternfeld, Mar. 10, 1998, p. 40.

²⁴³ Id.

who contributed did not necessarily have to be the same individuals who attended the event.²⁴⁴

Sternfeld told Wu that she and her colleagues from the campaign would be at a restaurant that evening, and that Wu could deliver the checks to her there.²⁴⁵

When Chung arrived at the AISI offices, he entered Wu's office and asked her to help him enlist people to write checks to Clinton/Gore '96 in return for cash. According to Wu:

When he walked in, we knew we had to take care of this, so we started talking about it, what needs to be done. And so he said, "we have to find the individual checks." And I understood it as part of my job in assisting him that I would have to call around and get the checks together.²⁴⁶

When Ms. Wu was initially contacted by Committee investigators in October 1997, she asserted her Fifth Amendment right to remain silent and declined to be interviewed. The Committee voted to immunize Wu and co-worker Nancy Lee on June 23, 1998. Wu and Lee were deposed in California by Committee staff on July 28 and July 29, 1998, respectively.

Wu said that she and other AISI employees assisted Chung in distributing \$1,000 cash payments to friends and co-workers in return for \$1,000 checks made payable to Clinton/Gore '96.²⁴⁷ Committee investigators have interviewed 20 individuals, including Wu and Lee, who wrote those checks in exchange for cash. Though their accounts vary somewhat as to what day they made their contributions, they acknowledge doing so shortly after the date of the event.

The testimony of Sternfeld's supervisor, Clinton/Gore '96 Southern California Finance Director Kimberly Ray, is essentially consistent with that of Sternfeld.²⁴⁸ Both Ray and Sternfeld deny having any knowledge that Chung reimbursed anyone for their contributions to Clinton/Gore '96.²⁴⁹

3. Nancy Lee and Maxtech

After writing a check of her own for \$1,000 to the Clinton/Gore campaign and being reimbursed by Chung, Irene Wu phoned Nancy Lee.²⁵⁰ Lee worked as a part-time bookkeeper for AISI in the evenings. During the day, she worked for Maxtech, a computer peripheral manufacturer in Los Angeles. Wu asked Lee to write a check to Clinton/Gore, which she did, and to get similar checks from as many coworkers as possible. All of the donors would be reimbursed that day.²⁵¹

Lee secured \$1,000 checks from five coworkers at Maxtech; Kathy Chiang, Brenda Hwang, Joyce Tsao, Anna Kulesza, and

²⁴⁴ Deposition of Irene Wu, pp. 41–42.

²⁴⁵ Id. pp. 78–79.

²⁴⁶ Id. p. 40.

²⁴⁷ Id.

²⁴⁸ See generally, deposition of Kimberly Ray, July 30, 1998.

²⁴⁹ Deposition of Kimberly Ray p. 41; deposition of Karen Sternfeld pp. 43, 62.

²⁵⁰ Deposition of Irene Wu, pp. 38–39, 45.

²⁵¹ Deposition of Nancy Lee, pp. 34, 27–29.

Mike Wang.²⁵² Later that day, she received cash to reimburse her coworkers from Johnny Chung's wife, Katherine.²⁵³

In late October 1997, Committee investigators interviewed Anna Kulesza, Joyce Tsao, and Mike Wang at the offices of Maxtech. All three confirmed that they were separately asked by co-worker Nancy Lee to write \$1,000 checks to Clinton/Gore '96, and that they were reimbursed in cash. Ms. Kulesza also told investigators that Ya-Hui Kao (Brenda) Hwang, who also had contributed \$1,000 to Clinton/Gore '96, passed away in early 1996. They said that they had never made political contributions and explained that they wrote the checks as a favor to Nancy Lee. They said that they did not know the legal implications of being reimbursed for their contributions.²⁵⁴

In January 1998, Committee investigators interviewed Kathy Chiang at the Maxtech offices. Like the others, she confirmed that Nancy Lee asked her to write a \$1,000 check to Clinton/Gore '96 in exchange for cash. Ms. Chiang said that she did not have sufficient funds in her checking account to cover the check. Ms. Chiang filled out a deposit slip, and Nancy Lee deposited the cash into her account.²⁵⁵

None of the Maxtech employees who made conduit contributions to Clinton/Gore '96 attended the September 1995 Century City fund-raising event.

4. Woody Hwang and Victoria Financial Services

Irene Wu also enlisted the aid of her ex-husband, Woody Hwang, in securing checks for the event. Through his attorney, Woody Hwang asserted his Fifth Amendment right to remain silent on January 27, 1998, and declined to speak with Committee investigators. Through interviews and depositions, the Committee has learned that Hwang secured seven \$1,000 checks, including his own, to the Clinton/Gore campaign, and delivered them to Wu in exchange for an equal amount of cash.²⁵⁶

In late January 1998, committee investigators visited the offices of Victoria Financial Services (formerly Amazon Financial). They interviewed employee Chun Ju Cheng about contributions that she and other employees of that company made to Clinton/Gore '96. Ms. Cheng said that Irene Wu used to work for Pacific Title Company, which conducted business with Victoria Financial. Ms. Cheng said that she and other Victoria employees met Woody Hwang through Irene Wu.

Ms. Cheng said that Woody Hwang came to the offices of Victoria Financial and asked several employees to write contribution checks in exchange for cash. Ms. Cheng said that she and the others agreed to do so in order to assist a friend. She said that Mr. Hwang reimbursed the contributors with cash 1 or 2 days later.

Ms. Cheng said that she wrote two checks. One on her account, and another on an account that she shares with her mother-in-law; Meng Eng Sun. Ms. Cheng said that her sister-in-law, Yen Ling

²⁵² Id. pp. 35–40.

²⁵³ Deposition of Irene Wu, pp. 47–49. Wu stated that she overheard Johnny Chung ask his wife to deliver the money to Lee.

²⁵⁴ Staff interview of Anna Kulesza, Hsi-chun Tsao Kang, Yen-Wen Wang, Jan. 27, 1998.

²⁵⁵ Staff interview of Li-Chuan "Kathy" Chiang, Oct. 23, 1997.

²⁵⁶ Deposition of Irene Wu, pp. 62–71.

Shao, also wrote a check at Woody Hwang's request. Ms. Cheng said that Shao is 62 years of age, never worked for Victoria Financial, and is currently residing in either China or Taiwan.

Ms. Cheng and a co-worker named Serena Cheng, who did not make a contribution to Clinton/Gore '96, witnessed Woody Hwang's solicitation of Susan Tan, who also wrote a check. Susan Tan did not work for Victoria Financial. They said that Tan was visiting the United States and is currently overseas. Serena Cheng and Chun Ju Cheng said they do not know another contributor named William Cheng, who also listed Victoria Financial as his employer when he contributed \$1,000 to Clinton/Gore '96.

Ms. Cheng said that neither she nor the others who exchanged checks for cash were aware that such action was illegal at the time that the exchanges were made. None of the employees attended a fund-raising event for Clinton/Gore '96 in connection with their contributions.²⁵⁷

5. Steven Lin, Chin Lin, and Annie Ho

Committee investigators also interviewed Steven Lin in late January 1998. He said that his wife, whose maiden name is Annie Ho, used to work part-time at AISI.

Steven Lin said that Annie Ho asked him and his sister, Chin Lin, to write a check with the understanding that they would be reimbursed. Steven Lin, Annie Ho and Chin Lin each wrote a \$1,000 check to Clinton/Gore '96. Lin said that another AISI employee picked up the checks from Ms. Ho at the office of her other part-time employer. Ms. Ho reimbursed Steven Lin and Chin Lin the next day in cash.²⁵⁸

Shortly after speaking to Steven Lin, committee investigators contacted Annie Ho at her home by telephone. Ms. Ho confirmed that she asked Steven Lin and his sister to write checks to Clinton/Gore '96 in exchange for cash, but could not remember whether it was Irene Wu or Nancy Lee who asked her to make that request.²⁵⁹

6. Xiaodong Shan and Tina Wang

Committee investigators also interviewed El Camino Junior College professor Xiaodong (David) Shan in late January 1998. When asked about a \$1,000 check that he wrote to Clinton/Gore '96, Mr. Shan said that he wrote the check at the request of a friend named Tina Wang, who worked for Johnny Chung. He said that Ms. Wang immediately reimbursed him for his check with cash. He said that he never attended a party or political event for Clinton/Gore '96 in connection with the check and was unaware that it is unlawful to be reimbursed for political contributions.²⁶⁰

A few days later, Committee investigators interviewed Tina Wang by telephone. She said that Irene Wu asked her and other AISI employees to write checks to Clinton/Gore '96 in exchange for cash. Ms. Wang said that she did not write a check because she did not have any with her at the time. Instead, she asked her

²⁵⁷ Staff interview of Chun Ju Cheng and Serena Cheng, Jan. 23, 1998.

²⁵⁸ Staff interview of Steven Lin, Jan. 27, 1998.

²⁵⁹ Staff interview of Annie Ho, Feb. 2, 1998.

²⁶⁰ Staff interview of David Shan, Jan. 28, 1998.

friend, David Shan, to do so because he worked near her office in Torrance. Wang said that she did not attend a fund-raising event in connection with Shan's contribution.²⁶¹

CHINA PETROCHEMICAL COMPANY (SINOPEC)

1. Introduction

By the fall of 1995, Chung's reputation in China for having access to the White House and the top levels of the Clinton Administration was well established. At this point, according to Chung, he was asked by the Chairman of the China Petrochemical Company (SINOPEC), Huaren Sheng, to set up meetings for him with President Clinton and Secretary of Energy Hazel O'Leary.²⁶²

Huaren Sheng had originally been scheduled to visit Washington with the "China Delegation" that Chung brought to the President's radio address in March 1995. However, he sent SINOPEC Vice President Yan Sanzhong in his place.

According to the Los Angeles Times, Sheng had arranged in the summer of 1995 for Chung to meet with a senior official from the Chinese foreign ministry in Beijing to discuss the detention of human rights activist Harry Wu.²⁶³

One Energy Department memo described China Petrochemical, otherwise known as SINOPEC, as China's largest petrochemical company. The memo states that SINOPEC produces 90 percent of China's petrochemical products.²⁶⁴ A letter from Chung to Treasury Secretary Robert Rubin states that SINOPEC has 80 subsidiaries and employs 700,000 people.²⁶⁵

In mid-October 1995, Huaren Sheng led a 10-person delegation from China Petrochemical to the United States apparently seeking to explore cooperative agreements with U.S. companies. According to a briefing paper prepared for Energy Secretary O'Leary, the delegation had planned to meet with officials from "ARCO, AMOCO, DuPont, Dow, Honeywell and Phillips."²⁶⁶

Documents produced to the Committee, as well as depositions of officials at the Treasury Department who met with Sheng, indicate the purpose of the trip. SINOPEC was making plans to expand its purchases of high-sulfur crude oil from Saudi Arabia in the coming years, but it lacked refining capacity to process the oil. The SINOPEC executives were seeking long-term financing or cooperative agreements to expand their capacity.

China Petrochemical's plight was spelled out in a letter Chung received from Yao Mu-Chao of SINOPEC's Planning and Research Division in December 1995:

We have received your Nov. 21 letter to our President Mr. Sheng and he had asked me to be in charge of this issue to discuss with you the processing of crude oil from the Saudi Arabia.

²⁶¹ Staff interview of Tina Wang, Feb. 5, 1998.

²⁶² William Rempel and Alan Miller, "Donor's Claim of Altered O'Leary Letter Investigated," Los Angeles Times, Sept. 22, 1997 (Exhibit 66).

²⁶³ Id.

²⁶⁴ DOE00465 (Exhibit 69).

²⁶⁵ Treasury 00000199 (Exhibit 70).

²⁶⁶ DOE00465 (Exhibit 69).

As you are aware of, the resources of crude oil from China is not sufficient for China's growing demand. For the next several years, we would still need to purchase crude oil from other countries. With reasonable terms and conditions, we would like to steadily purchase from Saudi Arabia. The only concern is that Saudi Arabia crude oil contains a high volume of sulfur that we would need to special process before it can be used by our refineries. At the moment, SINOPEC's refineries are not equipped to process a large volume of crude oil.

According to our initial calculation, it is possible for us to process eighty million tons of crude oil within ten years. We wish to make arrangements such that for the first 5 years of purchase, SINOPEC can delay payment on one million tons of crude oil purchase every year. SINOPEC will use the capital to concentrate on developing and reconstructing a few refineries. . . . We would like to thank you again for your help and hard work on bridging SINOPEC and the US businesses.²⁶⁷

Following a familiar pattern, Chung went to the DNC to try to arrange high-level meetings at the White House, the Energy Department, and the Treasury Department. As in previous instances, DNC Chairman Donald Fowler and DNC Finance Director Richard Sullivan were aggressive in helping Chung arrange these meetings. At this point, Chung had given more than \$260,000 to the DNC.²⁶⁸

On Tuesday, October 17, Chung appeared at DNC headquarters armed with copies of China Petrochemical's annual report.²⁶⁹ He also brought with him personal letters to Energy Secretary Hazel O'Leary and Treasury Secretary Robert Rubin asking them to meet with Mr. Sheng. The same day, the DNC faxed letters from Don Fowler to O'Leary and Rubin, calling Chung "one of the top supporters of the Democratic National Committee," and asking them to meet with Huaren Sheng.²⁷⁰ Despite Richard Sullivan's stated reservations in March about helping Chung set up meetings for Chung's Chinese associates, the fax cover sheet to the Treasury Department bears Sullivan's name.²⁷¹

Chung also sought a meeting with Education Secretary Richard Riley, but was unsuccessful. Riley wrote to Chung on October 17, explained that he was unable to meet with Sheng, but offered a meeting with Undersecretary Mike Smith in his place.²⁷²

Ultimately, Chung secured a meeting for the Sheng delegation with Secretary O'Leary and the White House tour on October 19, a brief meeting with the President for the SINOPEC delegation that evening at the Africare dinner, and a meeting with Deputy Secretary of the Treasury Lawrence Summers on October 23. The trip to the Energy Department ignited a controversy over whether access to Secretary O'Leary had been exchanged for a \$25,000 contribution to her favorite charity, Africare.

²⁶⁷ JCH13935 (Exhibit 71).

²⁶⁸ FEC Internet Records—www.tray.com/fecinfo/ (Exhibit 3).

²⁶⁹ Deposition of Wilson Golden, pp. 11–12.

²⁷⁰ JCH517 (Exhibit 72); Treasury 00000166–168 (Exhibit 73); DOE00375 (Exhibit 74).

²⁷¹ Treasury 00000166–168 (Exhibit 73).

²⁷² JCH13055 (Exhibit 75).

2. *Hazel O'Leary, Africare, and the U.S. Department of Energy*

On Tuesday, October 17, while Chung was at the DNC enlisting Don Fowler's assistance for the China Petrochemical delegation, he had a chance meeting with lobbyist Wilson Golden.²⁷³ Golden was a consultant for ICF Kaiser, an international engineering firm with large contracts with the Department of Energy. Golden had been asked by Secretary O'Leary on October 5 to help raise money for the upcoming Africare dinner.²⁷⁴ O'Leary was an honorary chairwoman of the dinner, and was being pressed by its organizers to help raise funds for it.²⁷⁵ Golden and Chung met later that day at the Army-Navy Club. The sequence of events that followed led to a flurry of accusations of selling access to Secretary O'Leary and spawned a Justice Department investigation.

On August 19, 1997, NBC Nightly News and Dateline NBC aired an interview of Chung by Tom Brokaw. Brokaw questioned Chung about his efforts to get a meeting with then Secretary O'Leary.

BROKAW. You had some other Chinese friends come who were in the petrochemical business.

CHUNG. Yes, sir.

BROKAW. You wanted to see Hazel O'Leary, who was then the Energy Secretary.

CHUNG. Yes, sir.

BROKAW. You had a chance encounter with a lobbyist, who—someone who was working with Ms. O'Leary.

CHUNG. Yes, sir.

BROKAW. And they knew that she had a favorite charity. It's Africare, is that the name of it?

CHUNG. Yes, sir.

BROKAW. So what did they suggest to you?

CHUNG. They can set it up, a meeting, for us. It would be nice if you make a donation to Africare.

BROKAW. Were you surprised when someone could get you in to see Hazel O'Leary if you would write a check to her favorite charity?

CHUNG. I begin to understand a little bit, but I am still a little bit surprised.

BROKAW. Yeah. Who picked up the check?

CHUNG. There's one gentleman, present himself as the Energy Department official, and said I'm here to pick it up, the \$25,000 check.

BROKAW. This is the check?

CHUNG. This is the check.

BROKAW. To Africare?

CHUNG. To Africare.

BROKAW. A charity that the Energy Secretary supports, she sends over somebody from the Energy Department to pick it up, and you get a meeting with her with a very prominent Chinese petrochemical official.

CHUNG. Yes.²⁷⁶

²⁷³ Deposition of Wilson Golden, pp. 10–11.

²⁷⁴ Id. pp. 21–24.

²⁷⁵ DOE00483 (Exhibit 76); DOE00259 (Exhibit 77).

²⁷⁶ NBC News Transcripts, NBC Nightly News, Aug. 19, 1997 (Exhibit 78).

Chung repeated the allegation to the Los Angeles Times. In an interview, Chung told the Times that Golden referred him to the Director of the Energy Department's Office of Economic Impact and Diversity, Corlis Moody. Chung told the Times that Moody agreed to set up the meeting with Secretary O'Leary, and asked him to contribute \$25,000 to Africare in return:

In Moody's office Chung asked to arrange a Sheng-O'Leary meeting and said that he was told "no problem."

In an interview with the Times last month, Chung said Moody immediately added: "It would be nice if you provide a donation to Africare." Although Chung was not familiar with the charity, he said he was willing to donate if it meant he could confirm a meeting for the visiting Chinese oilmen.

"I asked, how much? and she said \$25,000 for a table" at a fund-raising dinner the next night, Chung said.²⁷⁷

When Golden and Chung met at the Army-Navy Club, Golden was most interested in setting up a meeting between ICF Kaiser, his client, and SINOPEC.²⁷⁸ However, according to Golden, Chung was most interested in talking about himself and showing pictures.²⁷⁹ Golden was able to briefly discuss the Africare dinner, and mentioned that the event would cost \$25,000 per table. He told Chung that both O'Leary and President Clinton would be there.²⁸⁰ Golden then gave Chung the name and phone number of Corlis Moody, and told him to contact her.²⁸¹ Golden contacted Moody after his meeting to tell her to expect a call from Chung.²⁸²

Moody testified that she had two phone conversations with Chung that afternoon. She believes that she was first contacted by Chung about an hour after her call from Golden.²⁸³ Moody denies that she asked Chung to contribute to the Africare dinner. She stated that Chung volunteered to buy a table for the Africare dinner and asked that she help him make the arrangements. Chung also asked for a meeting with Secretary O'Leary.²⁸⁴ Moody told Chung that she would work on both requests.²⁸⁵

An hour or two later, Moody received another phone call from Chung. Chung wanted to know whether the meeting with the Secretary had been scheduled. Moody told him it had not. Chung also told her that he needed a formal, signed letter confirming the meeting with the Secretary. Moody testified that she tried to explain to Chung that he could not get a letter that night confirming a meeting that had not been scheduled.²⁸⁶

Moody described the conversation as being very long, starting when the sun was up, and ending after the sun had gone down.

²⁷⁷ William Rempel and Alan Miller, "Donor's Claim of Altered O'Leary Letter Investigated," Los Angeles Times, Sept. 22, 1997 (Exhibit 66).

²⁷⁸ Deposition of Wilson Golden, p. 17.

²⁷⁹ Id. pp. 19-20.

²⁸⁰ Id. p. 27.

²⁸¹ Id.

²⁸² Id. at p. 26.

²⁸³ Deposition of Corlis Moody, p. 54.

²⁸⁴ Id. pp. 54-55.

²⁸⁵ Id. p. 57.

²⁸⁶ Id. pp. 60-61.

She stated that Chung was agitated and persistent.²⁸⁷ The SINOPEC delegation was in Houston, with plans to travel to Chicago. Chung was seeking a firm commitment of a meeting before asking the group to change their travel plans.²⁸⁸

In the end, Moody says that she agreed to fax a draft letter to Chung. She typed a letter while she was on the phone with him and faxed it to him.²⁸⁹ The contents of this letter have been hotly disputed, and have become the subject of a Justice Department investigation into possible evidence tampering.²⁹⁰

According to Chung, the letter was a draft letter with three paragraphs from O'Leary to Huaren Sheng. It welcomed him to the United States, invited him to a meeting with her at the Energy Department, and included a paragraph inviting him and his delegation to the Africare dinner, where they could meet the President.²⁹¹

Such a letter would have run afoul of the rules governing the conduct of executive branch employees. Such officials may not use official resources to promote charitable activities, and may not use official letterhead to promote non-official events.²⁹²

Moody's testimony about the letter is confused, at best. In her deposition, she recalls writing a letter from herself to Chung, not a letter from O'Leary to Sheng.²⁹³ Later, when Justice Department investigators asked her to search her computer files for the letter, she was unable to locate it. Eventually, her secretary located a disk in her office which contained a letter, but it was a letter to Huaren Sheng, unsigned, from Secretary O'Leary.²⁹⁴

The accounts of Chung and Moody about what happened the next day again conflict.

Chung told the Los Angeles Times that he called Moody early the next morning, requesting a formal, signed version of the letter, and it was faxed to him about 9:30 a.m.²⁹⁵

Documents produced by the Department of Energy tend to corroborate Chung's assertion. The Department produced a copy of an autopate authorization form dated October 18, 1995.²⁹⁶ At the top of the document, there is a handwritten note with the number assigned to this request and "9:00 a.m."²⁹⁷ This time is consistent with when Chung claims to have received the fax.

Chung went on to state that later that morning, while he was still in his bathrobe, an Energy Department employee arrived at his apartment. Chung stated that the employee requested the check for the Africare dinner, and both faxes Chung had received.²⁹⁸ The employee told Chung that the Energy Department's

²⁸⁷ Id. pp. 61–62.

²⁸⁸ Id. William Rempel and Alan Miller, "Donor's Claim of Altered O'Leary Letter Investigated," Los Angeles Times, Sept. 22, 1997 (Exhibit 66).

²⁸⁹ Deposition of Corlis Moody, pp. 61–62.

²⁹⁰ William Rempel and Alan Miller, "Donor's Claim of Altered O'Leary Letter Investigated," Los Angeles Times, Sept. 22, 1997 (Exhibit 66).

²⁹¹ Id.

²⁹² DOE00013–14 (Exhibit 79).

²⁹³ Deposition of Corlis Moody, p. 67.

²⁹⁴ Id. p. 68.

²⁹⁵ William Rempel and Alan Miller, "Donor's Claim of Altered O'Leary Letter Investigated," Los Angeles Times, Sept. 22, 1997 (Exhibit 66).

²⁹⁶ DOE0058–59 (Exhibit 80).

²⁹⁷ Id.

²⁹⁸ William Rempel and Alan Miller, "Donor's Claim of Altered O'Leary Letter Investigated," Los Angeles Times, Sept. 22, 1997 (Exhibit 66).

General Counsel considered the letter improper.²⁹⁹ Chung said that he gave the courier the check for \$25,000 and both faxes, saying, "I don't care, as long as my guy gets his meeting."³⁰⁰

According to Moody, Chung arrived unannounced at the Energy Department that morning to ask if the final letter from O'Leary was ready yet. Moody informed Chung that it was not. Chung asked if he could wait for it, but Moody advised him that he should not and that she would contact him when the letter was done.³⁰¹

Moody stated that Johnny Chung called her again later that day, still inquiring about the status of the letter. However, she said that during this call, Chung insisted that she help him get the SINOPEC delegation into the White House to meet the President, and that if she did not, he would not make the Africare contribution. This made Moody angry, they argued, and she eventually hung up on him.³⁰²

Department of Energy employee Howlie Davis was in Moody's office at the time of this conversation. At this point, they discussed getting the faxed letter back from Chung:

A. I think Mr. Davis and I both looked at each other. I mean, he's watching me on the phone the whole time, he can hear my side of the conversation. And I think we both went, this guy, we can't deal with this guy. We need to get that letter back, because Howlie was with me the night when I faxed the letter.³⁰³

* * * * *

Q. And why did you feel like you needed to get that letter back?

A. Well now, I think that I'm recognizing that Mr. Chung is not who we think Mr. Chung is. I'm thinking Mr. Chung is a DNC trustee interested in facilitating an arrangement for a Chinese delegation to meet with the Secretary of Energy, to go to an Africare dinner; and at this point, having just had that conversation, I'm not sure who I'm dealing with. And I am already—I have sent him a letter in writing suggesting that I'm working on getting him both of his requests, and this guy is not who I thought he was.³⁰⁴

Later that afternoon, Chung called Moody back to apologize, and she accepted his apology. She agreed to continue working to arrange the meeting with O'Leary.³⁰⁵ At this point, the SINOPEC delegation had received the two faxed versions of the letters from Chung, and was en route to Washington.³⁰⁶

Moody further testified that Howlie Davis told her that he had gone to pick up the \$25,000 check for Africare, as well as the letter that Moody faxed to Chung. However, Davis said that he did so the

²⁹⁹ Id.

³⁰⁰ Id.

³⁰¹ Deposition of Corlis Moody, pp. 73–75.

³⁰² Id. pp. 81–83.

³⁰³ Id. p. 92.

³⁰⁴ Id. p. 93.

³⁰⁵ Id. pp. 84–85.

³⁰⁶ William Rempel and Alan Miller, "Donor's Claim of Altered O'Leary Letter Investigated," Los Angeles Times, Sept. 22, 1997 (Exhibit 66).

morning of Thursday, October 19, not Wednesday, October 18, as alleged by Chung.³⁰⁷

The letter produced to the Committee in response to its subpoena is an October 18 letter from O'Leary to Shen. It has only two paragraphs, and there is no mention of the delegation joining O'Leary and the President at the Africare dinner.³⁰⁸ According to the Los Angeles Times, Chung told Justice Department investigators that the letter was altered from the version he received.³⁰⁹

On December 4, 1997, the Committee deposed Hazel O'Leary. O'Leary testified that she did not solicit the \$25,000 contribution from Chung. She explained that it was not until August 1997, almost 2 years later, that she even knew Chung was involved in any way with the meeting with Huaren Sheng, whom she had met once before in China.³¹⁰

In August 1997, O'Leary learned that NBC Nightly News was preparing a story about her and Chung's \$25,000 donation to Africare. O'Leary then contacted Moody, who informed her about Chung, the donation to the Africare event and his connection with Huaren Sheng.³¹¹ Prior to this conversation with Moody, O'Leary said that she was not aware that Chung had contributed \$25,000 to the Africare event. She stated that the letter to Huaren Sheng was autopenned, and that she had not seen it at the time.³¹²

O'Leary also testified during her deposition that, when interviewed by the Department of Justice, she was shown a draft of a letter from her to Huaren Sheng. She stated that the letter welcomed him to the United States and invited him to meet with her at the Department of Energy.³¹³ She then stated:

It went on in very bizarre language to say I am inviting you to attend a, I can't remember, an event at the hotel with the President of the United States.

Now, I want to be clear there was no mention of Africare and there was no mention of the sum \$25,000 in this draft letter that was shown to me.³¹⁴

Hauren Sheng and the SINOPEC delegation arrived at the Energy Department and met with O'Leary between 3:30 and 3:45, according to O'Leary's schedule.³¹⁵ By all accounts, the meeting was unremarkable.

The delegation then went on to the White House for a White House tour. White House WAVES records indicate that Chung entered the White House at 4:30 p.m. He was admitted by Evan Ryan, the assistant to the First Lady's Chief of Staff.³¹⁶ While they were there they were introduced to Presidential aide George Stephanopoulos.³¹⁷

³⁰⁷ Id. pp. 122-124.

³⁰⁸ DOE 00059 (Exhibit 80).

³⁰⁹ William Rempel and Alan Miller, "Donor's Claim of Altered O'Leary Letter Investigated," Los Angeles Times, Sept. 22, 1997 (Exhibit 66).

³¹⁰ Deposition of Hazel O'Leary, pp. 78-88.

³¹¹ Id.

³¹² Id. pp. 94-95.

³¹³ Id. pp. 98-99.

³¹⁴ Id.

³¹⁵ DOE00437-438 (Exhibit 81).

³¹⁶ WAVES at EOP 005032 (Exhibit 2).

³¹⁷ William Rempel and Alan Miller, "Donor's Claim of Altered O'Leary Letter Investigated," Los Angeles Times, Sept. 22, 1997 (Exhibit 66).

By the time the SINOPEC delegation arrived at the Africare dinner, Chung still had not arranged for them to meet the President. According to Moody, Chung encountered her at the reception and pleaded with her to help him get to see the President. Moody was not able to assist him.³¹⁸ Chung also encountered lobbyist Wilson Golden, who had first mentioned the Africare dinner to him at the beginning of the week. Chung also enlisted Golden's help. Golden introduced Chung to a DNC employee by the name of Carol Willis, whom he asked to help Chung. In his deposition, Golden said, "I basically sort of turned it over to Carol, who apparently arranged the meeting."³¹⁹

According to the Los Angeles Times, Chung pushed his way to the front of a receiving line and asked the President to meet the delegation.³²⁰ A private meeting was arranged in a deserted ballroom where there was only a handful of presidential aides, security personnel, and a White House photographer.³²¹ Chung recalls Clinton saying "Johnny is a good friend [who has been] doing good things for the United States and China." The President also thanked Sheng, for what Chung believes was his help to Chung in his efforts to free Harry Wu. Pictures were taken and the brief encounter was over.³²²

The Chinese delegation left before the dinner to depart for Chicago.³²³ According to Chung, O'Leary later came by his table to thank him for his support.³²⁴ At one point during the dinner, Chung stopped at the table where Corlis Moody was sitting. He was elated. Moody described the encounter this way:

He comes up to my table and again grabs me. This time I am sitting. He kisses me on the cheek and says, thank you, thank you. . . . I said, you are welcome. I am so glad everything worked out, that sort of thing. He says to my husband, you have the best wife in the world. She has done this wonderful thing for me, and on and on and on. . . . Then he goes and sits down. I never see him again.³²⁵

On December 2, the Justice Department terminated its preliminary investigation to determine if an independent counsel should be appointed for Mrs. O'Leary. In her announcement, Attorney General Reno stated, "The investigation developed no evidence that Mrs. O'Leary had anything to do with the solicitation of the charitable donation."³²⁶

The Attorney General's notice to the court also stated that, "These circumstances, and whether there may have been some unlawful conduct by some participants, warrant further investigation by the Department of Justice."³²⁷

³¹⁸ Deposition of Corlis Moody, pp. 109-110.

³¹⁹ Deposition of Wilson Golden, p. 37.

³²⁰ William Rempel and Alan Miller, "Donor's Claim of Altered O'Leary Letter Investigated," Los Angeles Times, Sept. 22, 1997 (Exhibit 66).

³²¹ Id.

³²² Id.

³²³ Id.

³²⁴ Id.

³²⁵ Deposition of Corlis Moody, p. 111.

³²⁶ Department of Justice, "Notification to the Court of Results of Preliminary Investigation," Dec. 2, 1997 (Exhibit 82).

³²⁷ Id.

3. U.S. Department of the Treasury

On Monday, October 23, 1995, the China Petrochemical delegation returned to Washington for a meeting at the Treasury Department and a U.S.-China Business Council lunch.³²⁸ Despite DNC Co-Chairman Don Fowler's letter to Secretary Robert Rubin, Rubin was apparently unable to meet with Sheng.³²⁹ On Friday, October 20, Fowler sent a letter to then-Under Secretary for International Affairs Lawrence H. Summers, asking Summers to meet with Sheng.³³⁰ Summers agreed.

Summers was joined at the Monday morning meeting by Todd W. Crawford, then the Director of the Office of East and South East Nations, Todd T. Schneider, who was at the time an international economist for the Department, and James H. Fall, then the Deputy Assistant Secretary for Developing Nations. Schneider, Fall, Crawford, and Summers were deposed by the Committee in December 1997.

At the meeting, Sheng inquired about receiving long-term, low-interest loans from the U.S. Government to finance energy development projects. Schneider recalls Chung pulling him aside before the meeting and informing him that Sheng wanted to ask for "a concessional loan from the Treasury Department to finance energy development projects in west to northwest China."³³¹

Schneider recalls the meeting this way:

I believe Mr. Sheng was talking about the need for energy in the context of China's growing economy and at some point Mr. Sheng raised the issue or made the request of a loan from the Treasury Department to finance these energy development projects in west to northwest China.

I don't recall the exact words. Mr. Summers' response was that the Treasury Department did not make loans of this kind; that we had no funds for this purpose and it wasn't the function of the Treasury Department in the U.S. to make these kind of loans.³³²

Notes taken by Crawford during the meeting reflect the conversation: "*during next 5 year plan—will expand factories. Wants low i. loan.*"³³³

Schneider also recalls that either Sheng or Chung asked Summers if the Treasury Department could use its influence with U.S. banks to convince them to make such loans to SINOPEC. Summers informed them that the Treasury Department did not do that.³³⁴

One official present at the meeting recalled it being suggested that Sheng contact the U.S. Export-Import Bank for financial assistance.³³⁵ Mr. Crawford's notes indicate that someone at the Treasury Department attempted to set up a meeting for the delega-

³²⁸Treasury 00000199 (Exhibit 70).

³²⁹DNC 1786470 (Exhibit 83).

³³⁰DNC 1786467 (Exhibit 84).

³³¹Deposition of Todd Schneider, p. 22.

³³²Id. pp. 23–24.

³³³Treasury 00000197 (Exhibit 85).

³³⁴Deposition of Todd Schneider, p. 24.

³³⁵Id. pp. 24–28.

tion with the Chairman of the Export-Import Bank, but that he was not in town.³³⁶

4. Lynn Cutler and the Back to Business Committee

In February 1996, Chung was still attempting to help SINOPEC in its efforts to import more Saudi Arabian oil.

According to press reports, Chung was referred to former DNC Vice-Chairwoman Lynn Cutler by Maggie Williams in December 1995.³³⁷ He chatted with her at a White House Christmas party, and on February 2, 1996, Chung contributed \$25,000 to the "Back to Business Committee," an organization run by Lynn Cutler.³³⁸ The mission of the Committee was to launch a media campaign to defend the President and First Lady against Whitewater-related charges.³³⁹

Chung also claims that he used his relationship with Cutler to gain a meeting with a Commerce Department official, who discouraged him from investing in a petroleum business venture.³⁴⁰

On February 7, 1996, Chung sent a letter to Lynn Cutler apologizing for the delay in his support for President Clinton and the First Lady.³⁴¹ He enclosed a copy of his correspondence with SINOPEC and requested a series of favors indicating that he was still hard at work on SINOPEC's behalf. He requested:

- (1) a meeting with Ron Brown,
- (2) a meeting with the U.S. Ambassador and other officials in Saudi Arabia, and
- (3) that Cutler discuss the oil issue with the President.³⁴²

In the letter, Chung referred to a discussion with the President about his efforts on behalf of SINOPEC during the White House Holiday Reception.³⁴³

Chung also used his relationship with Ms. Cutler to schedule a meeting in Beijing with Former Senator Jim Sasser (D-TN), now the ambassador to the People's Republic of China. On March 8, 1996, Ambassador Sasser sent a fax to Lynn Cutler at the Kamber Group. He said that Chung visited his office when he was not available. He informed Cutler that he was searching Beijing hotels for Chung in an effort to set up a meeting.³⁴⁴

5. Conclusion

On October 13, 1997, SINOPEC announced "an agreement with Exxon and Aramco of Saudi Arabia for a joint feasibility study for a refinery and petrochemical complex in East China's coastal province of Fujian which will involve a total investment of three billion

³³⁶Treasury 00000197 (Exhibit 85).

³³⁷William Rempel and Alan Miller, "Donor Speaks Out on Clinton Group Fund-Raising: Private committee did favors, had White House ties, Chung's lawyer says." Los Angeles Times, Aug. 9, 1997 (Exhibit 86).

³³⁸BTB 00614 (Exhibit 87).

³³⁹William Rempel and Alan Miller, "Donor Speaks Out on Clinton Group Fund-Raising: Private Committee did favors, had White House ties, Chung's lawyer says." Los Angeles Times, Aug. 9, 1997 (Exhibit 86).

³⁴⁰Id.

³⁴¹BTB00563 (Exhibit 88).

³⁴²Id.

³⁴³Id.

³⁴⁴JCH13433 (Exhibit 89).

U.S. dollars.”³⁴⁵ A Xinhua News Agency article continued: “After completing the project, Fujian will become a 10-million-ton refinery center for processing high-sulfur crude oil with an annual capacity of manufacturing 600,000 tons of Ethylene.”³⁴⁶ There are apparently two other joint ventures planned between SINOPEC and Exxon.³⁴⁷

LIU CHAO-YING AND CHINA AEROSPACE INTERNATIONAL HOLDINGS

1. Introduction

On May 15, 1998, the New York Times reported that Chung admitted to Justice Department investigators that, “a large part of the nearly \$100,000 he gave to Democratic causes in the summer of 1996—including \$80,000 to the Democratic National Committee—came from China’s People’s Liberation Army through a Chinese Lieutenant Colonel and aerospace executive” named Liu Chao-Ying.³⁴⁸ This appears to be the first time that a major figure in the campaign finance scandal has agreed to cooperate with the Justice Department. It also appears to be the first time that a high-profile witness has provided corroboration of Chinese government efforts to influence U.S. elections.

Documents and testimony obtained by the Committee indicate that Liu traveled to the United States twice in 1996 in coordination with Chung. The Committee’s investigation has determined that there were at least two areas where Chung was attempting to assist Liu; 1) meeting with representatives of the U.S. aerospace industry to discuss the purchase of aircraft parts, and 2) raising capital in U.S. financial markets. Whether they had anything to show for their efforts will remain an open question until either Chung or Liu agrees to cooperate with the Committee’s investigation.

Liu Chao-Ying is the Vice President of China Aerospace International Holdings, Ltd., a Hong Kong-based subsidiary of China Aerospace Corporation.³⁴⁹ China Aerospace is a Chinese government-owned corporation that deals in satellite technology, missile sales, and satellite launches. A second business card produced to the Committee lists Liu as President of CASIL Import & Export Co., Ltd.,³⁵⁰ a Hong Kong subsidiary of China Aerospace. She is the daughter of retired People’s Liberation Army (PLA) General Liu Huaqing.³⁵¹ In 1996, General Liu was the Vice Chairman of the Central Military Commission, and reportedly oversaw the Chinese army’s modernization program. He was also a member of the Standing Committee of the Politburo of the Communist Party.”³⁵²

Another subsidiary of China Aerospace, China Great Wall Industries, is involved in the commercial launch of satellites aboard Chinese-built rockets.³⁵³ China Great Wall is at the center of a grow-

³⁴⁵ “Chinese Vice Premier, Exxon CEO Discuss Petrochemical Pact,” Xinhua News Agency, Oct. 17, 1997 (Exhibit 90).

³⁴⁶ *Id.*

³⁴⁷ *Id.*

³⁴⁸ Jeff Gerth, David Johnston, and Don Van Natta, “Democratic Fund-Raiser Said to Detail China Tie,” New York Times, May 15, 1998 (Exhibit 6).

³⁴⁹ JCH14321 (Exhibit 91).

³⁵⁰ *Id.*

³⁵¹ Jeff Gerth, David Johnston, and Don Van Natta, “Democratic Fund-Raiser Said to Detail China Tie,” New York Times, May 15, 1998 (Exhibit 6).

³⁵² *Id.*

³⁵³ CRS Report 98-485, p. 2.

ing controversy over whether U.S. ballistic missile technology was illegally transferred to China.

In February 1996, a March III rocket built by China Great Wall Industries exploded shortly after lift-off, destroying a commercial communications satellite built by Loral Space Systems.³⁵⁴ The resulting review of the crash by U.S. aerospace companies led to accusations of an unauthorized transfer of missile technology to China that is now the subject of a criminal investigation.

This matter is also under investigation by the House Select Committee on U.S. National Security and Military/Commercial Concerns with the People's Republic of China.

2. Overseas Wires and Contributions

Chung's bank accounts and his record of contributions to the DNC tend to corroborate the account first published by the New York Times. In July and August 1996, Chung received three wire transfers from Hong Kong totaling \$290,000. Between July and September 1996, Chung contributed a total of \$90,000 to the DNC.

The wire transfers initiated from a Hong Kong bank account controlled by Chung. They arrived in the following order:

July 15, 1996	³⁵⁵ \$190,000
August 15, 1996	³⁵⁶ 20,000
August 15, 1996	³⁵⁷ 80,000
Total	290,000

Due to a lack of cooperation from the Chinese government, the Committee has been unable to determine how these funds initially arrived in Chung's Hong Kong account. This is one of a number of examples of how the lack of cooperation by foreign governments, especially China, has stymied the Committee in its efforts to uncover the true origins of millions of dollars that were wired into the United States and linked to political contributions.

Chung's donations to the DNC³⁵⁸ over the same time period follow:

July 19, 1996	\$20,000
July 19, 1996	25,000
Sept. 24, 1996	10,000
Sept. 24, 1996	20,000
Sept. 24, 1996	5,000
Sept. 27, 1996	10,000
Total	90,000

Chung's relationship with Liu Chao-Ying followed a familiar pattern. He wrote a letter of invitation to facilitate the acquisition of a visa. He formed a company with her that never appeared to do any business. He made contributions to open doors. He escorted her to fundraisers and meetings with Federal officials.

³⁵⁴ Associated Press, "Defective Guidance System Caused Satellite Explosion," Mar. 2, 1996 Exhibit 92.

³⁵⁵ N0220 (Exhibit 93).

³⁵⁶ Sumitomo 001 (Exhibit 94).

³⁵⁷ CalFed 001 (Exhibit 95).

³⁵⁸ FEC Internet Records—tray.com/fecinfo/ (Exhibit 3).

3. July 1996—*The Eli Broad Fundraiser*

It is not known when Chung and Liu first met. Her first known visit with him in the U.S. came in July 1996. She was Chung's guest at a July 18 DNC fundraiser at the home of Los Angeles real estate magnate Eli Broad. President Clinton was in attendance. Chung listed Liu among his guests in a July 16, 1996 letter to the DNC.³⁵⁹ Chung brought another Chinese businessman to the same event—Yat Hung Yiu, President of China Medical Development and New Silver Eagle Holdings, Inc.³⁶⁰

A second DNC fundraiser was held that night in Los Angeles at the Beverly Hilton. Chung's correspondence with Karen Sternfeld at the DNC shows that he brought a larger group of Chinese and Chinese-American associates to this reception.³⁶¹

It is instructive, but not conclusive, that Chung received a \$190,000 wire from Hong Kong 3 days before the event, and contributed \$45,000 to the DNC 1 week after the event. Until the Committee is able to interview Chung and Liu, it will be unable to determine conclusively if the wire from Hong Kong was intended for political contributions.

During the July trip, Chung also arranged for Liu, as part of a larger group of people, to have lunch in New York with the Executive Vice President of the Federal Reserve Bank of New York—Israel Sendrovic.³⁶² Sendrovic said that Chung introduced Liu as the daughter of “the head of” the People's Liberation Army, but did not recall discussing business matters with her.³⁶³

4. August 1996—*Liu's Second Trip*

In August, Liu returned to the United States at Chung's invitation. On August 18, 1996, Chung wrote Liu, inviting her to visit the U.S. As Chung's assistant Irene Wu testified, Chung frequently wrote letters of invitation to his Chinese associates to assist them in getting visas to come to the United States.³⁶⁴

The August 18 letter reads:

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

Second, I have contacted Boeing and McDonald (sic) Douglas regarding your interest of purchasing aircraft miscellaneous parts. They have agreed to meet with you and as soon as you inform me of your schedule, I will be able

³⁵⁹ JCH15017 (Exhibit 96).

³⁶⁰ *Id.*

³⁶¹ *Id.*

³⁶² Deposition of Israel Sendrovic, May 5, 1998, pp. 40–41.

³⁶³ *Id.* pp. 38–39.

³⁶⁴ Deposition of Irene Wu, p. 214.

to make the appointment. Looking forward to seeing you again.³⁶⁵

Irene Wu met Liu at the airport in Los Angeles to drive her to her hotel. She said that Liu mentioned her interest in meeting with U.S. aerospace companies for the purpose of purchasing aircraft parts.³⁶⁶ Wu said that Liu Chao-Ying thought that Johnny Chung had connections at those companies.³⁶⁷

Wu also testified that Chung mentioned to her that he intended to help Liu list her company on a U.S. stock exchange.³⁶⁸

5. Senator Kerry and the SEC

Shortly thereafter, Chung and Liu traveled to Washington and met with Senator John Kerry. Senator Kerry had contacted Chung “numerous times that summer because they were nearing the end of a tough campaign.”³⁶⁹ According to press reports, Chung “was interested in learning how to clear the way for Chinese companies to get listed on U.S. stock exchanges.”³⁷⁰

Chung visited Kerry’s office in late August and met the Senator with “businessmen and several associates.”³⁷¹ Chung asked for Kerry’s assistance in setting up a meeting at the Securities and Exchange Commission. Chung claims that a letter was faxed to the SEC from Kerry’s office while Chung was present.³⁷² That afternoon, he and his guests met with Brian Lane, Director of the SEC’s Corporation Finance Division, and his deputy, Meredith Cross.

Lane and Cross did not remember what company those present at the meeting represented, but the SEC produced a Christmas card from Liu Chao-Ying of China Aerospace International Holdings, Ltd.³⁷³ Lane suspects that the card was sent by one of the meeting attendees.³⁷⁴ Both Lane and Cross recalled that the executives, at least one of whom was female,³⁷⁵ were interested in listing a Chinese company on U.S. stock exchanges. They asked about filing requirements, particularly whether they needed to file complicated “U.S. Generally Accepted Accounting Principals” (“GAAP”) reconciliation statements, which often show a company to be less profitable than other accounting methods.³⁷⁶ While the Chinese executives were interested in avoiding GAAP filing requirements, Lane and Cross agree that they did not specifically ask for a formal waiver.³⁷⁷

According to the Los Angeles Times, a Kerry aide called Chung a week *after* the SEC meeting and asked Chung to arrange a fundraising reception for Kerry.³⁷⁸ However, documents produced by

³⁶⁵ DOS 013146 (Exhibit 21).

³⁶⁶ Deposition of Irene Wu, July 28, 1998, pp. 217–18.

³⁶⁷ *Id.*

³⁶⁸ *Id.* pp. 218–219.

³⁶⁹ William Rempel and Alan Miller, “Senator Received \$10,000 After Aiding DNC Donor,” Los Angeles Times, Dec. 24, 1997 (Exhibit 97).

³⁷⁰ *Id.*

³⁷¹ *Id.*

³⁷² *Id.*

³⁷³ SEC 1–2.

³⁷⁴ Deposition of Brian J. Lane, pp. 13–15.

³⁷⁵ Deposition of Meredith B. Cross, p. 15.

³⁷⁶ Deposition of Meredith B. Cross at pp. 19–21; 36–37; Deposition of Brian J. Lane at p. 17.

³⁷⁷ Deposition of Meredith B. Cross at pp. 36–37; Lane at p. 17.

³⁷⁸ “Senator Received \$10,000 After Aiding DNC Donor” Los Angeles Times, Dec. 24, 1997 (Exhibit 97).

Johnny Chung include a July 31, 1996 fax from Barbara Kaltenbach of the Kerry Committee to Johnny Chung, which reads as follows:

The following are two ways in which you could be helpful to John:

- 1) Host an event in LA on Saturday Sept. 9th.
- 2) Contribute to the Massachusetts State Party.

Please contact me tomorrow and we can discuss it.³⁷⁹

The reception was coordinated by Irene Wu and held on September 9, 1996 at the Peninsula Hotel in Beverly Hills.³⁸⁰ According to the story, “about a dozen people attended.”³⁸¹ The guests included four professional fundraisers, Chung, and a few of Chung’s employees and business associates.³⁸²

Chung reimbursed three of his employees for their contributions, actually writing “SJ Kerry” on one of the reimbursement checks.³⁸³ Irene Wu testified that Chung asked her just before the event to write a \$2,000 check to Senator Kerry’s campaign, and he reimbursed her with a check.³⁸⁴ In Wu’s presence, Chung asked two other employees, Michael Lin and Steve Huang, to write checks for \$2,000. He reimbursed them as well.³⁸⁵

A shareholder in Chung’s company, Ernest Lee, also contributed \$2,000 to Kerry’s campaign at the reception. Chung’s bank records indicate that he reimbursed Lee the \$2,000 on the same day.³⁸⁶

In his March 16, 1998 guilty plea, Johnny Chung admitted to making illegal conduit payments to Senator Kerry’s campaign.³⁸⁷

6. *Marswell Investment, Inc.*

On August 9, 1996, Johnny Chung and Liu Chao-Ying formed Marswell Investment, Inc. in the State of California.³⁸⁸ Of 100,000 shares, Chung received 20,000 and Liu received 30,000.³⁸⁹ The company lists the same Torrance, California address as Johnny Chung’s “blastfax” business, AISI.³⁹⁰ Public records indicate that a Certificate of Amendment was filed on June 4, 1997.³⁹¹

Documents produced by Chung to the Committee include a June 25, 1996 letter from a Los Angeles attorney regarding the incorporation of Marswell, indicating that Chung and Liu Chao-Ying were discussing the company prior to Liu’s July and August 1996 visits to the United States.³⁹²

The company’s bank account records, also produced by Chung, indicate minimal activity from September 1996 through January

³⁷⁹ JCH15005-7 (Exhibit 98).

³⁸⁰ JCH09631 (Exhibit 99), JCH09735-8 (Exhibit 100).

³⁸¹ William Rempel and Alan Miller, “Senator Received \$10,000 After Aiding DNC Donor,” Los Angeles Times, Dec. 24, 1997 (Exhibit 97).

³⁸² Id.

³⁸³ JCH18180-90 (Exhibit 101).

³⁸⁴ Deposition of Irene Wu, pp. 104-105.

³⁸⁵ Id. pp. 106-108.

³⁸⁶ JCH18180-90 (Exhibit 101).

³⁸⁷ Associated Press, “Fund-Raiser Chung Pleads Guilty,” the Washington Post, Mar. 17, 1998 (Exhibit 5).

³⁸⁸ California corporate filings.

³⁸⁹ JC1272-3 (Exhibit 102).

³⁹⁰ California corporate filings.

³⁹¹ Id.

³⁹² JCH13105 (Exhibit 103).

1997.³⁹³ That is consistent with Irene Wu's testimony that the companies formed by Johnny Chung and his overseas partners did not conduct business. Wu said that the purpose of those companies was to assist Chung's associates in procuring visas to enter the United States.³⁹⁴

Documents from Chung's blastfax business, AISI, indicate that Liu was an AISI shareholder. While the notes on the document are confusing, they appear to indicate that Liu owned 30 shares in the company valued at \$300,000.³⁹⁵ Whether this is part of the \$315,000 wired to Chung from Hong Kong in the summer of 1996 remains unclear.

YAT HUNG YIU AND NEW SILVER EAGLE HOLDINGS

When Johnny Chung escorted Liu Chao Ying to the July 18, 1996, DNC fundraiser at Eli Broad's house in Los Angeles, he was also accompanied by a second prominent Chinese national—Yat Hung Yiu.³⁹⁶ Like Liu Chao-Ying, it appears that Yat Hung Yiu was interested in raising capital on U.S. stock exchanges.

Yat Hung Yiu is the president of China Medical Development, a Chinese company that sought to establish a chain of drug stores across China. According to witness interviews,³⁹⁷ Yiu was interested in listing his company's stock on U.S. stock exchanges in order to raise capital.³⁹⁸

China Medical Development merged with a British Virgin Island company called Beautimate, which then merged with Natural Way Technologies, a U.S. company that already traded on the NASDAQ Electronic Bulletin Board.³⁹⁹

Yat Hung Yiu is also the president of a New York company named New Silver Eagle Holdings.⁴⁰⁰ New Silver Eagle Holdings is named as a "related party" to Natural Way Technologies in an Arthur Anderson audit of Natural Way Technologies.⁴⁰¹ Both companies share common directors.⁴⁰² On September 30, 1996, New Silver Eagle Holdings paid Johnny Chung \$80,000.⁴⁰³ A New Silver Eagle Holdings employee recalled that Johnny Chung billed the company for translation and touring services.⁴⁰⁴

Chung also escorted Yat Hung Yiu to the President's Birthday Party fundraiser at Radio City Music Hall in New York on August 18, 1996.⁴⁰⁵ Another of Chung's guests at this fundraiser was Israel Sendrovic, the executive vice president of the Federal Reserve Bank of New York.

³⁹³ JC1356–1364 even numbered pages only (Exhibit 104).

³⁹⁴ Deposition of Irene Wu, July 28, 1998, pp. 215, 220–21, 228–29, 248–49, 258–59.

³⁹⁵ JCH13704 (Exhibit 105).

³⁹⁶ JCH15017 (Exhibit 96).

³⁹⁷ Staff interviews of Andrew Hanlon and Barry Sendrovic, Feb. 24, 1998.

³⁹⁸ *Id.*

³⁹⁹ Staff interview of Andrew Hanlon, Feb. 24, 1998.

⁴⁰⁰ JCH15030 (Exhibit 106); JCH13426 (Exhibit 107).

⁴⁰¹ Hanlon 039114 (Exhibit 108).

⁴⁰² *Id.*

⁴⁰³ CitiBank 1 (Exhibit 109).

⁴⁰⁴ Staff interview of Fang Fang Miao, May 1, 1998.

⁴⁰⁵ JCH15030 (Exhibit 106).

Yiu's company, New Silver Eagle Holdings,⁴⁰⁶ employed Sendrovic's son, New York attorney Barry Sendrovic, to help the company raise capital.⁴⁰⁷

Documents produced by a former New Silver Eagle Holdings employee include a "business introduction" that lists, as one of the company's strengths, Jiang Zeren as a "Senior Consultant" and "financial consultant."⁴⁰⁸ Jiang is identified as, "the cousin of Communist Party Chairman Jiang Zemin." Other senior consultants include Qian Xinzhong, "a former head of the Ministry of Health"⁴⁰⁹ and Lin Minxue, "former head of the Ministry of Industry and Commerce."⁴¹⁰

In February 1997, Natural Way Technologies was featured in "Financial Discoveries," a promotional magazine. In one section, entitled, "Jackie Yiu: A Man With A Destiny," Yiu is pictured with President Clinton.⁴¹¹ The text reads, "Yiu travels in the highest circles and was chosen to deliver a greeting from the Chinese people to Clinton on his 50th birthday."⁴¹² Another page of the magazine features a picture of Yiu with Hillary Clinton.⁴¹³

Chung's correspondence to Mr. Yiu's office indicates that Yiu is based in Hong Kong.⁴¹⁴ In an August 12, 1996 letter to Yiu's secretary, Chung states that he has arranged for Yiu to attend the President's 50th birthday party celebration, as well as meeting the next day with Israel Sendrovic. Chung also states that he has set up meetings with unnamed individuals at the Departments of Commerce and Agriculture.⁴¹⁵ The letter refers to previous meetings arranged by Chung with the Secretary of Agriculture and Sendrovic.⁴¹⁶

In his deposition, Sendrovic confirmed that he met Yiu and Chung at his office on August 19, 1996.⁴¹⁷ Sendrovic said that Chung offered to bring pictures of Sendrovic taken at the President's birthday event the previous evening.⁴¹⁸ Sendrovic said that Yiu accompanied Johnny Chung and discussed his intention to open an office in the World Trade Center.⁴¹⁹ Sendrovic denied having any knowledge of Yiu meeting anyone at the Departments of Commerce or Agriculture.⁴²⁰

On October 5, 1996, Johnny Chung again wrote to Yiu's secretary in Hong Kong, referring to previous meetings between Yiu and Sendrovic and Yiu and Transportation Secretary Pena.⁴²¹ The letter indicates that Chung planned the following events for Mr. Yiu:

October 20—To join the party at New York with President Clinton.

⁴⁰⁶ CitiBank pp. 2–4 (Exhibit 110).

⁴⁰⁷ Staff interview of Barry D. Sendrovic, Feb. 25, 1998.

⁴⁰⁸ Hanlon 039150 (Exhibit 111).

⁴⁰⁹ Id.

⁴¹⁰ Hanlon 039153 (Exhibit 112).

⁴¹¹ Hanlon 039177 (Exhibit 113).

⁴¹² Id.

⁴¹³ Hanlon 039105 (Exhibit 114).

⁴¹⁴ DOS 013139 (Exhibit 115); DOS 013140 (Exhibit 116).

⁴¹⁵ Id.

⁴¹⁶ Id.

⁴¹⁷ Deposition of Israel Sendrovic p. 31.

⁴¹⁸ Id.

⁴¹⁹ Id.

⁴²⁰ Id.

⁴²¹ DOS 013140 (Exhibit 116).

October 22—Meeting with Mr. Israel Sendrovic (Federal Reserve Bank) at New York.

October 25—Department of Transportation and Federal Commission Exchange at D.C.⁴²²

Sendrovic testified that he did not remember meeting Yiu on October 22.⁴²³ He also denied any knowledge of meetings between Yiu and Secretary Pena or anyone at the Department of Transportation or the Securities and Exchange Commission (presumably what Chung referred to as the “Federal Commission Exchange”).⁴²⁴

The same AISI shareholder report that mentions Liu Chao-Ying of China Aerospace also mentions “Y.F. Yao, who is the same person as Yat Hung Yiu.”⁴²⁵ The shareholder report states that Yiu purchased 10 shares of stock in AISI for \$100,000 in October 1996. It also mentions a personal loan of \$200,000 to Chung, and suggests that Yiu plans to purchase more stock in 1997.⁴²⁶

The shareholder report states that Yiu has a 10-year visa to visit the United States, which may offer an explanation as to why he and Chung never established a company together in Los Angeles. The report also states that Chung helped Yiu open his company in New York: “He owns a U.S. company that is publicly traded on the stock exchange. Interested in promoting large firms from China to be traded in U.S. stock. Wants to bring Disney World to China.”⁴²⁸

The stockholder reports for Liu Chao-Ying and Yat Hung Yiu suggest that Chung used \$200,000 he received from them to repay a debt he owned to another Chinese company, the Great Wall International Culture Company. The report attributes \$100,000 of that payment to New Silver Eagle Holdings/Yat Hung Yiu and the remainder to Liu Chao-Ying of China Aerospace.⁴²⁹

THE GREAT WALL INTERNATIONAL CULTURE COMPANY

According to AISI records, a company called Great Wall International Culture Co., Ltd. (“GWICC”) purchased 20 shares of AISI stock for \$200,000 on February 10, 1996. A letter from Johnny Chung to GWICC was sent to the “Great Wall Organization Building” in Beijing.⁴³⁰

The Vice Chairman of the Board and General Manager of GWICC is Cui Baojian,⁴³¹ who was Johnny Chung’s guest at a September 21, 1995 Clinton/Gore fund-raising event in Los Angeles.⁴³² Chung’s assistant, Irene Wu, testified that Chung was introduced to Cui by Yei Jun He of the Haomen Beer Group.⁴³³ Johnny Chung contributed \$20,000 in connection with that event, using his em-

⁴²² Id.

⁴²³ Deposition of Israel Sendrovic p. 33.

⁴²⁴ Id.

⁴²⁵ Staff Interview Andrew Hanlon, June 10, 1998.

⁴²⁶ JCH13704 (Exhibit 106).

⁴²⁸ Id.

⁴²⁹ Id.

⁴³⁰ JCH13739 (Exhibit 117).

⁴³¹ JCH13739 (Exhibit 117); JCH14312 (Exhibit 118). Documents JCH14312 (Exhibit 118) and JCH14313 (Exhibit 119) also include business cards of Qian Chunyuan, Assistant to Chairman of the Board, GWICC; Chai Feng, GWICC and Cui Senmao, Chairman of the Board and General Manager of GWICC and Great Wall International Advertising Co., Ltd.

⁴³² JCH15023 (Exhibit 42).

⁴³³ Deposition of Irene Wu, p. 35.

ployees and their friends as conduits in order to avoid “hard money” restrictions placed on the event.

The exact date of an agreement between AISI and GWICC is unclear. While AISI shareholder records indicate that the \$200,000 payment was made by GWICC in February 1996, a letter from GWICC to Chung refers to the signing of a cooperation agreement and a \$200,000 payment from Hong Kong in November 1995.⁴³⁴ A letter from Chung to GWICC refers to a December 1, 1995 contract.⁴³⁵

Documentary evidence indicates that the relationship had gone sour by the end of 1996, and GWICC was seeking to have its money returned. Documents produced by Chung include a letter from a GWICC representative dated November 30, 1996.⁴³⁶ The letter’s unknown author expresses regret for a lack of contacts between the companies for almost a year and notifies Chung that GWICC intends to cancel their agreement.⁴³⁷ The letter explains that GWICC formed a business relationship with an American company called BOSSCO Unlimited and authorizes that company’s representative, Peter Chang, to collect the \$200,000 that GWICC initially invested in AISI.⁴³⁸

On December 26, 1996, Chung received another letter from GWICC, again authorizing Peter Chang to collect GWICC’s \$200,000 investment in AISI.⁴³⁹ The second letter threatens that Peter Chang is also authorized, “. . . if necessary, to file complaints [sic] the appropriate agencies of the U.S. Government in order to protect our company’s interests.”⁴⁴⁰

Finally, on January 12, 1997, GWICC wrote to Chung expressing its intent to cancel its agreement with AISI.⁴⁴¹ Chung responded the next day, referring to the three letters from GWICC and a meeting with Peter Chang on January 10, 1997.⁴⁴² Chung agreed to return GWICC’s investment in four monthly installments of \$50,000.⁴⁴³ Included in AISI documents are copies of four \$50,000 checks from AISI to GWICC and Peter Chang and a receipt signed by Peter Chang.⁴⁴⁴

In depositions, AISI employees Irene Wu and Nancy Lee testified that Peter Chang made threatening phone calls to Chung, and that Chung feared that Chang was involved in organized crime.⁴⁴⁵ Wu stated that Chung was afraid of Chang, and would not take his calls. She added that she would end up talking to Chang on the phone, and that Chang was very threatening:

A. If Johnny doesn’t come up with the money, then he knows where Johnny lives, and he’ll make sure—he’ll show Johnny. . . . He threatened that if Johnny doesn’t come up with the money, that he knows where Johnny lives. He

⁴³⁴ JCH13742 (translation by GROC staff) (Exhibit 120).

⁴³⁵ JCH13739 (Exhibit 117).

⁴³⁶ JCH 13744–5 (translation by GROC staff) (Exhibit 121).

⁴³⁷ Id.

⁴³⁸ Id.

⁴³⁹ JCH13743 (Translation by GROC staff) (Exhibit 122).

⁴⁴⁰ Id.

⁴⁴¹ JCH13742 (Translation by GROC staff) (Exhibit 120).

⁴⁴² JCH13739 (Exhibit 117).

⁴⁴³ Id.

⁴⁴⁴ JCH13740–1 (Exhibit 123).

⁴⁴⁵ Deposition of Irene Wu, p. 198.

knows where his family and his daughters are, and he knows what Johnny's doing, and he—he'll tell other [sic] what Johnny's doing.

Q. Did he threaten Johnny's life?

A. Yes.

Q. Or the lives of his family members?

A. Yes.⁴⁴⁶

Peter Chang was contacted by Committee investigators in August 1998. He confirmed that he collected \$200,000 from Johnny Chung, but denied making any threats to do so.⁴⁴⁷ Mr. Chang said that Cui Baojian is a personal friend from China who owed him money.⁴⁴⁸ Chang said that Johnny Chung owed Mr. Cui \$200,000, and that Mr. Cui authorized Mr. Chang to collect the funds to be applied to Mr. Cui's debt to Mr. Chang.⁴⁴⁹

Mr. Chang said that he does not know anything about Great Wall International Culture Company, other than knowing that his friend, Mr. Cui, is employed there.⁴⁵⁰ Mr. Chang denied having any involvement in organized crime.⁴⁵¹

BIN LIU & C.L. INTERNATIONAL, INC.

Testimony from Chung's staff indicates that Chung had a relationship with more than one well-placed child of a Chinese general. It has been widely reported that Chung was associated with Liu Chao-Ying, the daughter of retired General Liu Huaqing. In her deposition testimony, Irene Wu stated that Bin Liu, a Chinese National whom Chung also escorted to DNC fundraisers, was also a General's son. She did not know the name of his father, but she said that Bin Liu was not related to Liu Chao-Ying.⁴⁵²

Business cards produced by Johnny Chung indicate that Bin Liu is the Vice Chairman of Yip's International Investment Holdings, Ltd., Hotel Investor S.A., and Y&D International Investment (Hong Kong), Ltd.⁴⁵³ Liu's office is located in Hong Kong.⁴⁵⁴

According to Irene Wu, Bin Liu is a friend of Yei Jun He of the Haomen Group.⁴⁵⁵ Wu said that Bin Liu owns nightclubs and hotels in China, and is involved with the entertainment industry.⁴⁵⁶

Bin Liu attended the Clinton/Gore '96 fundraiser in Century City, California on September 21, 1995 with Chung's delegation.⁴⁵⁷ Bin Liu is also listed as one of Chung's guests for a DNC reception at the Beverly Hilton on July 18, 1996.⁴⁵⁸ Chung's other guests included Liu Chao-Ying of China Aerospace International Holdings,

⁴⁴⁶ Id. pp. 199–200.

⁴⁴⁷ Staff interview of Peter Chang, Aug. 14, 1998.

⁴⁴⁸ Id.

⁴⁴⁹ Id.

⁴⁵⁰ Id.

⁴⁵¹ Id.

⁴⁵² Deposition of Irene WU, pp. 225–226.

⁴⁵³ JCH14345 (Exhibit 124). See also, JCH14286 (Exhibit 125), JCH14342–4 (Exhibit 126) and JCH14346–7 (Exhibit 127) for additional business cards with identical logo.

⁴⁵⁴ Id.

⁴⁵⁵ Deposition of Irene Wu, July 28, 1998, pp. 34–35.

⁴⁵⁶ Id. pp. 225–226.

⁴⁵⁷ JCH15023 (Exhibit 42).

⁴⁵⁸ JCH15017 (Exhibit 96).

Ltd. and Yat Hung Yiu of China Medical Development Company.⁴⁵⁹

According to records obtained by the Committee, Chung and Bin Liu formed C.L. International on July 26, 1996.⁴⁶⁰ The company's stated principal activity is international trade.⁴⁶¹ CL International issued 100,000 shares at \$1 per share.⁴⁶² Chung received 30,000 shares.⁴⁶³ Liu received 70,000 shares.⁴⁶⁴

On December 23, 1996, Chung sent notice to interested parties that he was resigning from his position at C.L. International. In his letter to Bin Liu, Chung said the following:

As we have discussed during your visit in November, I am hereby resigning I have assisted in the initial set up of your company but you have not kept your promise on the investment capital nor have I seen any business being conducted during the last six months⁴⁶⁵

Another December 23, 1996 letter from Chung to his attorney refers to the resignation letter to C.L. International and asks the attorney to remove Chung's name from corporate records.⁴⁶⁶ A travel itinerary for Liu indicates that he left Los Angeles on December 2, 1996, and arrived in Beijing the next day.⁴⁶⁷

Bank records for C.L. International indicate that Bin Liu was bouncing large checks on the company's account. The company's account statements indicate that two checks totaling \$7,000 were written to cash on November 19 and 20, 1996.⁴⁶⁸ Three \$50,000 checks were returned for insufficient funds in December 1996.⁴⁶⁹ A \$70,000 check was returned on January 27, 1997.⁴⁷⁰

Irene Wu stated the following about Bin Liu:

Q. Did he mention what type of trouble Bin Liu was in?

A. First of all, Bin Liu—he didn't pay all the attorney fees that was owed to Winny Yang, and Johnny wasn't going to pay the attorney fee, so nobody was paying. I don't even know if CL International was officially formed or not. I wasn't sure because he disappeared for a long time and we couldn't find him. So Johnny felt he wanted to disassociate with him, and he felt he might be in some kind of financial trouble.

A. Also, Johnny, being an officer with the company, he didn't want any liability and responsibility, so he resigned from CL.

Q. It (the bank statement for C.L. Intl.) says check 108, 109, 110 were all for \$50,000. They were returned for insufficient funds in December 1996. Do you have any knowledge about those checks?

⁴⁵⁹ Id.

⁴⁶⁰ JCH13077 (Exhibit 128); JCH13079 (Exhibit 129); But see JC1289 (Exhibit 130) ("start date" listed as 11/1/96).

⁴⁶¹ JC 1289 (Exhibit 130).

⁴⁶² JC 1290 (Exhibit 131); JC 1297–98 (Exhibit 132); JCH13077 (Exhibit 128).

⁴⁶³ JC 1287 (Exhibit 133).

⁴⁶⁴ JC 1288 (Exhibit 134).

⁴⁶⁵ JCH13088 (Exhibit 135).

⁴⁶⁶ JC 1286 (Exhibit 136).

⁴⁶⁷ JC 127–8 (Exhibit 137).

⁴⁶⁸ JC 1599–1602 (Exhibit 138).

⁴⁶⁹ JC 1597 (Exhibit 139).

⁴⁷⁰ JC 1610 (Exhibit 140); JC 1619–20 (Exhibit 141).

A. No. I think this is the trouble that Johnny was talking about, because we got the bank statement and saw the record, so Johnny figured he's writing checks. He's in financial trouble. He's writing checks and there's no money in the account.⁴⁷¹

THE HOMKO GROUP AND HONESTWIN, LTD

1. *C.M. Information, Inc.*

Johnny Chung formed two companies with individuals connected to Homko International Finance (Holdings), Ltd. ("Homko"). Homko is reportedly a real estate development firm with projects in Shanghai and Hainan Province, as well as a \$25 million luxury villa project in Beijing.⁴⁷² Documents produced by Johnny Chung include several business cards from individuals related to Homko.⁴⁷³

On September 21, 1995, Chung brought several guests to a Clinton/Gore '96 fund-raiser. Chung's guests included Chinese Nationals Shi Jin Yu, Jian Qia Wei, and Hui Jie Li of a Hong Kong company called Honestwin, Ltd. ("Honestwin"). Documents produced by Johnny Chung include several business cards from individuals related to Honestwin.⁴⁷⁴

On December 27, 1995, Johnny Chung and Shi Jin Yu incorporated C.M. Information.⁴⁷⁵ The company issued 100,000 shares of stock at \$1 per share. Chung received 30,000 shares. Honestwin received 70,000 shares.⁴⁷⁶

On July 3, 1996, Johnny Chung wrote an invitation letter to Hui Jie Li, "Director and Manageress" of Honestwin Limited in Hong Kong.⁴⁷⁷ He referred to an earlier visit to the U.S. by Li, and wanted, "to discuss further the possibility of bringing AISI's telecommunication system to Hong Kong."⁴⁷⁸

On July 18, 1996 Shi Jin Yu accompanied Chung to a DNC fundraising event at the Beverly Hilton.⁴⁷⁹ Also present were executives from China Aerospace Holdings and New Silver Eagle Holdings.⁴⁸⁰ Bin Liu, who formed C.L. International with Chung, also attended the event as Chung's guest.⁴⁸¹

On September 15, 1996 Yu purchased 20 shares of AISI for \$100,000 using funds wired to Chung from Homko.⁴⁸² According to an AISI shareholder report, Shi Jin Yu toured the White House, met Maggie Williams, met President Clinton in July 1996, and attended the Democratic National Convention in 1996 as Chung's guest.⁴⁸³

Wei Jian Qiao of Honestwin, Ltd. visited the United States in January 1997. Documents received by the Committee include a let-

⁴⁷¹ Deposition of Irene Wu, pp. 231-233.

⁴⁷² China Daily, June 7, 1993.

⁴⁷³ JCH14272-73 (Exhibit 142); JCH17318 (Exhibit 143); JCH17342 (Exhibit 144).

⁴⁷⁴ JCH14276; JCH14340 (Exhibit 145); JCH14344 (Exhibit 146); JCH14354 (Exhibit 147).

⁴⁷⁵ JCH13173-5 (Exhibit 148); JCH13169 (Exhibit 149).

⁴⁷⁶ Id.

⁴⁷⁷ DOS 013154 (Exhibit 24).

⁴⁷⁸ Id.

⁴⁷⁹ JCH15017 (Exhibit 96).

⁴⁸⁰ Id.

⁴⁸¹ Id.

⁴⁸² JCH13705-6 (Exhibit 150).

⁴⁸³ Id.

ter to Qiao from Yan Xie of CM Information, Inc.⁴⁸⁴ The letter mentions business discussions concerning “the project of importing 50,000 MT fishmeal from South America in 1997.”⁴⁸⁵

On February 17, 1997, Yan Xie of C.M. Information wrote to Shi Jin Yu at Honestwin, Ltd. Yu and an Honestwin accountant were invited to visit C.M. Information for the following reason:

[F]or the business discussion . . . of setting up a fuel station at China’s sea and cooperation in this project with partners. Now we are making contact with COSTCO about setting up a warehouse supermarket in Dalian, China. COSTCO would like to meet the President of C.M. Information for further discussion.⁴⁸⁶

2. *The Homlyn Group, Inc.*

In August, 1996, Chung set up a second California company with his associates from Honestwin. The Homlyn Group was incorporated on August 29, 1996.⁴⁸⁷ A November 29, 1996 California State filing lists Chung and Jing Wei Li as officers and directors of the corporation.⁴⁸⁸ The form indicates that the nature of the company’s business is international trading, real estate investment, and investment development.⁴⁸⁹ C.M. Information and the Homlyn Group share office space in Los Angeles.⁴⁹⁰

The Homlyn Group authorized the issuance of \$100,000 shares of stock at \$1,000 per share.⁴⁹¹ Chung received 1,000 shares.⁴⁹² Homko International Finance (Holdings), Ltd. purchased 60,000 shares.⁴⁹³ Yen Su, Huan-Lian Tung and Yu-Bao Chiang purchased 1,000 shares each.⁴⁹⁴ A business card produced by Johnny Chung identifies Jing Wei Li as Chairman of the Homko Group.⁴⁹⁵

Records obtained by the Committee include a letter from Don Fowler inviting Jing Wei Li of Homko to attend the Democratic National Convention.⁴⁹⁶

On March 10, 1997, Johnny Chung wrote to Jing Wei Li resigning his position as Vice President and Director of the Homlyn Group.⁴⁹⁷ In another letter to Shi Jin Yiu dated the same day, Chung resigned his position of Director and Vice President of C.M. Information.⁴⁹⁸

CHUNN FAT LEUNG, Z.F. FORTUNE, INC., AND EDUCATION SECRETARY RICHARD RILEY

Johnny Chung formed a company called Z.F. Fortune, Inc. with a Chinese national named Chun Fat Leung. Chung brought Leung

⁴⁸⁴ DOS 013137 (Exhibit 151).

⁴⁸⁵ *Id.*

⁴⁸⁶ DOS 013158 (Exhibit 152).

⁴⁸⁷ JCH13181 (Exhibit 153); JCH13178 (Exhibit 154).

⁴⁸⁸ JCH13179 (Exhibit 155).

⁴⁸⁹ JCH13179 (Exhibit 155). See also, JCH13182 (Exhibit 156).

⁴⁹⁰ Investigation by Committee staff on Jan. 23, 1998.

⁴⁹¹ JCH13180 (Exhibit 157); JCH13181 (Exhibit 153); JCH13182 (Exhibit 156).

⁴⁹² JCH13181 (Exhibit 153); JCH13187 (Exhibit 158). See generally, materials relating to Homlyn’s incorporation, JCH13183–88 (Exhibit 159).

⁴⁹³ *Id.*

⁴⁹⁴ *Id.*

⁴⁹⁵ JCH14318 (Exhibit 160).

⁴⁹⁶ DOS 013143 (Exhibit 23).

⁴⁹⁷ JCH15039 (Exhibit 161).

⁴⁹⁸ JCH15042 (Exhibit 162).

to a DNC fund-raiser and attempted to secure a meeting with Education Secretary Richard Riley.

Chun-Fat Leung is the Chairman of the Zhen Fa Group.⁴⁹⁹ On June 3, 1996, Zhen Fa wired \$101,985 from Hong Kong to Chung's company, AISI.⁵⁰⁰ On June 10, 1996, Chung brought Leung and his wife to a DNC fund-raiser at the Los Angeles home of Edie and Lew Wasserman.⁵⁰¹ FEC records indicate that Chung made a \$20,000 contribution to the DNC at that time.⁵⁰² Records produced by the DNC include letters from Kimberly Ray, DNC Southern California Finance Director, to Leung "c/o Johnny Chung" at Chung's Torrance, California address.⁵⁰³

On June 11, 1996, immediately following the fundraiser, Chung's assistant, Irene Wu, wrote to Education Secretary Richard Riley's assistant, Sandy Rinck.⁵⁰⁴ The letter said, "Per our conversation, I am sending you the biography of Mr. Leung and a list of names who will be meeting with Secretary Riley."⁵⁰⁵

On June 12, 1996, Chung wrote a letter to Sandy Rinck as follows:

I want to inform you of a misunderstanding between Ms. Rita Lewis of the DSCC and I. Since I became the #1 contributor [to] the DNC in 1995, I get a lot of calls from everyone for donations. But as much as I tried my best, I can not satisfy everyone . . . I believe [Mr. Leung] deserves the honor of meeting with our Secretary Riley.

Other than the DNC, I am also trying my best to support the DSCC whenever I can but sometimes it's quite difficult. I hope you understand and will not let other issues come between our relationship. I am totally committed to the Democratic Party and to our president.⁵⁰⁶

On June 19, 1996, DNC Southern California Finance Director Kimberly D. Ray wrote the following letter to Johnny Chung. She sent identical letters to Chun-Fat Leung and his assistant S.B. Fu "care-of" Johnny Chung.

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

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

⁴⁹⁹ JCH12202 (Exhibit 163). See also, JCH14320 (Exhibit 164); JCH14331 (Exhibit 165) (business cards from Zhen Fa Group).

⁵⁰⁰ N0218 (Exhibit 166).

⁵⁰¹ JCH12203 (Exhibit 167).

⁵⁰² FEC Internet Records—www.tray.com/fecinfo/ (Exhibit 3).

⁵⁰³ DNC 1915241 (Exhibit 168). See also, DNC 1915193 (Exhibit 169); DNC 1915211 (Exhibit 170).

⁵⁰⁴ JCH12202 (Exhibit 163).

⁵⁰⁵ Id. Note: Documents produced by Chung did not include Chun Fat Leung's biography, referred to in Irene Wu's letter.

⁵⁰⁶ JCH12203 (Exhibit 167).

Again, thank you for your participation. If you have any questions, please call me at: 310-445-6825. I look forward to working with you during the coming months.⁵⁰⁷

On June 21, 1996, Chung and Leung formed "Z.F. Fortune, Inc."⁵⁰⁸ Records indicate that the corporation engages in "international trade."⁵⁰⁹ One hundred thousand shares of stock were issued at \$1 per share.⁵¹⁰ Chung received 40,000 shares.⁵¹¹ Chun Fat Leung received 60,000 shares.⁵¹² Chun Chau and Shu Bai Fu are listed in AISI documents as Secretary and Treasurer, respectively, of ZF Fortune.⁵¹³

This was not Chung's first contact with Secretary Riley. In a May 1, 1995 letter to the Secretary, Chung recalls meeting him at the DNC fund-raiser at Steven Spielberg's home in Los Angeles.⁵¹⁴ In the letter, Chung said, "I met with Vice Premier Lee and with your permission, I have invited him to visit the U.S."⁵¹⁵

On May 26, 1995, Riley wrote two letters: one to Chung and one to Zhu Kaixuan, Minister of China's Education Commission in Beijing.⁵¹⁶ Riley thanked Chung for visiting him and for an "ornate knife" that Chung gave him.⁵¹⁷ He enclosed a copy of his letter to Zhu, which declined an invitation to visit China, instead inviting Zhu to visit Washington.⁵¹⁸

Chung also requested but failed to get a meeting with Riley for Sheng Huaren of China Petrochemical.⁵¹⁹

CONCLUSIONS

1. *Immigration Fraud*

The Committee views with great concern the ease with which Johnny Chung was able to manipulate the system to obtain visas for foreign nationals. In 1995 and 1996, Chung formed seven companies in Los Angeles with seven Chinese nationals.⁵²⁰ All of them attended DNC and Clinton/Gore fundraisers with Chung at which the President made appearances. Most of them sent Chung large sums of money.

The testimony of Irene Wu, Chung's top assistant, indicates clearly that these companies were set up for fraudulent purposes. According to Ms. Wu, the companies were never intended to do business, they were front companies designed to enable Chinese nationals to obtain visas to come to the United States.⁵²¹ The lack of financial activity reflected in the bank records of these compa-

⁵⁰⁷ DNC1915193 (Exhibit 169); DNC1915211 (Exhibit 170); DNC1915241 (Exhibit 168).

⁵⁰⁸ JCH13301 (Exhibit 171); JCH13306 (Exhibit 172). See also, JCH13299-13333 (Z.F. Fortune corporate records).

⁵⁰⁹ JCH13301 (Exhibit 171); JCH13331 (Exhibit 173).

⁵¹⁰ JCH13305 (Exhibit 174).

⁵¹¹ JCH13302 (Exhibit 175); JCH13306 (Exhibit 172).

⁵¹² JCH13303 (Exhibit 176); JCH13306 (Exhibit 172).

⁵¹³ *Id.*

⁵¹⁴ See the section of this report that discusses Yi Chen Liu (JCH13073).

⁵¹⁵ *Id.*

⁵¹⁶ JCH12189-90 (Exhibit 177).

⁵¹⁷ *Id.*

⁵¹⁸ *Id.*

⁵¹⁹ JCH13055 (Exhibit 74). See also, the portion of this report pertaining to China Petrochemical.

⁵²⁰ Sino-American Development Corp., Yuangao International, C.M. Information, Z.F. Fortune, C.L. International, the Homlyn Group and Marswell International.

⁵²¹ Deposition of Irene Wu, pp. 228-229.

nies, along with invitation letters from Chung delivered to U.S. consulates in China to obtain visas, support this testimony. Furthermore, Wu suggested that some of Chung's associates may have hoped to gain permanent residence in the United States through these companies.⁵²²

The thread that connects all of Chung's Chinese associates is that they all came to the United States to attend high-profile political fundraisers and meet with senior government officials—including the President. The fact that Johnny Chung could bring a Lt. Colonel in the People's Liberation Army and a senior aerospace executive like Liu Chao-Ying to the United States to attend a major DNC fundraiser without anyone knowing her identity is troublesome. The fact that Chung could bring her to meetings with government officials such as Senator Kerry and officials at the Securities and Exchange Commission without anyone knowing her identity is disturbing.

When asked by the Washington Post about Chung's scheme, Immigration and Naturalization Service spokesman Russ Bergeron identified this area as a "growing fraud," involving "all kinds of scams."⁵²³ Bergeron identified such fraudulent practices as using bogus business cards, letterheads for nonexistent companies, phony tax returns and fake photos of business locations.⁵²⁴ When we find such practices being employed by the well-connected offspring of senior Chinese generals, possibly with an eye to gaining a U.S. green card, it becomes clear that this is an area that demands further scrutiny by Congress and the executive branch.

2. *Foreign Money for Contributions*

The documentary evidence accumulated to date supports the conclusion that, on at least four occasions, Chung received large sums of money from his associates overseas and used that money to make political contributions for DNC fundraisers. In each of these four instances, he then took those associates to the fundraisers, or in the first instance, a meeting with the President.

THE RADIO ADDRESS

On March 6, 1995, Chung received a \$150,000 wire transfer from the Haomen Group of China.⁵²⁵ At the time, the balance in Chung's account was only \$9,860.⁵²⁶ On March 9, Chung made a \$50,000 contribution to the DNC from the same bank account.⁵²⁷ On March 11, Chung escorted the son of the Haomen Group, David Chen, along with a number of Chinese dignitaries, to the President's Radio Address, for which the \$50,000 contribution paved the way.

⁵²² *Id.* p. 220.

⁵²³ George Lardner, "Fund-Raiser Set Up Fake Firms for Chinese," the Washington Post, Sep. 21, 1998 (Exhibit 178).

⁵²⁴ *Id.*

⁵²⁵ Wire Transfer, Deposition of Irene Wu.

⁵²⁶ JCH16554 (Exhibit 47).

⁵²⁷ JCH796; 797 (Exhibit 56).

THE SPIELBERG FUNDRAISER

On April 8, 1995, George Liu, Chung's business associate from Taiwan, wrote Chung a check for \$100,000.⁵²⁸ At the time, the balance in Chung's account was \$45,971.⁵²⁹ That same day, from the same account, Chung wrote a check to the DNC for \$125,000.⁵³⁰ That evening, Chung and Liu attended the DNC fundraiser at Steven Spielberg's home.⁵³¹ This contribution paved the way for Chung to secure the photos of the President with the "China delegation" from the March 10 radio address.⁵³²

CHUN FAT LEUNG

On June 3, 1996, Chung received a \$102,000 wire transfer from the Zhen Fa group in Hong Kong.⁵³³ Zhen Fa is owned by a Chinese national named Chun Fat Leung. On June 10, Chung escorted Chung Fat Leung to a DNC fundraiser at the California home of Lew and Edie Wasserman.⁵³⁴ On June 14, Chung wrote a \$20,000 check to the DNC.⁵³⁵

LIU CHAO-YING

According to the New York Times, Chung received \$300,000 from China Aerospace executive Liu Chao-Ying in the summer of 1996.⁵³⁶ Chung reportedly has told the Justice Department that he donated up to \$80,000 of those funds to the DNC.⁵³⁷ Chung's bank records tend to corroborate these statements. On July 15, 1996, Chung received a \$190,000 wire transfer from Hong Kong.⁵³⁸ Prior to receiving this money, his account had a balance of only \$5,720.⁵³⁹ On July 18, Chung escorted Liu Chao-Ying to a high-dollar DNC fundraiser at the Los Angeles home of Eli Broad.⁵⁴⁰ On July 19, the next day, he wrote two checks to the DNC totaling \$45,000.⁵⁴¹

3. *The DNC's Knowledge*

On July 2, 1998 DNC spokesman Rick Hess told the Washington Post, "at the time (October 1995) the DNC had no reason to suspect Mr. Chung or the source of this funds."⁵⁴² Such claims should be taken with a healthy dose of skepticism.

Richard Sullivan, the DNC's Finance Director, has said consistently that he had doubts about the sources of Chung's contribu-

⁵²⁸ N 0209 (Exhibit 55).

⁵²⁹ JCH16547 (Exhibit 179).

⁵³⁰ JCH794-795 (Exhibit 48).

⁵³¹ JCH13699 (Exhibit 54).

⁵³² JCH464, JCH465 (Exhibit 180).

⁵³³ N0218 (Exhibit 181).

⁵³⁴ JCH12203 (Exhibit 167).

⁵³⁵ FEC Internet Records—www.tray.com/fecinfo/ (Exhibit 3).

⁵³⁶ David Gerth, David Johnston, and Don Van Natta, "Democrat Fund-Raiser Said to Detail China Tie," the New York Times, May 15, 1998 (Exhibit 6).

⁵³⁷ Id.

⁵³⁸ N0220 (Exhibit 91).

⁵³⁹ JCH 16327 (Exhibit 182).

⁵⁴⁰ JCH15017 (Exhibit 96).

⁵⁴¹ JCH16303 (Exhibit 183); JCH16306 (Exhibit 184).

⁵⁴² George Lardner, "Chung Secured Treasury Meeting for Chinese Petrochemical Firm," the Washington Post, July 2, 1998 (Exhibit 46).

tions as early as February 1995.⁵⁴³ In his Senate deposition, he clearly stated:

I think he had contributed about \$100,000 to that point over the past year, and the fact that—him showing up with these five people from China . . . I had a sense that he might be taking money from them and then giving it to us, you know.⁵⁴⁴

Sullivan said that he suggested to DNC Chairman Don Fowler that they review Chung's contributions, though Fowler denies this happened.⁵⁴⁵ Did Sullivan have reason to be concerned? A letter Sullivan received from Chung in December 1994 suggests that he did. In the letter, Chung is seeking Sullivan's help in getting the Chairman of the Haomen Group, Shi Zeng Chen, into the White House. In the letter, Chung is fairly blunt: "He (Shi Zeng Chen) will play an important role in our future party functions."⁵⁴⁶

Despite Sullivan's doubts, the DNC went on to accept another \$225,000 in contributions from Chung.⁵⁴⁷ In October 1995, DNC documents show that Sullivan faxed a letter to the Treasury Department seeking a meeting for Chung and his Chinese associates from the China Petrochemical Company.⁵⁴⁸

Did Fowler have any reason to suspect that Chung was funneling Chinese money to the DNC? He met frequently with Chung's Chinese guests. His correspondence is instructive:

In April 1995, Chung wrote to Fowler, telling that him the National Security Council was holding onto the pictures of his "China delegation" and the President, and pleading for help to get the pictures released: "I am going to China next week and I do need to bring those pictures with me. I have run out of excuses to tell them why the pictures are taking forever."⁵⁴⁹

In July 1995, Fowler wrote to Chung and said, "Best of luck on your trip to China. I enjoyed meeting your friend who is the wife of the Chief of Staff of the Chinese Army."⁵⁵⁰

In September 1995, Fowler wrote to China Petrochemical's Huaren Sheng in Beijing, at Johnny Chung's request, to invite him to come to a meeting at the DNC. He went on to write to the Secretaries of Energy and Treasury to ask them to meet with Chung and Sheng.

In August 1996, Fowler wrote to Chung's associate Jing Wei Li at the Homko Group in Hong Kong to invite him to the Democratic Convention. The letter had to be addressed "via facsimile,"⁵⁵¹ because there was no U.S. address.

Fowler's assistants were instrumental in getting Chung and his "China delegation" into the President's radio address.⁵⁵² Chung

⁵⁴³ Sullivan Deposition (Senate), pp. 228–229; Sullivan Deposition (House), p. 186.

⁵⁴⁴ Sullivan Deposition (Senate), pp. 228–229.

⁵⁴⁵ George Lardner, "Chung Secured Treasury Meeting for Chinese Petrochemical Firm," the Washington Post, July 2, 1998 (Exhibit 6).

⁵⁴⁶ DNC 3233321 (Exhibit 28).

⁵⁴⁷ FEC Internet Records—www.tray.com/fecinfo/ (Exhibit 3).

⁵⁴⁸ Treasury 00000167–168 (Exhibit 73).

⁵⁴⁹ DNC 3102463 (Exhibit 185).

⁵⁵⁰ DNC 3102487 (Exhibit 186).

⁵⁵¹ DOS 013143 (Exhibit 23).

⁵⁵² Fowler Senate Governmental Affairs testimony, Sep. 9, 1997, p. 209.

showed up at two high-profile Democratic fundraisers in 1995 and 1996 with large delegations of Chinese nationals.⁵⁵³

If DNC officials did not suspect that Chung's money was coming from China, it is only because they were looking the other way. The aggressive solicitation of Chung by the DNC makes it clear that they were intent on raising as much money as possible without looking too carefully at where it was coming from. A November 10, 1995 memo from the DNC's Ari Swiller, asking Fowler to call Chung, captures the hard sell tactics used by DNC employees, and to which Chung apparently responded:

Johnny committed to contribute \$75,000 to the DNC reception in Los Angeles on September 21. He has still not sent his contribution. Tell him if he does not complete his commitment ASAP bad things will happen.⁵⁵⁴

[Supporting documentation follows:]

⁵⁵³The Sept. 21, 1995 Century City dinner, and the July 18, 1996 fundraiser at the home of Eli Broad.

⁵⁵⁴DNC 3353903 (Exhibit 187).

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CHAPTER IV, PART D

**UNPRECEDENTED INFUSION OF FOREIGN MONEY INTO
THE AMERICAN POLITICAL SYSTEM:**

**THE SIOENG FAMILY'S CONTRIBUTIONS AND FOREIGN
TIES**

THE SIOENG FAMILY'S CONTRIBUTIONS AND FOREIGN TIES

I. EXECUTIVE SUMMARY

The Committee's investigation of the political contributions and related activities of Ted Sioeng and his family was remarkable both for the extraordinary number of obstacles it encountered and for the information it developed in spite of these difficulties. Sioeng, his family, and his business associates made political contributions of nearly \$600,000 overall in 1995 and 1996, including \$400,000 to the Democratic National Committee and \$182,500 to Republican candidates and organizations. The Committee's attempts to determine the sources of these contributions and the motivations behind them were met with a series of hurdles set in place by Sioeng's family, associates, and attorneys.

The most persistent and crippling obstacle was the number of persons the Committee sought to interview or depose who asserted their privileges against self-incrimination, fled the country, or otherwise refused to cooperate with the investigation. Attached to this report is a chart listing 28 persons the Committee tried but was unable to speak to.¹ They include *every* member of Sioeng's extended family that the Committee attempted to contact, plus a number of close business and personal associates.

The Committee voted to immunize one of Ted Sioeng's business associates, Kent La, but ultimately could not make public *any* of his testimony because of Justice Department concerns that to do so "would compromise [its] pending criminal investigation."² Curiously, after having been made aware of the Justice Department's decision reflecting the sensitivity of La's testimony, Ranking Minority Member Henry Waxman stated in an August 4, 1998 hearing that La said nothing relevant to the Committee's investigation of campaign finance abuses.³ Not only is this statement contradicted by the Justice Department's abject refusal to allow the Committee to make public any of Kent La's testimony, but, at the time he

¹ Chart Entitled "28 Unavailable Sioeng Witnesses." Exhibit 1.

² Letter from L. Anthony Sutin to Chairman Burton, Aug. 28, 1998. Exhibit 2. Letter from Mark M. Richard to Chairman Burton memorializes the Committee's agreement with the Justice Department concerning the testimony of Kent La, Apr. 22, 1998. Exhibit 3. Letter from Mark M. Richard to Chairman Burton, Aug. 3, 1998. Exhibit 4.

³ At an Aug. 4, 1998 Committee hearing, Ranking Minority Member Henry Waxman stated the following:

We recall we were told that if we didn't grant immunity to the four witnesses, we would never know from those people who have direct knowledge about how the Chinese Government made illegal campaign contributions in an attempt, apparent attempt to influence our policy. We granted immunity. We have taken those depositions. . . . The four witnesses, I believe, don't know anything about transferring technology to China. They don't know anything about possible campaign contributions from the Chinese Government. And they don't know anything that is of relevance to this committee's investigation.

Note that one of the "four witnesses" referred to above was Kent La. A copy of the hearing transcript is maintained by the Committee.

made the statement, Representative Waxman had neither heard Kent La's testimony nor read the deposition transcript.

A second obstacle was the Sioeng-family attorneys, who orchestrated a sweeping effort to prevent the Committee from learning the truth about the family's political contributions and activities. Prominent in the family lawyers' arsenal of dilatory and obstructionist tactics was their deliberate failure to comply with Committee subpoenas.

The Committee twice issued subpoenas to three of the Sioeng family's businesses in the United States, Panda Estates Investment, Inc., Panda Industries, Inc., and Panda Hotel Investment, Inc. The first subpoenas were issued in March and early April and carried early- and mid-April return dates. Two weeks after productions were due, the Sioeng-family lawyers objected to the subpoenas on various grounds and produced only 31 pages of unremarkable documents. In June, the Committee issued new subpoenas seeking documents from the same three companies. This time, the subpoenas had been narrowed considerably to reflect concerns expressed by the family lawyers at a May 15, 1998 meeting called by majority staff to the Committee. These subpoenas were ignored completely.

The Sioeng-family lawyers also managed to upset an agreement the Committee had reached with Donald Lam, the accountant for Sioeng's businesses in the United States. The Committee subpoenaed Lam in January 1998 and Lam agreed to produce documents and appear for a deposition in mid-February. The information sought from Lam related to the income of Panda Estates and Panda Industries, both of which made political contributions. Those contributions are accounted for on the "Reconciliation of Income (Loss) per Books With Income per Return" section of the corporate tax form 1120. That section reconciles a corporation's taxable income with its book income by, among other things, accounting for expenses—like political contributions—recorded on books but not deducted from taxes.

In short, the Committee sought financial information to help it determine the sources of over \$250,000 in political contributions the two companies made in 1995 and 1996. The information represented one of the Committee's only opportunities to trace these sources outside U.S. borders.

The Sioeng-family lawyers instructed Donald Lam not to comply with the Committee's subpoena despite the fact that they did not represent him and, in fact, represented parties that had conflicting or substantially different interests than his. Lam never produced the tax records sought by the Committee.⁴

The Sioeng-family lawyers also impeded the investigation's progress by pledging cooperation with the Committee then failing to make good on their promises. At a meeting with Committee staff on January 20, 1998, the family lawyers offered to answer factual questions posed by Committee staff about the Sioeng family and its businesses. Committee staff accepted the lawyers' invitation by a

⁴Letters by the Sioeng-family lawyers to Chairman Burton eventually objected to the Committee's subpoena, Feb. 13 and 17, 1998. Exhibit 5. A letter from Chairman Burton to the Sioeng-family lawyers rejected the objections and ordered that Donald Lam produce the subpoenaed documents, Feb. 20, 1998. Exhibit 6. Nevertheless, the documents were never produced.

letter dated 2 days later.⁵ Among other things, the letter asked for information about foreign businesses used by Sioeng to fund political contributions and other activities in the U.S. Because the letter went unanswered, Committee staff again wrote the Sioeng-family lawyers on May 22, 1998.⁶ This letter also was ignored.

In spite of these obstacles, the Committee developed a substantial amount of disturbing information on Sioeng and his political activities in this country. The Committee found that approximately three-quarters of the \$400,000 in Sioeng-related political contributions made in 1995 and 1996 can be traced to foreign money. Many of these contributions are probably illegal, though the information needed to make an authoritative determination was withheld from the Committee by the Sioeng-family's lawyers.

Moreover, the Committee found close and enduring ties between Ted Sioeng and the government of the People's Republic of China (PRC). Sioeng's business empire is heavily reliant upon partnerships with the Chinese government. These ties support the Senate Committee on Governmental Affairs' conclusion that "Sioeng worked, and perhaps still works, on behalf of the Chinese government."⁷ These ties, combined with the foreign sources of many Sioeng-related political contributions and the Sioeng-family's refusal to provide information on its foreign businesses and accounts, strongly suggests that the contributions were illegal and raises serious questions about the motives behind Sioeng's sudden immersion into United States politics in 1995 and 1996. Even the Senate minority concluded, "The Committee found evidence that suggests that Sioeng may have participated in directing political contributions made by his daughter [Jessica] Elnitiarta," which "raised serious questions about the ultimate source of the contributions," and "further investigation by law enforcement authorities into these issues is clearly warranted."⁸

Ted Sioeng and his daughter, Jessica Elnitiarta, have stated through the family's attorneys that the political contributions were "lawful and properly documented," that "Sioeng is not, and has not been, a political agent of the Chinese or any other government," and that Sioeng's "activities in Southern California, and those of his family, are an effort to support the Asian-American community and are not part of any plot by the Chinese government to influence American politics."⁹ Yet Sioeng and his daughter have offered no factual counter to the information developed by the Committee.

Sioeng's implicit denial of his PRC government ties is unconvincing. The conclusions of the Senate Committee on Governmental Affairs were based virtually exclusively on highly-classified material that cannot be made public.¹⁰ Yet information developed by this Committee is not classified, can be shared publicly, and is discussed later in this chapter. This information includes accounts

⁵Letter from Richard D. Bennett to Steven R. Ross and Mark J. MacDougall, Jan. 22, 1998. Exhibit 7.

⁶Letter from Richard D. Bennett to Steven R. Ross and Mark J. MacDougall, May 22, 1998. Exhibit 8.

⁷Senate Committee on Governmental Affairs, Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaigns, S. Rept. No. 167, 105th Congress, 2d sess. 2505 (1998). Hereinafter "Senate Campaign Finance Report."

⁸Senate Campaign Finance Report at 5584.

⁹Statement on Behalf of Jessica Elnitiarta and Ted Sioeng, May 29, 1997. Exhibit 9.

¹⁰Senate Campaign Finance Report at 2501.

of Sioeng's ties to high-level Chinese government officials in the United States and China, his status as an advisor to Chinese provincial governments, his frequent trips to Beijing, and his business ventures with the PRC government. Information developed by the Committee on this latter subject is particularly significant, as it points to a probable PRC government tie to the Sioeng family's campaign contributions and, more generally, to its various activities in this country.

The connection is straightforward. Sioeng financed many of the family's activities in this country—including its political contributions—through transfers of money from businesses in Hong Kong and China. Sioeng transferred some \$2.7 million from one such business, R.T. Enterprises Limited. Although Sioeng's family has refused to provide any information to the Committee on this company, one document obtained by the Committee from another source provides a telling clue to the activities of R.T. Enterprises. The document shows a wire transfer from R.T. Enterprises to Loh Sun International Inc. in the amount of \$97,555.¹¹ Loh Sun is owned by Sioeng's friend and business associate Kent La, who distributes Hongtashan cigarettes manufactured by Sioeng in Singapore. As discussed later in this chapter, the Hongtashan brand name is owned by the government of China, which has granted Sioeng rights to manufacture and distribute its cigarettes in different parts of the world.

The \$97,555 wire transfer states that it is “for Hongtashan Advertising.”¹² The Committee has learned that Loh Sun advertises Hongtashan cigarettes in various U.S. publications, including the International Daily News, the newspaper Sioeng bought and transformed into a PRC-friendly daily.¹³ The Committee believes it is likely that R.T. Enterprises, which appears to have reimbursed Loh Sun for Hongtashan advertisements it placed in U.S. publications, is part of Sioeng's foreign tobacco empire, and may be owned or funded in part by the PRC government. It, of course, would make sense for Sioeng and the Chinese government, partners in the manufacture and distribution of Hongtashan cigarettes, to fund attempts to establish a U.S. market for their product. That appears to be what was done through R.T. Enterprises.

The Committee's belief is further supported by the fact that the International Daily News stood to benefit from Hongtashan advertising placed in the paper. Hence, if indeed R.T. Enterprises was owned or funded in part by the Chinese government, then, through R.T. Enterprises, the PRC would have been financially assisting Sioeng's PRC-friendly publication. The Committee notes that the Senate Committee on Governmental Affairs concluded the International Daily News was purchased by Sioeng at the direction of or with encouragement from the PRC government.

The balance of this chapter describes in detail Sioeng's business interests and relationships, and the political contributions he, his family, and his business associates made in 1995 and 1996. Of ne-

¹¹ Wire transfer from R.T. Enterprises to Loh Sun International in the amount of \$97,555, July 24, 1996. Exhibit 10.

¹² Id.

¹³ Invoice from International Daily News to Loh Sun International for \$35,000, Feb. 7, 1996. Exhibit 12.

cessity, the Sioeng family's finances are discussed in significant detail. All told, the chapter provides a glimpse of the Sioeng family's sudden and complete immersion into political finances, and the extraordinary secrecy in which it cloaked these contributions once they were called into question by this Committee and the Senate.

II. BACKGROUND

A. SUMMARY

1. *Method and Complications*

The Committee's investigation of Ted Sioeng, his family and business associates involved subpoenas to more than 80 bank accounts, 50 of which were held by businesses. Committee investigators also obtained information from various Federal law enforcement agencies, as well as public databases. The Committee deposed 13 individuals and interviewed 21 others regarding the political connections of Ted Sioeng, his family, and business associates.

The investigation was seriously hampered by 28 witnesses who asserted their Fifth Amendment privilege against self-incrimination, fled the country, or simply refused to be interviewed in their home countries. The Committee also received incomplete or illegible bank records, and, despite numerous requests for bank records, the government of the People's Republic of China refused to cooperate.

2. *Ted Sioeng, his Family and Associates*

Sioeng holds a Belize passport. He has a house in Hong Kong and maintains a business address in Beijing. Ted Sioeng is married to Sundari Elnitiarta, an Indonesian national. They have two sons and three married daughters. The children all use their mother's maiden name of Elnitiarta. Laureen Elnitiarta, youngest of the Sioeng's daughters, is married to Subandi Tanuwidjaja, the son of a powerful Indonesian family. The Sioeng family also has business connections to the Tanuwidjaja family.

The Committee learned that, during the period under investigation, the Sioeng family regularly received money from overseas through U.S. bank accounts held by his sister, Yanti Ardi, an Indonesian resident. Jessica Elnitiarta, Sioeng's daughter, holds a power of attorney over Ardi's bank accounts. She also held power of attorney over a number of other family bank accounts. The Committee has determined that Yanti Ardi's accounts were used as a "clearing account" by the Sioeng family and their businesses.

Another Sioeng associate is Kent La, a U.S. permanent resident and owner of Loh Sun International, a corporation headquartered in Los Angeles. Sioeng and La are co-founders of the Alliance of Chinese-American Groups of USA.

B. INVESTIGATION SCOPE, METHODOLOGY, AND COMPLICATIONS

1. *Scope*

The Committee's investigation of campaign finance abuses inevitably lead to an examination of Ted Sioeng, his family members, and business associates. The Committee's interest in Sioeng was sparked by the large amounts of contributions made by Sioeng, his

relatives, and business partners; the fact the Senate Campaign Finance Report accused Sioeng of working for the benefit of the PRC government, and allegations by both the press and senators that there was a so-called “Chinese plan” to influence U.S. elections.¹⁴ As a result of those allegations, Committee investigators examined Ted Sioeng’s political contributions and funding sources, and his foreign business interests and activities, including connections to foreign governments.

Initially, the investigation into Sioeng’s political contributions and funding focused on all contributions made between March 1992 through January 1997. Committee investigators noted that contributions of \$10,000 or more increased significantly during 1995 and 1996. Thus, later investigative efforts focused on these large contributions which coincided with state and local political campaigns in California during 1995, and the Presidential election in 1996.

The investigation of business interests and activity covered the period from January 1994 through January 1997, and included efforts to identify connections with officials of the governments of the PRC and Cambodia.

2. Methodology

The Committee’s investigation of Ted Sioeng began in earnest in May 1997. Committee investigators subpoenaed bank records, obtained information from Federal, state, and local governmental agencies, searched public databases, and conducted interviews and depositions.

More than 80 bank accounts were subpoenaed, which involved over 50 business entities operating in the United States and seven other countries. As a result, Committee investigators reviewed and analyzed more than 30,000 pages of canceled checks, electronic fund transfers, deposits, account statements, and supporting loan documents.

Committee investigators obtained information from the Departments of Justice, including the Immigration and Naturalization Service; State Department; and Treasury Department, including the U.S. Customs Service, and Bureau of Alcohol, Tobacco, and Firearms.

Through public databases, Committee investigators obtained published articles and corporation registrations in California, Hong Kong, Singapore, Indonesia, and Belize. Information on contributions was obtained from the Federal Election Commission, the Republican and Democratic National Committees, various state election offices, and the National Policy Forum.

Finally, information was obtained from 21 interviews and 13 depositions¹⁵ of various individuals.

¹⁴ See Investigation on Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign—Part I, Hearings before the Committee on Governmental Affairs, U.S. Senate, 105th Cong., 1st sess. at 1.

¹⁵ See “People Deposed by Government Oversight and Reform Committee.”

3. *Complications*

The Committee's investigation was complicated by several major problems involving bank records, a lack of cooperation from the Chinese government, and the absence of witnesses.

The investigation of bank records was slowed by many transfers between accounts that appeared to constitute deliberate efforts to conceal the ultimate funding sources. Further, Committee investigators were unable to determine the business purpose for many transactions, including a number of checks made payable to cash. This was partially due to the lack of cooperation from Sioeng's accountant, Donald Lam. Additionally, banks could not locate all records the Committee requested and many copies of documents the Committee received were of very poor quality. However, the Committee's greatest obstacle was its inability to subpoena records for bank accounts maintained outside the United States, and no assistance from the Administration to force this issue.

The Chinese government also denied Committee investigators travel visas to enter Hong Kong and China. As a result, the Committee was unable to examine the source of millions of dollars that flowed from Hong Kong and Chinese bank accounts into U.S. bank accounts held by Sioeng family members and associates, and to interview witnesses residing in Hong Kong or the PRC. This impasse continues to this day, and makes it difficult to determine whether the Chinese government attempted to influence the outcome of U.S. elections.

Finally, 28 people either asserted their Fifth Amendment privileges against self-incrimination, fled the country, or simply refused to be interviewed, while remaining beyond the reach of Committee subpoenas.

One witness, Kent La, was granted congressional immunity and provided the Committee with a deposition. That testimony was subject to review and release by the U.S. Department of Justice (DOJ). Based upon their review, DOJ has indicated that the release of the deposition or testimony would compromise an ongoing criminal investigation.¹⁶

C. TED SIOENG AND HIS FAMILY

Ted Sioeng, a foreign national,¹⁷ is also known as Sioeng San Wong,¹⁸ or by his Chinese name, Hsiung De-Lueng.¹⁹ Sioeng was born in Indonesia in 1945.²⁰ He has stated that he is of Indian and Indonesian descent but was raised by an ethnic Chinese family and considers himself Chinese.²¹ Along with his native Indonesian, he speaks three Chinese dialects and a limited amount of English.²² Several persons confirmed that Ted Sioeng could carry on a small conversation in English if it was spoken slowly and a lot of syllable-

¹⁶ See Exhibit 4.

¹⁷ Letter from Ann M. Harkins, Acting Assistant Attorney General, to Chairman Burton, May 1, 1998. Exhibit 11.

¹⁸ Grand National Bank signature card, Sioeng San Wong, Feb. 3, 1992. Exhibit 13.

¹⁹ Business card of Ted Sioeng. Exhibit 14.

²⁰ See Exhibit 13.

²¹ K. Connie Kang and David Rosenzweig, *Entrepreneur Formed Ties with China, Then Politicians; Finances: Records, Interviews Show He Benefited from Beijing Business, Later Gained Access to Clinton, Gingrich*, L.A. Times, May 18, 1997, part A, p. 1.

²² *Id.*

bles weren't used, but that he preferred to use an interpreter for more technical conversations.²³

In 1989, through the Belize Economic Citizenship Investment Program, Sioeng became a Belize citizen.²⁴ After generous contributions to Iowa Wesleyan College,²⁵ Sioeng received an honorary degree of Doctor of Business Administration in 1993.²⁶ Thus, he is frequently referred to as Dr. Sioeng. He has a house in Hong Kong²⁷ and a prestigious office address in Beijing where the Chinese government welcomes foreign dignitaries.²⁸ Sioeng also travels extensively to the PRC and Southeast Asia.²⁹

Ted Sioeng is married to an Indonesian citizen, Sundari Elnitiarta, and they have two sons and three married daughters. According to Indonesian custom, the children use their mother's last name of Elnitiarta.³⁰ Sioeng's daughter, Laureen Elnitiarta, is married to Subandi Tanuwidjaja,³¹ a DNC contributor³² and the son of Sioeng business associate, Susanto Tanuwidjaja.³³

Sioeng's sister is Yanti Ardi.³⁴ Committee investigators traced Ardi to her home outside Jakarta, Indonesia, but were unable to persuade Ardi to submit to an interview.³⁵

Sioeng and his family emigrated to California in 1986.³⁶ However, Sioeng has spent only brief periods in the United States. Except for Ted Sioeng, most of his family are U.S. legal permanent residents.³⁷

The following table shows the Sioeng family members' date and country of birth, citizenship status, and, to the best of the Committee's knowledge, present location.

TABLE 1.—SIOENG FAMILY MEMBERS' DATE AND COUNTRY OF BIRTH, CITIZENSHIP STATUS AND PRESENT LOCATION

Family Member	Date and Country of Birth	Citizenship Status	Present Location
Ted Sioeng	11/16/45 Indonesia	Belize	Hong Kong/Asia.
Sundari Elnitiarta	10/12/46 Indonesia	Indonesia/U.S. Legal Permanent Resident.	Hong Kong.
Jessica Elnitiarta	3/28/67 Indonesia	Indonesia/U.S. Legal Permanent Resident.	California.
Sandra Elnitiarta	3/30/72 Indonesia	Indonesia/U.S. Legal Permanent Resident.	Hong Kong.

²³ Deposition of Glenville Stuart, Feb. 18, 1998, at 59 [hereinafter Stuart Depo.]; Deposition of Robert Jack Prins, Jan. 27, 1998, at 49 [hereinafter Prins Depo.]; Deposition of Governor Gary Locke, July 7, 1998, at 65 [hereinafter Locke Depo.].

²⁴ Stuart Depo. at 21–23.

²⁵ Prins Depo. at 12, 16.

²⁶ Facsimile from Robert J. Prins, president, Iowa Wesleyan College, to David Rosenzweig, Los Angeles Times, Sept. 2, 1993. Exhibit 15.

²⁷ Personal financial statement of Wong Sioeng San and Sundari Elnitiarta, Sept. 29, 1993; Grand National Bank commercial credit commitment report, Feb. 12, 1993. Exhibit 16.

²⁸ Interview with Tei Fu Chen, president and CEO, Sunrider International, July 17, 1998.

²⁹ James Risen, FBI Said to Suspect Donor as Agent for China, L.A. Times, May 12, 1997, part A, p. 1.

³⁰ Interview with Jessica Elnitiarta conducted by U.S. Senate Committee on Governmental Affairs, Special Investigation, June 19, 1997, [hereinafter Elnitiarta interview].

³¹ Bruce Gilley, A Democratic Donor's Cambodian Connection, Wall Street Journal, Jan. 13, 1998.

³² See "Democratic Contributions," this chapter.

³³ Interview of Margaret Ng, July 23, 1998.

³⁴ Elnitiarta Interview.

³⁵ Photographs of Yanti Ardi's home in Jakarta, Indonesia, Exhibit 17.

³⁶ Elnitiarta interview.

³⁷ INS records and Grand National Bank signature card for account of Sundari, Sandra, and Laureen Elnitiarta, Apr. 12, 1993. Exhibit 18.

TABLE 1.—SIOENG FAMILY MEMBERS' DATE AND COUNTRY OF BIRTH, CITIZENSHIP STATUS AND PRESENT LOCATION—Continued

Family Member	Date and Country of Birth	Citizenship Status	Present Location
Laureen Elnitiarta	9/27/73 Indonesia	Indonesia/U.S. Legal Permanent Resident.	Hong Kong/Indonesia.
Yaohan Elnitiarta	7/5/75 Indonesia	Indonesia/U.S. Legal Permanent Resident.	New York.
Yopie Elnitiarta	7/18/76 Indonesia	Indonesia/U.S. Legal Permanent Resident.	Hong Kong.
Ridwan Dinata	2/9/66 Indonesia	Indonesia/U.S. Legal Permanent Resident?*	California.
Didi Kurniawan	11/19/67 Indonesia	Indonesia/U.S. Legal Permanent Resident?*	Hong Kong.
Subandi Tanuwidjaja	5/13/65 Indonesia	Indonesia/U.S. Legal Permanent Resident.	Hong Kong/Indonesia.
Yanti Ardi	8/30/35 China	Indonesia	Indonesia.

*The Immigration and Naturalization Service has been unable to confirm immigration status.

As indicated above, most of the Sioeng family has left the United States. The three family members remaining here have indicated through their attorney that, if forced to testify before this Committee, they will assert their Fifth Amendment privilege against self incrimination.³⁸

D. SIOENG'S CONNECTIONS TO THE TANUWIDJAJA FAMILY

The Sioeng family is related to the powerful Tanuwidjaja family of Indonesia through marriage and millions of dollars in business transactions. The Tanuwidjaja family is headed by patriarch Susanto Tanuwidjaja, whose Susanto Group includes Sino Bank, as well as textile, umbrella, and apparel factories in Indonesia.³⁹ The Tanuwidjajas also have businesses in Hong Kong, including a controlling interest in the Millennium Group (formerly Allied Industries International).⁴⁰ Millennium Group, which is listed on the Hong Kong Stock Exchange, has many investments in the PRC.⁴¹ By April 1998, the Millennium Group had acquired 100 percent of Sioeng's Worldwide Golden Leaf.⁴²

Another Tanuwidjaja business in Hong Kong is Dragon Union, Ltd., of which Susanto's son Subandi is the sole corporate director.⁴³ The Committee found that the Tanuwidjajas have paid \$23 million in vendor invoices on behalf of Sioeng's World Seal operations in mainland China, primarily through the Tanuwidjajas and Dragon Union.⁴⁴ In late 1996, the Susanto Group closed its only active U.S. business in California, CAS, a clothing manufacturer, importer, and distributor.⁴⁵

Margaret Ng, the former senior vice president and general manager of CAS stated the company had an ongoing business relation-

³⁸ Letter from Mark H. MacDougall to Chairman Burton, Apr. 23, 1998. Exhibit 19. Letter from Thomas P. McLish to Michael D. Bopp, Mar. 10, 1998. Exhibit 20. Letter from Mark J. MacDougall to Richard D. Bennett, Feb. 16, 1998. Exhibit 21.

³⁹ Sino Bank Web site, <<http://www.banksino.co.id/infogroup2.html>>, Exhibit 22.

⁴⁰ Denise Tsang New-look Allied to Ease Burden, S. China Morn. Post, Apr. 19, 1997.

⁴¹ Id.

⁴² Bruce Gilley, Hong Kong: Nicotine Fix, Far East Econ. Rev., Apr. 2, 1998.

⁴³ Dragon Union Limited notice of change of directors, Jan. 27, 1997. Exhibit 23.

⁴⁴ Invoices from World Seal Limited to Sunrider Manufacturing, L.P., July 11, 1996 to Jan. 24, 1997. Exhibit 24.

⁴⁵ The Ta, Tanuwidjaja Donations Came in Fall, Dow Jones News, Aug. 10, 1997.

ship with Dragon Union.⁴⁶ She further stated that Dragon Union served as CAS's agent in Hong Kong, and that they placed orders for goods for CAS in Asia.⁴⁷ According to Ng, it was not unusual for money to flow from CAS to Dragon Union; however, it was very odd to find such large amounts of money flowing from Dragon Union to CAS.⁴⁸ Ng explained that CAS was one of Dragon Union's biggest customers, therefore, the size of Dragon Union was directly related to the amount of business CAS gave it.⁴⁹ Ng stated that CAS did very little business with Dragon Union in 1996, in fact, Ng claimed that CAS's business with Dragon Union had dropped to "almost none."⁵⁰

Besides the business relationships with Ted Sioeng, the Tanuwidjajas have a personal one. Subandi Tanuwidjaja married Sioeng's youngest daughter, Laureen Elnitiarta, in Hong Kong in November 1996.⁵¹ Subandi Tanuwidjaja left the United States in early 1997, a year after his sister, Suryanti, had moved to Singapore.⁵² They, therefore, are not available to provide further information on their political contributions and ties with Ted Sioeng or his family.⁵³

E. SIOENG'S CONNECTIONS TO KENT LA

Kent La is a U.S. legal permanent resident and is also known by his Chinese name, Lo Wen Zheng.⁵⁴ La is President of Loh Sun International in California which is the U.S. distributor for Hongtashan cigarettes.⁵⁵ Ted Sioeng's connections to Kent La include the Alliance of Chinese-American Groups and the sale of Hongtashan cigarettes. In addition to their ties through cigarettes, La and Sioeng may be involved in other business ventures. For example, Committee investigators found that \$1.8 million of invoices for Sioeng's World Seal operations in China were paid in January 1997 from a Hong Kong bank account in the name of Kent La and Yopie Elnitiarta.⁵⁶

In addition, Sioeng and La started and funded the Alliance of Chinese-American Groups of USA. The Alliance is pro-China and Kent La serves as its President.⁵⁷ The Committee has subpoenaed records from the Alliance, but to date has received nothing.⁵⁸

On its third attempt, in June 1998, the Committee granted Kent La immunity in order to ask him about the political contributions and business activities as a close associate of Ted Sioeng and his family.⁵⁹ However, La's deposition remains under seal, as the De-

⁴⁶ Interview of Margaret Ng, July 23, 1998, [hereinafter Ng Interview].

⁴⁷ Id.

⁴⁸ Id.

⁴⁹ Id.

⁵⁰ Id.

⁵¹ Bruce Gilley, A Democratic Donor's Cambodian Connection, Wall Street Journal, Jan. 13, 1998.

⁵² Ng Interview.

⁵³ The Ta, Tanuwidjaja Donations Came in Fall, D. J. News, Aug. 10, 1997.

⁵⁴ Kent La Welcome to the Hong Ta Shan Badminton Invitational. Exhibit 25.

⁵⁵ Id. See also Elnitiarta interview.

⁵⁶ Wire transfer from Kent La and Yopie Elnitiarta to Sunrider Manufacturing in the amount of \$1,830,039, Jan. 22, 1997. Exhibit 26.

⁵⁷ Alliance of Chinese-American Groups of USA, California Secretary of State registration, incorporated Feb. 1, 1996. Exhibit 27.

⁵⁸ Subpoena issued by the Committee on Government Reform and Oversight to the Alliance of Chinese-American Groups of USA, Apr. 1, 1998. Exhibit 28.

⁵⁹ Letter from Chairman Burton to Laura S. Shores, June 23, 1998. Exhibit 29.

partment of Justice has determined that the release of the transcript and/or public testimony would compromise an ongoing Federal criminal investigation.⁶⁰

F. THE YANTI ARDI CLEARING ACCOUNT

Most of the foreign money the Committee identified flowed into two personal bank accounts in the name of Ted Sioeng's sister, Yanti Ardi, a foreign national who resides in Indonesia.⁶¹ These accounts, maintained at the Grand National Bank, which is 18 percent owned by the Sioeng family,⁶² are primarily controlled by Jessica Elnitiarta through a power of attorney.⁶³ Based upon an extensive review of bank records, Committee investigators determined that Yanti Ardi's accounts were used by the Sioeng family as a clearing account. The account's incoming deposits were primarily wire transfers from foreign accounts, which Jessica Elnitiarta quickly disbursed to Sioeng family members and businesses based upon cash needs or instructions from her father.

The table below summarizes the sources and uses of deposits and disbursements of \$1,000 or more for Yanti Ardi's two Grand National Bank accounts over the 3 year period ending December 31, 1996. As the table indicates, about \$26.5 million was deposited and disbursed from the two accounts. The primary source of account deposits was about \$19.7 million of wire transfers from foreign bank accounts, mainly in Hong Kong or China. About \$5.3 million came from various family businesses and personal bank accounts in California. The primary account disbursements were about \$14.3 million to various family business and personal bank accounts and about \$6.8 million to repay bank loans. About \$3.6 million of account disbursements were wire transfers to foreign bank accounts, mainly in Hong Kong or China.

TABLE 2.—YANTI ARDI DEPOSITS AND DISBURSEMENTS (\$1,000 OR MORE) FOR THE 3 YEARS ENDING DECEMBER 31, 1996 (DOLLARS IN MILLIONS)

Source/use of funds	Deposits	Disbursements
Foreign accounts from/to	\$19.7	3.6
Sioeng family businesses from/to	4.4	9.3
Sioeng family personal accounts from/to9	5.0
Bank loan proceeds/payments7	6.8
Certificates of deposit proceeds/purchases5	.3
Supplier payments		1.3
Unknown3	.2
Total	26.5	26.5

G. GLOSSARY OF NAMES

A glossary of names of persons significant to the Sioeng investigation are presented below. The names are organized by the different associations they have to Ted Sioeng or the investigation. The glossary should assist readers throughout this chapter and

⁶⁰ See Exhibit 4.

⁶¹ Grand National Bank signature card and passport of Yanti Ardi with power of attorney over account by Jessica Elnitiarta, Oct. 10, 1991. Exhibit 30.

⁶² Grand National Bank shareholder list, June 30, 1997. Exhibit 31.

⁶³ Grand National Bank Durable Power of Attorney, Dec. 20, 1995. Exhibit 32.

gives a sense of the complexities the Committee faced in the Sioeng investigation. Note that Chinese last names are presented first.

1. Sioeng Family Members

- Ted Sioeng (Shong) (aka Sioeng San Wong, or by his Chinese name, Hsiung De-Lueng)—Patriarch of the family. He made \$50,000 in donations to Republican Matt Fong and sat at the head table at five separate DNC fundraisers. He has left the United States.
- Sundari Elnitiarta (El-nit-e-are-ta) (Chinese name Nie San Nio)—Wife of Ted Sioeng. She attended at least one fund-raiser with her husband. She has left the United States.
- Jessica Elnitiarta (Chinese name Nie Shiat Chen)—Eldest daughter of Ted Sioeng. She operates Ted Sioeng’s U.S. businesses and contributed \$250,000 to the DNC. She has asserted the Fifth Amendment privilege against self incrimination.
- Ridwan (Rick) Dinata (Chinese name Kim Liang Lie)—Married to Jessica Elnitiarta. He operates a gun and ammunition store in Alhambra, California. He has asserted the Fifth Amendment privilege against self incrimination.
- Sandra Elnitiarta—Second daughter of Ted Sioeng. She is involved in several of Ted Sioeng’s U.S. and overseas businesses. She has left the United States.
- Didi Kurniawan (Kur-nee-ah-wan)—Married to Sandra Elnitiarta. He works for Ted Sioeng in Hong Kong. He also attended several DNC events and a meeting with Speaker Gingrich in Washington, DC. He has left the United States.
- Laureen Elnitiarta—Third and youngest daughter of Ted Sioeng. She is involved in several of Ted Sioeng’s U.S. businesses. She has left the United States.
- Subandi (Sue-bon-dee) Tanuwidjaja (Tan-u-wid-jaya)—Married to Laureen Elnitiarta. He operated several U.S. businesses until early 1997. He also contributed \$80,000 to the DNC. He has left the United States.
- Yopie (Yo-pee) Elnitiarta—Eldest son of Ted Sioeng. He operates several Sioeng’s overseas business and attended several DNC fundraisers. He has left the United States.
- Yaohan (Yo-han) Elnitiarta—Youngest son of Ted Sioeng. He has asserted the Fifth Amendment privilege against self incrimination.
- Suryanti (Sur-yon-ti) Tanuwidjaja—Subandi’s sister. She contributed \$20,000 to the DNC. She has left the United States.
- Susanto Tanuwidjaja—Father of Subandi and Suryanti and patriarch of the overseas business. Business associate and in-law of Ted Sioeng. He has left the United States.
- Yanti Ardi—Ted Sioeng’s sister and Jessica Elnitiarta’s aunt who lives in Indonesia. Money from overseas accounts was transferred into her account before being routed to family members and businesses and political contributions by Jessica Elnitiarta who has power of attorney over the account. She is a foreign witness that the Committee has been unable to interview.
- Nanny Nitiarta—Sister of Sundari Elnitiarta and Jessica Elnitiarta’s aunt who lives in Indonesia. Money from overseas accounts was transferred into her account before being routed to fam-

ily members and businesses by Jessica Elnitiarta who has power of attorney over the account. She is a foreign witness that the Committee has been unable to interview.

2. *Friends and Business Associates*

- Kent La (Chinese name, Lo Wen Zheng)—President of Loh Sun International, importer of Hongtashan cigarettes, and close business associate of Ted Sioeng. He contributed \$50,000 to the DNC. La originally asserted the Fifth Amendment privilege against self incrimination but has been granted immunity by the Committee.

- Simon Chen—Former owner of the International Daily News. He has asserted the Fifth Amendment privilege against self incrimination.

- Sioeng Fei Man Hung—Current editor-in-chief of the International Daily News. Former President of the China News Agency in New York. He has asserted the Fifth Amendment privilege against self incrimination.

- Lay Kweek Wie—Long time friend and business associate of Ted Sioeng who served as a director for several Sioeng family companies. He has asserted the Fifth Amendment privilege against self incrimination.

- Bun Tsun (Benson) Lai—Son of Kweek Wie Lay, employed by the Sioeng family. He has asserted the Fifth Amendment privilege against self incrimination.

- Li Kwai Fai—President and CEO of LuDanlan Group in Guangzhou, PRC, and business associate of Sioeng. He received an honorary degree from Iowa Wesleyan College at Ted Sioeng's request. He attended the Hay-Adams DNC event where he sat at the head table with President Clinton. He is a foreign witness that the Committee has been unable to interview.

- Bruce Cheung—Singapore permanent resident and President of Chinois Tobacco, Sioeng's tobacco company in Singapore. He attended the Hay-Adams DNC event as Ted Sioeng's guest. He is a foreign witness that the Committee has been unable to interview.

- Ambrose Hsuing—Canadian representative of Panda Industries and Vice-President of Sioeng Group. He resides in Vancouver, Canada. He has refused to cooperate and the Committee has been unable to interview him.

- Tsang Hin Chi—Managing Director of Goldlion Ltd and business partner of Ted Sioeng. He has also been twice convicted of mislabeling goods. Tsang is the Standing Committee Member, The 8th and 9th People's Congress of the People's Republic of China; and a Member, Preparatory Committee of the Hong Kong Special Administrative Region. He received an honorary degree from Iowa Wesleyan College at Ted Sioeng's request. He is a foreign witness that the Committee has been unable to interview.

- Jimmy Chi Mai Mao Tsang—President of Goldlion International and Tsang Hin Chi's son. He attended the Hay-Adams event at Ted Sioeng's request and had pictures taken with President Clinton. He is a foreign witness that the Committee has been unable to interview.

- Jean Lim Tsang—Jimmy Tsang's wife. She attended the Hay-Adams event at Ted Sioeng's request and had pictures taken with

President Clinton. She is a foreign witness that the Committee has been unable to interview.

- Chu Shijian—Former manager of the state owned Yuxi Cigarette Factory in Yunnan Province, who rose to become chairman of the Hongta Tobacco Group in 1995. Through Chu, Ted Sioeng was awarded lucrative distribution rights for exporting Hongtashan cigarettes. In January 1998, the Communist party of China expelled Chu for public corruption and charged him and several family members with accepting bribes and embezzling about \$10 million.

- Chu Yibin—Attended the Hay-Adams event as Ted Sioeng's guest with Bruce Cheung and had pictures taken with President Clinton. May be related to Chu Shijian.

- Sylvana Djojmartono—Employee of Sioeng's Hollywood Metropolitan Hotel. She made conduit payment of \$1,100 to Gary Locke's (D-WA) campaign. She has asserted the Fifth Amendment privilege against self incrimination.

- Gretel Pollard—Employee of the Sunset Market and Liquor, owned by Sioeng associate Glenville Stuart. Pollard contributed \$1,100 to Gary Locke (D-WA).

- Chew Nin Kim—Officer of Supertrip Travel, located in Sioeng's hotel. Chew contributed \$1,100 to Gary Locke (D-WA).

- Yen Chu (Margaret) Kim—Officer of Supertrip Travel, located in Sioeng's hotel. Yen contributed \$1,100 to Gary Locke (D-WA).

- Chen Lo Jun—Leader of Hainan (Province) Tobacco Study Delegation. He received an honorary degree from American M&N University at Ted Sioeng's request.

- Chio Ho Cheong (aka Chen Kai Kit, aka Tommy Chio)—Supposed head of Ang-Du International, Macau legislator, and casino operator. He received an honorary degree from American M&N University at Ted Sioeng's request. He attended the Sheraton Carlton event as Ted Sioeng's guest, sat at the head table, and had pictures taken with President Clinton.

- Guo Zhong Jian—Deputy General Manager of China Construction Bank—Hong Kong Branch. He received an honorary degree from American M&N University at Ted Sioeng's request. He attended the Sheraton Carlton event as Ted Sioeng's guest and had pictures taken with President Clinton.

- Lin Fu Qiang—Managing Director of Everbrite Asia Limited. He received an honorary degree from American M&N University at Ted Sioeng's request. He attended the Sheraton Carlton event as Ted Sioeng's guest and had pictures taken with President Clinton.

- Chan Elsie Y.Z.—Managing Director of Ang-Du International and former Hong Kong movie star. She received an honorary degree from American M&N University at Ted Sioeng's request. She attended the Sheraton Carlton event as Ted Sioeng's guest, sat at the head table, and had pictures taken with President Clinton.

- He Jian Shan—Attended the Sheraton Carlton event as Ted Sioeng's guest and had pictures taken with President Clinton.

- Tong Yun Kai—Chinese businessman and member, Guangdong Province and Fo Shan City Committees of Chinese People's Political Consultative Conference. He received an honorary degree from Iowa Wesleyan College at Ted Sioeng's request.

- Feng Shu Sen—Former Counsel General for the People’s Republic of China Consulate in Los Angeles and a friend of Ted Sioeng’s from Yunnan Province. He attended many social functions with Ted Sioeng.
- Zhou Weng Zhong—Former Counsel General of the People’s Republic of China’s Consulate in Los Angeles and former Minister and Deputy Chief of Mission for the Embassy of the People’s Republic of China. Ted Sioeng assisted in getting Zhou’s daughter into Iowa Wesleyan College.
- Yang Youzhu—Officer and Director of China National Tobacco Corporation, Yunnan Province. He received an honorary degree from Iowa Wesleyan College at Ted Sioeng’s request.
- Tie Zhengguo—Officer and Director of China National Tobacco Corporation, Yunnan Province. He received an honorary degree from Iowa Wesleyan College at Ted Sioeng’s request.
- Deng Jiazhen—Officer and Director of China National Tobacco Corporation, Guangxi Province. He received an honorary degree from Iowa Wesleyan College at Ted Sioeng’s request.
- Theng Bunma—Cambodian tycoon banned by the State Department from entering the United States due to suspected drug trafficking and business partner of Ted Sioeng. He received an honorary degree from Iowa Wesleyan College at Ted Sioeng’s request and attended Lauren Elnitiarta’s wedding in Hong Kong.
- Hun Sen—Former Khmer Rouge leader and ruler of Cambodia under the Vietnamese. He orchestrated a coup in 1997 to oust the first Prime Minister. He received an honorary degree from Iowa Wesleyan College at Ted Sioeng’s request and attended Lauren Elnitiarta’s wedding in Hong Kong.
- Sok An—Minister in Charge of the Presidency and the Council of Ministers in Cambodia. He serves as Hun Sen’s spokesman and liaison to the Chinese Embassy. He received an honorary degree from Iowa Wesleyan College at Ted Sioeng’s request.
- Tony Tandijono—Runs one of two licensed casinos in Phnom Penh, Cambodia and part owner of a weapons firing range north of that city. Business partner of Sioeng in a cigarette factory in Cambodia. He received an honorary degree from Iowa Wesleyan College at Ted Sioeng’s request.
- Sophia Wong—Friend and business partner of Jessica Elnitiarta. She is half owner of Vision Builders with her brother Dennis that built Benner Apartments owned by Sophia and Jessica.
- Teng Meini (Mary)—Chinese national and president of Guangdong Travel. She was a former employee of China state-owned China Travel Service.
- Pu Xiang—Chinese national and manager of Dragon Rainbow Medicine & Equipment of Yunnan, China. He wire-transferred \$1 million into the account of Yanti Ardi.
- Shiping Xu—Chinese national, and officer and director of Seagull International.
- Guo Lin—Chinese national, and officer and director of American Guizhou Pacific.
- Feng Qian—Chinese national, and officer and director of American Guizhou Pacific.

- He Jianghui—Chinese national, and president, director, and one third owner of Pacific Hotel Investment.
- John Huang—Former Commerce Department employee and DNC fundraiser who solicited contributions from the Sioengs. Jessica Elnitiarta referred to him as “Uncle Huang.” He has asserted the Fifth Amendment privilege against self incrimination.
- Maria Hsia—DNC fundraiser who along with John Huang organized the April 29, 1996 Buddhist Temple fundraiser attended by Vice President Gore. She has asserted the Fifth Amendment privilege against self incrimination.

3. People Deposed by Government Reform and Oversight Committee

- Robert Prins (also interviewed)—President of Iowa Wesleyan College. He awarded Ted Sioeng an honorary degree in 1993 and made him a trustee of the college. He also awarded 14 honorary degrees to Sioeng’s associates at Sioeng’s request.
- Cary Ching (also interviewed)—President of the Grand National Bank, which is 18 percent owned by the Sioeng family.
- Lily Wong (also interviewed)—President of the US-China Chamber of Commerce and friend of the Sioeng family.
- Johnny Ma (also interviewed)—President of Sideffects and the California Chinese-American Investment and Development (CCAID) Group. Former Sioeng business associate who assisted Sioeng in bringing Chinese officials to the United States for tours.
- Glenville Stuart—Belize citizen and Sioeng’s business partner in Belize tobacco factory venture. He also is the owner of a liquor store at Sioeng’s Hollywood Metropolitan Hotel complex.
- Haddi Kurniawan (also interviewed)—Father of Didi Kurniawan who sold Sioeng tobacco machinery and toured his plant in Yunnan, China.
- Matt Fong (two volumes)—California Republican candidate for U.S. Senate and California State Treasurer. He received \$100,000 from Sioeng and his company, Panda Industries, which he later returned.
- Dr. Daniel Wong (also interviewed)—California Republican, Doctor of Medicine and former Mayor of Cerritos, California. He received \$5,000 from Sioeng’s wife, Sundari, which a Senate report claimed came from the Chinese Consulate through Sioeng’s Hollywood Metropolitan Hotel.
- Hoa Bang Huynh (also interviewed)—Cambodia Importer/Exporter located in Los Angeles and former business partner in Sioeng’s Cambodian tobacco factory venture. He received an honorary degree from Iowa Wesleyan College at Ted Sioeng’s request.
- Joseph Sandler—DNC General Counsel.
- Steven Walker, Jr.—Former Controller for the National Policy Forum.
- Governor Gary Locke (D)—Governor of Washington State. He received \$8,700 of contributions from Sioeng family members, business associates, and employees.
- Kent La—See above.

4. People Interviewed by Committee Investigators

- Simon Chen—See above.

- Julia Wu—Republican member of Los Angeles County Community College Trustees with some knowledge of Ted Sioeng. Her husband and campaign Treasurer Alfred Wu received \$20,000 from Kent La and Bun Tsun Lai.
- Norman Hsu—Republican member of the Hacienda La Peunte Unified School District and current candidate for State Assembly. He received \$7,500 from Ted Sioeng for his last school board election.
- Jerry Sun—Vice President of Minmet K.N. (USA) Inc. of Houston, Texas. He attended an honorary degree ceremony hosted by Ted Sioeng at the Hollywood Metropolitan Hotel and is the cousin of Simon Chen.
- Mike Woo—Former candidate for Mayor of Los Angeles. He received several small contributions from Sioeng's family.
- David Lang—Los Angeles fund raiser who solicited the contributions for Mike Woo and Governor Gary Locke (D-WA).
- Gary Kroener—Director of Operations, Sunrider Manufacturing, L.P who conducted business with Victory Trading Co. and World Seal in Hong Kong.
- Thomas Shea—Office Manager, Alhambra Chamber of Commerce.
- Elaine Dung—Office Manager, Monterey Park Chamber of Commerce.
- Peter Woo & Charles Woo—DNC contributors who attended the Sheraton Carlton event.
- Tom Chang—Controller, Tehdex Corp.
- Karen Elia—Assistant Manager, Oak Hill Apartments, Montebello, CA.
- Christopher Davis—Director, ACI International, Inc.
- Margaret To—Marketing Director, Asia Pacific.
- Andrew Cherng—President and Chief Executive Officer, Panda Management Co. He attended the Hay-Adams event and sat at the head table.
- Katrina Lai—Daughter of Lay Kweek Wie and sister of Bun Tsun Lai.
- Dr. Tei Fu Chen—President of Sunrider, Inc.
- Dr. Nancy Chien (Chinese name Chen Hwa Tsai Liu)—President of American M&N University.
- Margaret Ng—former Senior Vice President and General Manager of CAS, Inc., a Tanuwidjaja company.
- Mr. Boy Z. Lilipaly—President, P.T. Mandiri Traktor Utama & Mandiri Group.
- Mr. Sunaryo Adam Kesuma—President, P.T. Bank Sino.

III. Sioeng's U.S. Business Interests

A. SUMMARY

The Committee found that Ted Sioeng owns or controls 20 businesses—in seven different industries—within the United States. All of these corporations are located in California. The Committee also found that many of these businesses are actually run by Jessica Elnitiarta, who a Grand National Bank credit report described

as being “the right hand person to her father, Ted Sioeng.”⁶⁴ The bank noted that Ms. Elnitiarta “spends much of her time coordinating his U.S. investments.”⁶⁵ Committee investigators developed information suggesting that, while Jessica Elnitiarta ran many of the family’s businesses in the United States, major decisions were made by her father, Ted Sioeng.

Committee investigators also found documentary evidence endorsing Elnitiarta’s previous statement that “the source of her father’s funds are his businesses abroad.”⁶⁶ Specifically, Committee investigators have determined that although some of the Sioeng family’s U.S. businesses generated domestic cash flow, foreign money clearly was needed to sustain their overall business operations. Those foreign funds were regularly provided to Sioeng’s U.S. businesses. Committee investigators also determined that some of this foreign money was used to fund contributions to American political campaigns.

B. THE SIOENG FAMILY BUSINESSES IN CALIFORNIA

Committee investigators identified approximately 20 Sioeng family businesses in California which operated in 7 different industries.

Real Estate

Committee investigators identified five Sioeng family real estate operations involving commercial and residential properties. These operations provided the family with a safe investment for Ted Sioeng’s foreign money and enabled family members to acquire equity and a source of collateral to obtain bank loans. The companies are described below:

- Panda Estates Investment, Inc. was incorporated in April 1993 to build, own, and manage Doheny Estates, a 14-unit condominium property in Beverly Hills, California. Jessica Elnitiarta is the sole corporate officer, director, and stockholder.⁶⁷ In December 1995, Panda Estates donated \$50,000 to the California State Treasurer campaign of Matt Fong.⁶⁸ In July 1996, the company contributed \$150,000 to the DNC.⁶⁹
- Panda Property Holdings, Inc. was incorporated in September 1996, and owns 808 Tower, a commercial office building in Los Angeles, California. Jessica Elnitiarta is the sole corporate officer and director.⁷⁰
- Euclid Medical Center consists of two commercial and three residential rental properties in Fullerton, California. The properties were purchased in October 1991 by Jessica, Sandra, and Lauren Elnitiarta.⁷¹

⁶⁴ See Exhibit 16.

⁶⁵ Id.

⁶⁶ Elnitiarta interview.

⁶⁷ Doheny Estate Investment, Inc. articles of incorporation, Apr. 15, 1993. Exhibit 33.

⁶⁸ Check No. 1446 from Panda Estates Investment Inc. to Matt Fong for State Treasurer in the amount of \$50,000, Dec. 14, 1995. Exhibit 34.

⁶⁹ Check No. 1632 from Panda Estates to the DNC in the amount of \$100,000, July 12, 1996; Check No. 1652 from Panda Estates to the DNC in the amount of \$50,000, July 29, 1996. Exhibit 35.

⁷⁰ Panda Property Holdings, Inc. articles of incorporation and statement of domestic stock corporation, Sept. 24, 1996. Exhibit 36.

⁷¹ See Exhibit 40.

- Benner Property, Inc. incorporated in April 1994, built and now manages a 10-unit apartment building in Pasadena, California. Jessica Elnitiarta is a director, president, and half owner. Her friend and associate, Sophia Wong, is the remaining director, officer, and owner. The building is co-owned by Jessica Elnitiarta and Sophia Wong.⁷²

- Sioeng's Group, Inc. was incorporated in June 1996 and is a holding company that owns the stock of Chen International Publications,⁷³ publisher of the International Daily News. Jessica Elnitiarta is the sole corporate officer and director.⁷⁴ She also holds the largest share of stock with the remaining shares owned by her mother and her four siblings.⁷⁵ Ted Sioeng served as the chairman of the board of directors and president of Chen International Publications until April 1997.⁷⁶

Other property owned by members of the Sioeng family include five residential properties and a vacant commercial lot.⁷⁷

Trading

Committee investigators identified eight trading companies owned or controlled by the Sioeng family, some of which did business with Sioeng's foreign companies. The Committee notes that as the campaign finance scandal stories began to break in late 1996, all of the firms listed below began to shutdown operations or dissolve:

- Guangdong China Travel Service Incorporated (U.S.A.), was incorporated in May 1995.⁷⁸ The company discontinued operations in June 1996 when the corporate bank account was closed and all remaining funds were deposited into Jessica Elnitiarta's personal bank account.⁷⁹ Through another Sioeng Company, CCAID Executive Program, Inc.,⁸⁰ Guangdong China Travel Service did a limited business in making travel arrangements for U.S. tours by Chinese government officials. The president of Guangdong was a Chinese national, Meini Teng, who formerly worked for the Chinese state-owned China Travel Service in Guangzhou, China.⁸¹ In October 1995, Teng was replaced as president by Jessica Elnitiarta, who also became the sole corporate officer and a director.⁸² Mr. Sioeng and Xiashong Chen, another Chinese national, served as the company's other two directors.⁸³

⁷² Benner Property, Inc., California Secretary of State corporate record, Apr. 26, 1994. Exhibit 37.

⁷³ Letter from Akin, Gump, Strauss, Hauer, & Feld, counsel for Jessica Elnitiarta, to John H. Cobb, Counsel, U.S. Senate Committee on Governmental Affairs, Special Investigation, June 18, 1997. Exhibit 38.

⁷⁴ Sioeng's Group, Inc. articles of incorporation, June 26, 1996; statement by domestic stock corporation, Sept. 5, 1996. Exhibit 39.

⁷⁵ See Exhibit 38.

⁷⁶ See Exhibit 80.

⁷⁷ Various property records for Los Angeles County, CA. Exhibit 40.

⁷⁸ Guangdong China Travel Service Inc. (U.S.A.) articles of incorporation, May 22, 1995; statements of domestic stock corporation, Oct. 6, 1995 and Oct. 25, 1995. Exhibit 41.

⁷⁹ Check No. 1037 from Guangdong Travel to Jessica Elnitiarta in the amount of \$5,299.02 with deposit slip, June 21, 1996. Exhibit 42.

⁸⁰ Deposition of Johnny Ma, page 15, Feb. 12, 1998, [hereinafter Ma Depo.].

⁸¹ Letter from Robert J. Prins, president, Iowa Wesleyan College, to Teng Mei Ni, Dec. 8, 1994. Exhibit 43.

⁸² See Exhibit 41.

⁸³ Id.

- Supertrip Travel Service, Inc., was incorporated in January 1991. The company discontinued operations in December 1996 when the corporate bank account was closed. Ted Sioeng became president of Supertrip on March 8, 1995. Chew Nin Kim served as chief financial officer and director, and his wife Yen Chu (Margaret) Kim served as corporate secretary and director. The Sioengs made numerous payments to Supertrip, including a \$10,000 loan by Jessica Elnitiarta on July 15, 1996 which the next day was paid to Kent La's Loh Sun International.⁸⁴ The Kims also appeared to have made conduit political contributions from the Sioengs to the Governor Gary Locke campaign.⁸⁵

- American Guizhou Pacific Corp was incorporated in October 1989. The company discontinued operations in November 1996 when the corporate bank account was closed and all remaining funds were deposited into Mr. Sioeng's personal bank account. Its corporate filings indicated that the firm engaged in international trade in chemicals and machinery. Ted Sioeng served as corporate president and a director. Other officers and directors included Sioeng associate Lay Kweek Wie, who has asserted his privilege against self-incrimination in response to a Committee subpoena, and Jessica Elnitiarta. On February 2, 1994, all corporate officers and directors were replaced by Chinese nationals, Guo Lin and Feng Qian.⁸⁶

Through an examination of bank records, Committee investigators determined that the American Guizhou's primary financial activity was to earn interest on \$100,000 transferred from another Sioeng company, Panda Industries, Inc. According to INS officials, this limited activity may have been used as justification to extend the U.S. visas of the two Chinese nationals appointed as corporate officers and directors, which were due to expire on March 26, 1994.⁸⁷ Democratic fundraiser Johnny Chung reportedly used a similar tactic to set up fake businesses in California, in an effort to obtain U.S. visas for a half-dozen Chinese executives.⁸⁸

- American Dragon Skies, Inc. was incorporated in July 1993 and was dissolved in January 1998.⁸⁹ Yopie and Jessica Elnitiarta served as corporate officers and directors along with Chinese national, Pu Xiang, manager of the Dragon Rainbow Medicine & Equipment Company in Yunnan, China.⁹⁰

According to its incorporation papers, the company was established in the import/export trades, perhaps in medical

⁸⁴ Supertrip Travel Service, Inc. articles of incorporation, Jan. 8, 1991; statements of domestic stock corporation, Mar. 8, 1994 and Mar. 8, 1995; Grand National Bank signature card for Supertrip Travel, Mar. 9, 1995; check No. 164 from Jessica Elnitiarta to Supertrip Travel in the amount of \$10,000, July 15, 1996; and check No. 2242 from Supertrip Travel to Loh Sun International in the amount of \$10,000, July 16, 1996. Exhibit 44.

⁸⁵ See, "Contributions to Gary Locke."

⁸⁶ American Guizhou Pacific Corporation statements by domestic stock corporation, Oct. 7, 1989, Apr. 11, 1990, July 8, 1991, Feb. 2, 1994; unnumbered check from American Guizhou to Sioeng San Wong in the amount of \$108,128.01, Oct. 31, 1996. Exhibit 45.

⁸⁷ Briefing by Immigration and Naturalization Service to staff of Government Reform and Oversight Committee, May 4, 1998.

⁸⁸ George Lardner, Jr., *Fund-Raiser Set Up Fake Firms for Chinese*, the Washington Post, Sept. 21, 1998 at A2.

⁸⁹ American Dragon Skies, Inc. statement of domestic stock corporation, Aug. 16, 1995 and certificate of dissolution, Mar. 4, 1998. Exhibit 46.

⁹⁰ Id. See also business card of Pu Xiang. Exhibit 47.

equipment. Committee investigators concluded that the company was either inactive or a shell corporation, as the investigation could find no evidence of company business or financial activity. However, Committee investigators noted that on January 17, 1995, Pu Xiang wired almost \$1 million from a bank account in Hong Kong into the personal U.S. bank account of Yanti Ardi.⁹¹ Jessica Elnitiarta then used this money to pay off a family bank loan.⁹²

- Goldlion International USA, Inc. was established in July 1995 and discontinued operations in February 1997. According to incorporation records, Goldlion was established for the purpose of import/export trade in garment and leather goods.⁹³ Committee investigators determined that the business was primarily funded by wire transfers from Goldlion in Hong Kong.⁹⁴ Jimmy Chi Mai Mao Tsang, a Hong Kong resident, was the corporate president.⁹⁵ Jimmy Tsang is the son of Dr. Tsang Hin Chi, a corporate director and Chairman of the Goldlion Group in Hong Kong.⁹⁶ Dr. Tsang has extensive connections in China and is a delegate of the National People's Congress.⁹⁷

Jimmy Tsang and his wife, Jean Lim Tsang, were guests of Sioeng at a Feb. 19, 1996 DNC fundraiser at the Hay-Adams Hotel in Washington, DC, and had pictures taken with President Clinton.⁹⁸ The Tsangs are believed to be in Hong Kong and have refused to be interviewed. Other corporate officers and directors of Goldlion included Ted Sioeng; Jessica, Yopie, and Yaohan Elnitiarta; and two relatives of Jimmy Tsang.⁹⁹

- Seagull International, Inc. was incorporated in January 1997 as an international trading company.¹⁰⁰ Sioeng served as the company's president and a director.¹⁰¹ The only other officer and director was Shiping Xu, a Chinese national.¹⁰² The assistant manager where the company used an apartment as commercial office space told Committee investigators that the company prematurely vacated the premises in March 1997, thus forfeiting their security deposit, and the officers went back to China.¹⁰³

Committee investigators suspect that Seagull International may be a shell corporation, as there is little evidence of company business or financial activity.

⁹¹ Wire transfer from Pu Xiang to Yanti Ardi in the amount of \$996,088.15, Jan. 17, 1995. Exhibit 48.

⁹² Telephone transfer from Yanti Ardi to Laureen & Sandra Elnitiarta in the amount of \$300,000, Jan. 17, 1995. Exhibit 49; Telephone transfer from Yanti Ardi to Laureen & Sandra Elnitiarta in the amount of \$690,000, Jan. 27, 1995. Exhibit 50.

⁹³ Goldlion International USA, Inc. statement by domestic stock corporation, May 9, 1996–July 1, 1997. Exhibit 51.

⁹⁴ Bank statements of Goldlion International USA, Nov. 27, 1995 through Feb. 21, 1997. Exhibit 52.

⁹⁵ See Exhibit 51.

⁹⁶ Id. Undated letter from Tsang Hin Chi, Chairman, Goldlion Group, to Hong Tan Shan Cup Organizing Committee. Exhibit 53.

⁹⁷ Adela Ma, *Goldlion Snares Final China Tobacco Deal Before Temporary Ban*, S. China Morn. Post, Aug. 16, 1995.

⁹⁸ Photographs of Ted Sioeng and guests with President Clinton, Feb. 19, 1996. Exhibit 54.

⁹⁹ See Exhibit 51.

¹⁰⁰ Seagull International Inc. statement by domestic stock corporation, Mar. 3, 1997. Exhibit 55.

¹⁰¹ Id.

¹⁰² Id.

¹⁰³ Interview with Karen Elia, Dec. 9, 1997.

• CCAID (California Chinese-American Investment Development) Group trades in health food, shrimp and crab food, and, at one time, medical equipment.¹⁰⁴ The group also included the CCAID Executive Program, Inc. which was incorporated in October 1992 as a trading company and discontinued operations in 1996.¹⁰⁵ Sioeng served as the Executive Program's president and a director.¹⁰⁶ Sioeng associate Johnny Ma was the only other officer and director.¹⁰⁷

The Executive Program arranged U.S. tours for delegations of Chinese government officials, primary from Yunnan Province.¹⁰⁸ Simon Chen, the former owner of the International Daily News, told Committee investigators that these groups included Chinese businessmen, Communist party officials, and provincial governors.¹⁰⁹ Johnny Ma testified in similar terms.¹¹⁰

Assisting in the tour efforts was Sioeng associate Bun Tsun Lai, a young British (overseas) national who listed his occupation as a student.¹¹¹ Lai is the son of Lay Kweek Wie, a close friend of Ted Sioeng¹¹² and a former officer and director of the International Daily News.¹¹³

Committee investigators found that, from April 1995 through January 1997, Lai received over \$300,000 from Sioeng family members and their foreign and U.S. businesses. Some of these funds were conduit payments whereby Lai received money and quickly disbursed the same amount to various parties as follows: \$10,000 from Glenville Stuart,¹¹⁴ which Lai paid to Alfred Wu;¹¹⁵ \$100,000 from Pristine Investments in Hong Kong¹¹⁶ which Lai spent \$11,030 on travel expenses;¹¹⁷ \$20,000 to Glenville Stuart for business expenses;¹¹⁸ and \$24,800 to purchase degrees from American M&N University;¹¹⁹ \$10,000 from Panda Industries¹²⁰ which Lai paid to the Central Los Angeles Chapter of the United Nations Asso-

¹⁰⁴ Ma Depo. at 14.

¹⁰⁵ CCAID Executive Program, Inc. article of incorporation, Oct. 29, 1992 and statement of domestic stock corporation, Nov. 12, 1992. Exhibit 56.

¹⁰⁶ Id.

¹⁰⁷ Id.

¹⁰⁸ Ma Depo. at 40-41.

¹⁰⁹ Interview with Simon Chen, Jan. 14, 1998, [hereinafter Chen Interview].

¹¹⁰ Ma Depo. at 40-41.

¹¹¹ Grand National Bank signature card, Bun Tsun Lai, July 17, 1995. Exhibit 57.

¹¹² Deposition of Dr. Daniel K. Wong, Mar. 12, 1998, at 185, [hereinafter Wong Depo.].

¹¹³ Chen International Publications (U.S.A.), Inc. statement by domestic stock corporation, Feb. 12, 1996. Exhibit 58.

¹¹⁴ Check No. 240 from Glenville A. Stuart to Bun Tsun Lai in the amount of \$10,000 with deposit slip, May 30, 1995. Exhibit 59.

¹¹⁵ Check No. 5045 from Bun Tsun Lai to Alfred Wu in the amount of \$10,000, May 29, 1995, Exhibit 60.

¹¹⁶ Wire transfer from Pristine Investment to Bun Tsun Lai in the amount of \$100,000, July 28, 1995. Exhibit 61.

¹¹⁷ Check No. 302 from Bun Tsun Lai to Supertrip Travel in the amount of \$11,030, July 28, 1995, Exhibit 62.

¹¹⁸ Check No. 303 from Bun Tsun Lai to G.A. Stuart in the amount of \$20,000, July 28, 1995. Exhibit 63.

¹¹⁹ Starter checks from Bun Tsun Lai in the amounts \$9,500, \$9,300, and \$6,000 with the memo "M&N", July 28, 1995. Exhibit 64.

¹²⁰ Check No. 1119 from Panda Industries Inc. to Bun Tsun Lai in the amount of \$10,000 with deposit slip, Oct. 10, 1995. Exhibit 65.

ciation;¹²¹ \$50,000 from Glenville Stuart¹²² which Lai paid to Sundari, Sandra, and Laureen Elnitiarta;¹²³ and \$97,911 from Panda Industries which Lai spent on travel expenses.¹²⁴ About \$24,000 in cash transactions were also noted which were primarily funded by Pristine Investments and Victory Trading.¹²⁵

- Ginza Strasse consisted of two businesses, located in the shopping plaza of the family's Hollywood Metropolitan Hotel, that ceased operations in December 1996.¹²⁶ Ginza Strasse, Inc. was incorporated in December 1994 with Laureen Elnitiarta as the sole officer and director. The firm operated a retail clothing store until it was dissolved. Ginza Strasse International, Inc., incorporated in February 1995, was operated by Laureen Elnitiarta as Bali Hollywood, an Indonesian restaurant.

Tobacco

Committee investigators identified the following two Sioeng family tobacco companies that complemented Ted Sioeng's overseas tobacco businesses:

- Panda Industries, Inc., the oldest of the Sioeng family's U.S. businesses, was incorporated in May 1988 for the import and export of cigarette machinery.¹²⁷ Sioeng is a corporate director and president. Jessica Elnitiarta serves as the only other corporate director and officer.¹²⁸

Committee investigators found that from 1994 through 1996, the company purchased just under \$1 million worth of used tobacco machinery from Hadco General Trading Co. in Virginia.¹²⁹ Hadco is solely owned by Haddi Kurniawan, who is the father of Didi Kurniawan who is married to Sioeng's daughter, Sandra Elnitiarta.¹³⁰ The purchased machinery was then shipped to China for reconditioning by Sioeng's Hangao Tobacco Rebuilt Machinery Factory.¹³¹

On April 18, 1995, the company made \$145,000 in payments to Kent La for an unknown purpose.¹³² On July 18, 1995 Panda Industries contributed \$50,000 to the National Policy Forum (See "Republican Contributions," and "Democratic Contributions.").

¹²¹ Check No. 352 from Bun Tsun Lai to Central Los Angeles Chapter, United Nations Association, in the amount of \$10,000, Oct. 6, 1995, Exhibit 66.

¹²² Check No. 304 from Glenville Stuart to Bun Tsun Lai in the amount of \$50,000, Dec. 5, 1995, Exhibit 67.

¹²³ Telephone transfer from Bun Tsun Lai to Sundari, Sandra & Laureen Elnitiarta in the amount of \$50,000, Dec. 15, 1996, Exhibit 68.

¹²⁴ Check No. 1535 from Panda Industries to Bun Tsun Lai in the amount of \$97,911.20, Feb. 1, 1996; Check No. 326 from Bun Tsun Lai to Horizon Travel in the amount of \$67,911.20, Jan. 5, 1996 and Check No. 327 from Bun Tsun Lai to Horizon Travel in the amount of \$30,000, Jan. 12, 1996, Exhibit 69.

¹²⁵ Wire transfer from Victory Trading to Bun Tsun Lai in the amount of \$9,985, June 5, 1995, Exhibit 70; See also Exhibit 61.

¹²⁶ Ginza Strasse, Inc. articles of incorporation, Dec. 9, 1994; Ginza Strasse, International, Inc. articles of incorporation, Jan. 19, 1995, Exhibit 71.

¹²⁷ Panda Industries, Inc. articles of incorporation, May 25, 1988, Exhibit 72.

¹²⁸ Id.

¹²⁹ Deposition of Haddi Kurniawan, Apr. 14, 1998, at 26.

¹³⁰ Id. at 27.

¹³¹ Id.

¹³² Check No. 1032 from Panda Industries to Kent La in the amount of \$85,000, Apr. 18, 1995; Check No. 1033 from Panda Industries to Kent La in the amount of \$60,000, Apr. 18, 1995, Exhibit 73.

- China American Tobacco Industries, Inc. was incorporated in March 1994 and dissolved 4 years later.¹³³ Ted Sioeng served as the sole director, and Jessica Elnitiarta served as the only other corporate officer.¹³⁴ According to its incorporation papers, the company was established for import/export trading,¹³⁵ perhaps in connection with Sioeng's Chinese cigarette operations. Committee investigators concluded that the company was either inactive or a shell corporation, as there is no evidence of company business or financial activity.

Hotels

Committee investigators identified two hotels run by the Sioeng family. These businesses likely were used as an investment for Ted Sioeng's foreign money; a source of domestic funding from room, store, and office rentals; and an opportunity to entertain and influence Chinese government officials:

- Panda Hotel Investment, Inc. was incorporated in February 1993 and owns and operates the 90-room Hollywood Metropolitan Hotel and adjacent 30 stores and offices of the Metropolitan Shopping Plaza in Hollywood, California.¹³⁶ Jessica Elnitiarta is the corporate president and a director and Sandra and Laureen Elnitiarta are the other corporate officers and directors.¹³⁷ Jessica Elnitiarta, her mother, and four siblings own all of the hotel's outstanding stock.¹³⁸ The hotel was used to house and host receptions for Chinese government officials, including those on U.S. tours set up by CCAID Group.¹³⁹
- Pacific Hotel Investment, Inc. was incorporated in March 1994 and owns and operates the 44 rooms and five retail stores of the Pacific Inn Hotel in Los Angeles.¹⁴⁰ Jianghui He, a Chinese national, is the corporate president, a director, and a one third owner.¹⁴¹ The remaining corporate officers, directors, and owners are Mr. Sioeng and his wife, Sundari Elnitiarta.¹⁴²

Newspaper

Committee investigators identified a newspaper business that provided the Sioeng family with a media for advertising their political connections, exerting influence in the local Chinese community, and promoting the Beijing government:

- Chen International Publications (USA), Inc. was incorporated in April 1981 and owns and operates the International Daily News, a Chinese language newspaper published in Los

¹³³ China American Tobacco Industries, Inc. articles of incorporation, Mar. 21, 1994; and certificate of dissolution, Mar. 4, 1998 and statement by domestic stock corporation, Oct. 30, 1995. Exhibit 74.

¹³⁴ *Id.*

¹³⁵ *Id.*

¹³⁶ Hollywood Metropolitan Investment, Inc. articles of incorporation, Feb. 8, 1993; and statement by domestic stock corporation, Feb. 16, 1993. Exhibit 75.

¹³⁷ *Id.*

¹³⁸ Panda Hotel Investment, Inc. stock transfer ledger and stock certificates, Mar. 8, 1993. Exhibit 76.

¹³⁹ *Ma Depo.* at 38.

¹⁴⁰ Pacific Hotel Investment, Inc. articles of incorporation, Mar. 16, 1994. Exhibit 77.

¹⁴¹ Pacific Hotel Investment, Inc. statement by domestic stock corporation, Aug. 26, 1994. Exhibit 78.

¹⁴² *Id.*

Angeles, California.¹⁴³ The stock of the corporation was sold in October 1995 and now is held by the Sioeng Group, Inc.¹⁴⁴ Jessica Elnitiarta is currently the sole corporate director, officer,¹⁴⁵ and owner of the largest share of Sioeng Group stock, and the Group's remaining stock is owned by Jessica's mother and her four siblings.¹⁴⁶

Ted Sioeng served as Chen's chairman of the board of directors and president until April 1997.¹⁴⁷ At that time, the paper's editor, Sioeng Fei-Man Hung, became president until he was replaced by Jessica Elnitiarta in January 1998.¹⁴⁸ Kweek Wie Lay, and former owner Simon Chen, also served as corporate officers and directors until they were replaced by Jessica Elnitiarta in April 1997.¹⁴⁹

Jessica Elnitiarta stated that it was her father's idea to buy the paper with her to run it because it would enhance the family's standing in the local community, there were tax advantages in acquiring the paper's debt, and it was cheap. She further stated that the family contracted to buy the paper in October 1995 for approximately \$3 million, paying that in a series of installments through July 1996. She further said that since the purchase, the paper has consistently lost money, causing her father to subsidize it with money from overseas.¹⁵⁰

Committee investigators identified \$2.88 million in payments to the International Daily News from the personal bank account of Yanti Ardi between October 1995 through March 1997.¹⁵¹ These payments, made by Jessica Elnitiarta using a power of attorney over Yanti Ardi's account, were funded by wire transfers from Sioeng companies in Hong Kong and China.¹⁵² Another \$1.35 million was wired directly into the paper's bank account from Hong Kong, consisting of \$200,000 from Victory Trading, \$830,000 from R.T. Enterprises, \$100,000 from Yopie Elnitiarta, and \$220,000 from Ted Sioeng.¹⁵³ When Simon Chen expressed concern about the source of funds used to purchase the paper, Jessica Elnitiarta told him that the money was "clean."¹⁵⁴

Several articles and sources have stated Sioeng's acquisition of the paper helps the Chinese government because the paper has changed from a pro-Taiwan view to a pro-Beijing view.¹⁵⁵ Former owner Simon Chen stated that he believes Sioeng bought the paper

¹⁴³ Chen International Publications (U.S.A.), Inc. articles of incorporation, Apr. 9, 1981. Exhibit 79

¹⁴⁴ See Exhibit 38.

¹⁴⁵ Chen International Publications statements by domestic stock corporation, Feb. 12, 1996; Apr. 25, 1997; and Jan. 12, 1998. Exhibit 80 See also Chen Interview.

¹⁴⁶ See Exhibit 38.

¹⁴⁷ See Exhibit 80.

¹⁴⁸ Id.

¹⁴⁹ Id.

¹⁵⁰ Elnitiarta interview.

¹⁵¹ Various telephone transfers from Yanti Ardi to the Chen International Publications totaling \$2,880,000, Oct. 27, 1995 through Mar. 5, 1997. Exhibit 81.

¹⁵² Exhibit 107-111.

¹⁵³ Wire transfer from Victory Trading Company to Chen International Publications, Inc. in the amount of \$199,985, Nov. 17, 1995; wire transfers from R.T. Enterprises to Chen International Publications in the amount of \$199,977 on May 14, 1996, \$197,586 on Aug. 30, 1996, \$200,000 on Jan. 2, 1997, and \$230,000 on Mar. 25, 1997; wire transfer from Yopie Elnitiarta for \$99,984, Feb. 3, 1997; and wire transfer from Ted Sioeng for \$219,979, July 3, 1997. Exhibit 82.

¹⁵⁴ Interview of Simon Chen, Jan. 14, 1998, [hereinafter Chen Interview].

¹⁵⁵ Bruce Gilley, *A Democratic Donor's Cambodian Connection*, Wall Street Journal, Jan. 13, 1998.

to “impress Beijing” and that he “couldn’t accept” the new editorial focus.¹⁵⁶

On June 20, 1996, President Clinton sent the International Daily News a congratulatory letter on the newspaper’s 15th anniversary.¹⁵⁷ Jessica Elnitiarta stated that she had requested the letter from John Huang, as she had seen such congratulatory letters sent by politicians to other Chinese language papers on their anniversaries.¹⁵⁸

Munitions

Committee investigators identified a Sioeng family-owned business with a Federal firearms license to sell firearms and ammunition as follows:

- Code 3 USA, L.L.C. was incorporated in May 1996 as a limited liability corporation and is owned by Jessica Elnitiarta and her husband, Ridwan Dinata.¹⁵⁹ Using a power of attorney, Jessica Elnitiarta financed the business with \$230,000 of foreign funds through Yanti Ardi’s personal bank account.¹⁶⁰ The business operates as a retail store and Dinata indicated that the company will export firearms and ammunition to Asian countries.¹⁶¹ He further stated that Code 3 had received an order for 1 million rounds of .38 caliber bullets from the Hong Kong government.¹⁶²

Committee’s investigators found that on August 6, 1996, Code 3 advanced \$10,000¹⁶³ to partially cover a July 29, 1996, contribution of \$50,000 to the DNC from Panda Estates Investment, Inc.¹⁶⁴ The advance was repaid by Jessica Elnitiarta on September 10, 1996.¹⁶⁵

Banking

Committee investigators identified partial ownership of a commercial bank by the Sioeng family. The bank provided checking and savings accounts, certificates of deposit, and loans for most of the Sioeng family members and businesses.

- Grand National Bank was incorporated in February 1983.¹⁶⁶ In July 1990, Cary Ching led a group of 13 investors, including the Sioeng family, to buy the bank and install new management with Ching as President.¹⁶⁷ Committee investigators obtained a deposition from Ching.¹⁶⁸ Jessica Elnitiarta and

¹⁵⁶ Chen Interview.

¹⁵⁷ Letter from President Clinton to Ted Sioeng, Chairman, International Daily News, June 20, 1996. Exhibit 83.

¹⁵⁸ Elnitiarta Interview.

¹⁵⁹ Code 3 USA, L.L.C. limited liability company articles of incorporation, May 17, 1996; Grand National Bank commercial credit commitment report, July 29, 1997. Exhibit 84.

¹⁶⁰ Check No. 2302 from Yanti Ardi to Code 3 USA in the amount of \$30,000, May 31, 1996; check No. 2317 from Yanti Ardi to Code 3 USA in the amount of \$200,000, Dec. 5, 1996. Exhibit 85.

¹⁶¹ Grand National Bank credit commitment report on Ridwan Dinata, June 22, 1992. Exhibit 86.

¹⁶² Id.

¹⁶³ Telephone transfer from Code 3 to Panda Estates Investment in the amount of \$10,000, Aug. 6, 1996. Exhibit 87.

¹⁶⁴ See Exhibit 35.

¹⁶⁵ Check No. 255 from Jessica Elnitiarta to Code 3 USA in the amount of \$10,000, Sept. 10, 1996. Exhibit 88.

¹⁶⁶ Grand National Bank Web site <<http://www.c-me.com/gnb/brd.html>>. Exhibit 89.

¹⁶⁷ Id.

¹⁶⁸ Deposition of Cary Ching, Feb. 11, 1998.

her two sisters own a total of 18 percent of the bank's stock.¹⁶⁹ Ted Sioeng and Jessica Elnitiarta serve as honorary directors of the bank.¹⁷⁰

Committee investigators note that the Sioeng family's ownership and directorships were always mentioned in loan officer assessments of the family's applications for loans from the bank. Committee investigators also note that the bank normally did not charge family members overdraft fees when negative balances frequently occurred.

IV. SIOENG'S FOREIGN BUSINESS INTERESTS

A. SUMMARY

The Committee determined that Sioeng is the driving force behind his family's business empire. Committee investigators have identified 16 foreign businesses either owned or controlled in whole or in part by the Sioeng family. Sioeng's foreign businesses, operating in seven countries, transferred millions of dollars from foreign accounts in Hong Kong and the PRC to subsidize Sioeng family members and businesses in the United States. These foreign funds, in turn, have been used to fund over \$400,000 in political contributions to both Republican and Democratic organizations and candidates.

The PRC has provided significant business opportunities for Sioeng and he is in partnership with its Communist government through a number of joint venture agreements, particularly with state-owned tobacco companies.¹⁷¹ Sioeng also claims to be an economic advisor to six Chinese provinces or regions.¹⁷²

Hong Kong, which reverted to the PRC in July 1997, serves as the base for Mr. Sioeng's business operations. He maintains a residence in Hong Kong and he and several family members located there soon after the campaign contributions story broke in the press. The location also provides easy access to Mr. Sioeng's business ventures in China and Southeast Asia.

Ted Sioeng also operates out of Singapore where he distributes, and more recently, manufactures, Chinese brand cigarettes to Southeast Asia and the United States. According to news reports, many cigarettes intended only for export are smuggled through Singapore back into China, to avoid a large Chinese national consumption tax levied on domestic cigarette sales.¹⁷³ Sioeng also has tobacco related business interests in Belize, Indonesia, Cambodia, and Canada.

B. TED SIOENG'S TOBACCO EMPIRE

Sioeng's main business is the manufacture and distribution of Hongtashan (Red Pagoda Mountain) cigarettes.¹⁷⁴ Hongtashan is the most popular brand of cigarettes in the PRC, and the third

¹⁶⁹ See Exhibit 31.

¹⁷⁰ See Exhibit 89.

¹⁷¹ Millennium Group Limited, discloseable transactions, May 5, 1997. Exhibit 90.

¹⁷² Bruce Gilley, *A Democratic Donor's Cambodian Connections*, Wall Street Journal, Jan. 13, 1998.

¹⁷³ Craig Smith, *China Moves to Sanction Executive*, Wall Street Journal, Jan. 27, 1998.

¹⁷⁴ Chart, *The Chinese Tobacco Connection*. Exhibit 91.

largest-selling brand in the world.¹⁷⁵ The China National Tobacco Corporation is a state monopoly that manages the tobacco industry and oversees the business operations and factories within the tobacco rich provinces of Yunnan, Guizhou, and Guengxi.¹⁷⁶

In the 1980s, through his contacts with Chu Shijian, then manager of the state owned Yuxi Cigarette Factory in Yunnan Province, Ted Sioeng was awarded lucrative distribution rights for exporting Hongtashan cigarettes.¹⁷⁷ By 1995, Chu had become Chairman of the state-owned Yuxi Hongta Tobacco Group which had expanded its tobacco business to include ventures in chemicals and property development.¹⁷⁸ In January 1998, the Communist party of China expelled Chu for public corruption and charged him and several family members with accepting bribes and embezzling about \$10 million.¹⁷⁹

Sioeng established operations in Singapore for the distribution of Hongtashan cigarettes, and in April 1997, for their manufacture outside of China.¹⁸⁰ Sioeng associate and DNC contributor, Kent La, President of Loh Sun International, is the U.S. distributor of Hongtashan cigarettes.¹⁸¹

Committee investigators identified the following cigarette and tobacco-related businesses which are owned or controlled by Sioeng, his family members, and business associates:

- Chinois Tobacco International Co., Pte., Ltd. is listed in the Singapore Companies Registry and appears on Sioeng's business card as part of his S.S. Group. Sioeng serves as the company's chairman and his associate, Bruce Cheung, is president, a director, and a 50 percent owner.¹⁸² Cheung, a Singapore permanent resident,¹⁸³ was Sioeng's guest at the February 19, 1996, DNC fundraiser at the Hay-Adams Hotel, and had his picture taken with President Clinton.¹⁸⁴ Through 1997, Chinois exported Chinese-made Hongtashan cigarettes through a joint venture with the Chinese state-owned Yuxi Hongta Tobacco Group.¹⁸⁵ This included shipments to Loh Sun International in the United States,¹⁸⁶ and sponsorship of the Hongtashan Cup International Badminton Championships.¹⁸⁷
- Worldwide Golden Leaf, Ltd. was incorporated in the British Virgin Islands in July 1993. Ted Sioeng and associate Bruce Cheung serve as two of the company's three directors. The company lay dormant until April 1997, when it entered into a joint venture agreement with the Yuxi Hongta Tobacco

¹⁷⁵ Lana Wong, *Brand Names Struggle to Make an Impression*, S. China Morn. Post, Oct. 10, 1996.

¹⁷⁶ James Harding, *China's Cigarette Makers Fear Competition*, Fin. Post, July 4, 1997.

¹⁷⁷ Craig Smith, *China Moves to Sanction Executive*, Wall Street Journal, Jan. 27, 1998.

¹⁷⁸ Kari Huus, *Hazardous to Health*, *Far Eastern Economic Review*, July 25, 1996.

¹⁷⁹ *Former Chairman of Cigarette Company Expelled from Party*, Xinhua News Agency, Jan. 25, 1998.

¹⁸⁰ See Exhibit 90.

¹⁸¹ Elnitiarta Interview.

¹⁸² Registry of Companies and Business (Singapore). Exhibit 92.

¹⁸³ Id.

¹⁸⁴ Picture of President Clinton with Bruce Cheung, Feb. 19, 1996. Exhibit 93.

¹⁸⁵ Connie Kang and David Rosenzweig, *Entrepreneur Formed Ties to China*, L.A. Times, May 18, 1997.

¹⁸⁶ Invoice from Loh Sun International to Goldlion Tobacco International Ltd. in the amount of \$10,000, Jan. 23, 1997. Exhibit 94.

¹⁸⁷ Letter from Ted Sioeng, Chairman, and Bruce Cheung, President, Chinois Tobacco International. Exhibit 95.

Group to manufacture Hongtashan cigarettes in Singapore and export them to Southeast Asia and the United States. In addition, two Chinese state owned tobacco companies agreed to supply Worldwide Golden Leaf with tobacco leaves for sale in North America and Europe.¹⁸⁸ In May 1997, the Millennium Group, a Hong Kong company controlled by Sioeng's in-laws, the Tanuwidjaja family, purchased 25 percent of Worldwide Golden Leaf for \$34 million, and in April 1998, the remaining 75 percent for \$87 million.¹⁸⁹

- Hangao Tobacco Machinery Industry, Ltd. (Hangao Machinery) appears on Sioeng's business card as part of his S.S. Group.¹⁹⁰ The company is a joint venture with the Chinese state-owned Hangao Tobacco Rebuilt Machinery Factory in Guizhou Province. Hangao Tobacco Machinery is 70 percent owned by Mr. Sioeng, who claims a capital investment of \$5 million. The remaining 30 percent is owned by the state-owned Guizhou Tobacco Company.¹⁹¹

Using funds from Hong Kong and China, Mr. Sioeng purchased nearly \$1 million of used tobacco machinery from Hadco General Trading of Virginia and shipped it to the Chinese factory for rebuilding and sale. Hadco is owned and operated by Haddi Kurniawan, the father of Sioeng's son-in-law, Didi Kurniawan.¹⁹²

- Goldlion Tobacco International, Ltd. is another company listed on Sioeng's business card as part of his S.S. Group. It is a joint venture with the Chinese state-owned cigarette factory in Hainan Province to manufacture and distribute Goldlion brand cigarettes.¹⁹³ The China National Tobacco Corporation owns 25 percent of the venture. S.S. Group owns 24 percent of the venture and, according to a brochure prepared by the company, is to distribute Goldlion cigarettes in Southeast Asia. The 51 percent controlling interest in the venture is owned by Goldlion Holdings Group, headed by Dr. Tsang Hin Chi, a staunch supporter of the Chinese government who serves as the only Hong Kong Deputy on the Standing Committee of the National People's Congress.¹⁹⁴ Tsang also has been twice convicted of mislabeling goods.¹⁹⁵

- Panda Belize Tobacco, Inc. appears on Sioeng's business card as part of his S.S. Group. However, Belize Panda Industry, Ltd. is listed by the Belize General Company Registry as a separate entity. This listing also shows Sioeng as an officer, director, and 50 percent owner. Sioeng's U.S. business partner, Glenville Stuart, is the only other officer, director, and is a 50 percent owner of the company.¹⁹⁶

In 1994, Sioeng and Stuart were building a factory in Belize to manufacture and distribute Hongtashan cigarettes in the

¹⁸⁸ See Exhibit 90.

¹⁸⁹ Bruce Gilley, *Hong Kong: Nicotine Fix*, *Far East. Econ. Rev.*, Apr. 2, 1998.

¹⁹⁰ See Exhibit 14.

¹⁹¹ See Exhibit 90.

¹⁹² Deposition of Haddi Kurniawan, Apr. 14, 1998, at 26.

¹⁹³ Adela Ma, *Goldlion Snares Final China Tobacco Deal before Temporary Ban*, *S. China Morn. Post*, Aug. 16, 1995.

¹⁹⁴ See Chart on Tsang Hin Chi, Exhibit 96.

¹⁹⁵ *Firm Backs Chairman*, *S. China Morn. Post*, July 11, 1995.

¹⁹⁶ Phone conversation with Belize General Company Registry, May 20, 1998.

Caribbean and Central America.¹⁹⁷ Stuart purchased a factory site from the Government of Belize¹⁹⁸ with \$100,000 transferred to his personal bank account from Sioeng's Pacific Hotel Investment.¹⁹⁹ According to Stuart, the business had not started production due to an industrial accident.²⁰⁰

- Asia Indonesia Tobacco Utama, Inc., appears on Sioeng's business card as part of the S.S. Group. In October 1995, under the name of Asia Tobacco International Indonesia, PT., Sioeng received Indonesian government approval to build a cigarette factory on Batam Island, Riau.²⁰¹ The project was to be managed by Sioeng's son, Yopie Elnitiarta, and funded by a capital investment of \$2.8 million, including participation by World Seal, Ltd., a Sioeng company in Hong Kong. The plant was to employ 70 people and was scheduled to begin operations in October 1998. The Committee has seen no evidence that this plant was ever built or where its funding, if any, originated.

- The Cambodia Cigarette Factory venture began in 1995 as Evans International Tobacco,²⁰² a partnership with Ted Sioeng and Hoa Bang Huynh.²⁰³ A year later, cigarette machinery for the factory was supplied from Sioeng's rebuilt tobacco machinery factory in China. Huynh paid \$250,000 to Panda Industries,²⁰⁴ with an additional \$450,000 being deposited into Jessica Elnitiarta's personal bank account.²⁰⁵ Huynh testified that the machinery delivered was defective, and later withdrew from the partnership after receiving a refund of his \$700,000 from Cambodian casino operator Tony Tandijono.²⁰⁶ Sioeng has reportedly continued building the cigarette factory in Cambodia with Tandijono and Theng Bunma, a Cambodian tycoon and suspected drug trafficker with close ties to the Cambodian government.²⁰⁷

C. OTHER SIOENG BUSINESSES IN HONG KONG

Committee investigators found that Sioeng owns or controls the following companies in Hong Kong:

- S.S. Group appears to be the entity that serves as an umbrella over his businesses worldwide. It is listed as such on Sioeng's business card. However, this entity does not appear in the Hong Kong Companies Registry and may be a holding company or a shell entity. Correspondence reviewed by Committee investigators indicated that Jessica and Yopie Elnitiarta are affiliated with S.S. Group. The Group is also reported to own 24 percent of a joint venture between Goldlion Tobacco Inter-

¹⁹⁷ Stuart Depo. at 8-13.

¹⁹⁸ Stuart Depo. at 84.

¹⁹⁹ Telephone transfer from Pacific Hotel Investment, Inc. to Glenville Stuart in the amount of \$100,000, July 20, 1994. Exhibit 97.

²⁰⁰ Stuart Depo. at 9.

²⁰¹ *Indonesian Investment Highlights*, P.T. Data Consult Inc., Nov. 1, 1995. Exhibit 98.

²⁰² Letter from Fred Wong, May 15, 1998. Exhibit 99.

²⁰³ Interview of Hoa Bang Huynh, Mar. 12, 1998 [hereinafter Huynh Interview]. The Committee notes that Huynh did not testify to this during his Apr. 15, 1998 deposition.

²⁰⁴ Check No. 103 from Hoa Bang Huynh to Panda Industries in the amount of \$250,000, Jan. 8, 1996. Exhibit 100.

²⁰⁵ Telephone transfer from Hao Bang Huynh to Jessica Elnitiarta in the amount of \$450,000, May 23, 1996. Exhibit 101.

²⁰⁶ Deposition of Hoa Bang Huynh at 13-14, Apr. 15, 1998 [hereinafter Huynh Depo.].

²⁰⁷ Huynh Interview.

national, Ltd. and Chinese state-owned cigarette factory in Hainan Province.²⁰⁸

- World Seal, Ltd. is a registered private company in Hong Kong. Yopie and Sandra Elnitiarta served as corporate directors of World Seal and each own 15 percent of the company's stock.²⁰⁹ Since December 1997, Didi Kurniawan reportedly has served as the company managing director.²¹⁰

Committee investigators found that World Seal ordered over \$20 million worth of health food products from Sunrider International Corporation for distribution in China.²¹¹ Most of the invoices for these products were paid by the Tanuwidjaja family of Indonesia,²¹² who are in-laws of Sioeng.

- Victory Trading Company is not listed on Sioeng's business card, however, its phone number is listed. While Victory Trading is registered as a private company in Hong Kong, company representatives told Committee investigators that Yopie and Sandra Elnitiarta were no longer associated with the firm.²¹³ Committee investigators were also told by Gary Koerner of Sunrider International Corporation that Victory Trading became World Seal.²¹⁴

During 1994, Committee investigators identified \$50,000 in wire transfers from Panda Industries,²¹⁵ a company controlled by Sioeng, and \$250,000 in wire transfers from Sioeng's personal bank account,²¹⁶ into a Bank of China account held by Victory Trading. The transfer from Mr. Sioeng was funded by bank loans made in the United States to the Sioeng family.²¹⁷

During 1995, Victory Trading wired about \$2.5 million from a Bank of China account into the personal U.S. bank account of Sioeng's sister, Yanti Ardi. Jessica Elnitiarta then used her power of attorney over this account to transfer this foreign money into family business and personal accounts and to repay Sioeng family bank loans.²¹⁸

On November 17, 1995, Victory Trading wired nearly \$200,000 to Chen International Publications,²¹⁹ which may be part of Sioeng's subsidization of the International Daily News with overseas money.²²⁰

²⁰⁸ Adela Ma, *Goldlion Snares Final China Tobacco Deal Before Temporary Ban*, S. China Morn. Post, Aug. 16, 1995.

²⁰⁹ World Seal Limited certificate of incorporation, Jan. 17, 1997. Exhibit 102.

²¹⁰ Bruce Gilley, *A Democratic Donor's Cambodian Connection*, Wall Street Journal, Jan. 13, 1998.

²¹¹ See Exhibit 24.

²¹² Wire transfers from World Seal to Sunrider Manufacturing, July 11, 1996–Jan. 24, 1997. Exhibit 103.

²¹³ Telephone interview with company officials, June 25, 1998.

²¹⁴ Interview of Gary Koerner, May 20, 1998.

²¹⁵ Wire transfer from Panda Industries to Victory Trading Company in the amount of \$50,000, Mar. 23, 1994. Exhibit 104.

²¹⁶ Wire transfer from Ted Sioeng to Victory Trading Company in the amount of \$250,000, Sept. 21, 1994. Exhibit 105.

²¹⁷ Telephone transfer from Lauren & Sandra Elnitiarta TCD Loan to Sioeng San Wong in the amount of \$250,000, Sept. 21, 1994. Exhibit 106.

²¹⁸ Wire transfer from Victory Trading to Yanti Ardi in the amount of \$1,549,985, Mar. 10, 1995, Exhibit 107; Wire transfer from Victory Trading to Yanti Ardi in the amount of \$299,985, Aug. 7, 1995, Exhibit 108; Wire transfer from Victory Trading to Yanti Ardi in the amount of \$599,985, Oct. 12, 1995. Exhibit 109.

²¹⁹ See Exhibit 82.

²²⁰ Elnitiarta interview.

- R.T. Enterprises is not listed in the Hong Kong Companies Registry. Committee investigators could find no address or phone numbers associated with the firm.

During 1996, R.T. Enterprises wired \$2.7 million from ING Bank in Hong Kong into the personal U.S. bank account of Yanti Ardi.²²¹ Jessica Elnitiarta subsequently transferred these foreign funds into Sioeng family businesses and personal accounts. Those transfers included: \$1,100,000 to buy and operate the International Daily News; \$60,000 to partially fund a \$100,000 July 29, 1996 political contribution from Panda Estates Investments to the DNC; and \$1,100 to fund Sundari Elnitiarta's political contribution to Washington State Governor Gary Locke.

From May 14, 1996 through March 25, 1997, R.T. Enterprises wired \$830,000 to Chen International Publications,²²² which may be part of Sioeng's subsidization of the International Daily News with overseas money.²²³

On July 24, 1996, R.T. Enterprises wired \$97,555 into the U.S. bank account of Loh Sun International. The Committee believes it is likely that \$50,000 of this money was used to fund a political contribution to the DNC made by Sioeng associate Kent La on July 29, 1996.

On September 5, 1996, R.T. Enterprises wired \$20,000 into the U.S. bank account of Sioeng associate Glenville Stuart. The Committee believes it is likely that Stuart used \$1,100 of this money to reimburse his Sunset Market and Liquor business for a conduit political contribution by one of the market's employees to Gary Locke on July 29, 1996.²²⁴

- Pristine Investments, Ltd. is a private company registered in Hong Kong. Public filings reveal no affiliation between Ted Sioeng, his family members, or associates and the company. However, from January 1994 through May 1996, an ING Bank account in Hong Kong in the name of Pristine Investments wired \$9.9 million into the personal U.S. bank account of Yanti Ardi.²²⁵ Jessica Elnitiarta then transferred these foreign funds into Sioeng family U.S. businesses and personal accounts. That money, in turn, appears to have been used to fund political contributions of \$20,000 to Julia Wu in 1995; \$100,000 to Matt Fong in 1995; and \$100,000 to the DNC in 1996.

In April 1995, Pristine Investments also wired \$187,493 into the U.S. bank account of Panda Industries, Inc.,²²⁶ which subsequently paid \$145,000 to Sioeng associate Kent La.²²⁷ Sioeng's attorneys refused to answer questions about Pristine

²²¹ Wire transfer from Victory Trading to Yanti Ardi in the amount of \$1,652,479.98, June 28, 1996, Exhibit 110; Wire transfer from R.T. Enterprises Limited to Yanti Ardi in the amount of \$1,000,000, Aug. 30, 1996. Exhibit 111.

²²² See Exhibit 82.

²²³ Elnitiarta interview.

²²⁴ See "The Sioeng Contributions to Gary Locke."

²²⁵ Wire transfers from Pristine Investments to Yanti Ardi, Jan. 11, 1994–May 24, 1996. Exhibit 112.

²²⁶ Wire transfer from Pristine Investments, Ltd. to Panda Industries in the amount of \$38,286, Apr. 10, 1995; Wire transfer from Pristine Investments to Panda Industries in the amount of \$85,155.95, Apr. 12, 1995; Wire transfer from Pristine Investments to Panda Industries in the amount of \$64,051, Apr. 18, 1995. Exhibit 113.

²²⁷ See Exhibit 73.

or other companies in Asia that made large transfers to Sioeng-related accounts.²²⁸

D. OTHER SIOENG BUSINESSES IN CHINA

Committee investigators also found that Sioeng owns or controls the following companies in China:

- Billion Beer Industry, Ltd. appears on Sioeng's business card as part of his S.S. Group.²²⁹ It is a joint venture with the state-owned Fu Haw Bigie Beer Brewery in Guizhou Province. Sioeng claimed 100 percent ownership of the venture, and that he made a capital investment in the company of \$3 million.²³⁰
- Panda Industry Building, Ltd. is also listed on Sioeng's business card as part of his S.S. Group.²³¹ This appears to involve a commercial building in Canton Province in which Sioeng claimed a \$3 million capital investment.²³²
- Dragon Rainbow Medicine & Equipment Co, Ltd. in Yunnan Province appears to have some affiliation with Sioeng. On January 17, 1995, the manager of Dragon Rainbow, Pu Xiang, wired almost \$1 million from ING Bank in Hong Kong into the personal U.S. bank account of Yanti Ardi.²³³ Jessica Elnitiarta used this money to pay off a \$1 million Grand National Bank credit line loan in the name of Sandra and Laureen Elnitiarta.²³⁴

E. SIOENG BUSINESS IN CANADA

Finally, Sioeng claims the following business venture in Canada:

- Panda Industries, Inc. appears on Sioeng's business card as part of his S.S. Group. Ambrose Hsiung, who resides in Vancouver, appears to be a company official and Sioeng's Canadian representative.²³⁵ Hsiung has refused to be interviewed by Committee staff. The Committee could find no financial transactions between Sioeng family members and businesses in the United States with Panda Industries in Canada.

V. SIOENG CONNECTIONS TO FOREIGN GOVERNMENTS

A. CONNECTIONS TO CHINA

1. Summary

The Committee's investigation found substantial evidence showing that Ted Sioeng has extensive ties with powerful political officials of the People's Republic of China, up to and possibly including Premier Jiang Zemin. Sioeng also has relationships with officials of both the PRC consulate in Los Angeles and the embassy in Washington, and made personal contributions to the consulate. In at least one instance, Sioeng funneled money from the PRC to an American political candidate. Finally, both Sioeng and business as-

²²⁸ Senate Campaign Finance Report at 5581.

²²⁹ See Exhibit 14.

²³⁰ See Exhibit 16.

²³¹ See Exhibit 14.

²³² Id.

²³³ See Exhibit 48.

²³⁴ See Exhibits 49, 50.

²³⁵ Business card of Ambrose Hsiung. Exhibit 114.

sociates helped establish and fund pro-PRC propaganda groups in the southern California area.

Through his businesses, Sioeng also has extensive financial ties with the PRC. Sioeng's major overseas venture, selling and exporting Hongtashan cigarettes, depends upon a partnership with the PRC government. One of Sioeng's U.S.-based companies, CCAID Executive Program, provides tours for visiting PRC officials. Sioeng used CCAID and another of his U.S. companies to provide employment for at least three PRC nationals. In addition, Sioeng changed the editorial position of the International Daily News from pro-Taiwan to pro-PRC after purchasing the newspaper from Simon Chen. He also hired journalists affiliated with PRC government agencies to write for the newspaper.

2. Findings

According to the U.S. Senate Committee on Governmental Affairs, Special Investigation, Ted 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. Before the campaign finance scandal broke, Sioeng traveled to Beijing frequently where he reported to and was briefed by Chinese Communist Party officials.”²³⁶

The Committee has been able to uncover facts that tend to support the Senate's conclusions and shed additional light on the activities of Sioeng and his connections to the People's Republic of China.

Political Connections

Sioeng is closely associated with several officials of the PRC's consulate in Los Angeles and its embassy in Washington, DC. Sioeng's highest-ranking diplomatic contact may be Zhou Weng Zhong, former Minister and Deputy Chief of Mission to the PRC embassy. Sioeng introduced Zhou to Robert Prins, President of Iowa Wesleyan College, during a function at the consulate.²³⁷ At that time, Zhou stated that he wanted his daughter to study in the United States.²³⁸ Prins stated that he would be happy to have her, and Sioeng offered to financially support her while she was a student.²³⁹ Prins did not believe that it was in Sioeng's best interest, or that of the college, to have Sioeng, as a trustee of the college, dictating who received scholarship money when the student was related that to a Chinese politician.²⁴⁰ Therefore, Zhou's daughter received scholarship money from a separate fund.²⁴¹

Committee investigators also believe that Sioeng is closely connected to former PRC Counsel General Feng Shu Sen. Feng was a high-ranking party official in Yunnan province before becoming the Consul General in Los Angeles.²⁴² After Feng became Consul General, Sioeng became “more influential, almost like whatever he ask

²³⁶ S. Rept. No. 105-167, 105th Cong., 2d sess. at 2505-06.

²³⁷ Prins Depo. at 75.

²³⁸ Id. at 76.

²³⁹ Id.

²⁴⁰ Id.

²⁴¹ Id.

²⁴² Wong Depo. at 57.

for, he will get the cooperation of”²⁴³ the consulate. Sioeng became so influential during pro-PRC activities that he spoke at many such events.²⁴⁴ He even became a sort-of celebrity or leader in the community;²⁴⁵ Sioeng was known as the number one man or big brother of the community.²⁴⁶ Sioeng was given a place of honor, a seat in the front row, during a celebration for the Chinese New Year broadcast on state-owned Chinese cable television.²⁴⁷ This was at a time when at least one PRC businessman believed that Sioeng was just getting started in his business dealings with the PRC.²⁴⁸

Sioeng attended several receptions at the consulate itself, during the terms of several different Consul Generals.²⁴⁹ Counselor representatives also attended receptions held by Sioeng at his hotel.²⁵⁰ According to Dr. Wong, Sioeng apparently knew PRC personnel in other diplomatic posts in the United States.²⁵¹ Or, if he did not know them, they knew him.²⁵²

Sioeng was well-known to officials in Beijing, and the United States.²⁵³ According to Dr. Wong, “. . . even Jiang Zemin [knew him] before he came here [the United States].”²⁵⁴ Sioeng was even able to obtain a private meeting with the Premier during his visit to the United States in October 1995.²⁵⁵ The Committee notes that, while Premier Zemin has denied there was a Chinese plan to influence U.S. elections, it is at least curious that such a prominent source of apparently illegal DNC funds was able to obtain a private meeting with the head of the PRC.

Many of Sioeng’s activities within the United States helped in the formation and support of pro-PRC organizations and entities. Sioeng has given financial assistance to several pro-PRC organizations and entities, including the consulate itself. One such group, The Alliance of Chinese-American Groups of USA, was founded by Sioeng and his associate, Kent La as president.²⁵⁶ Witnesses have described this organization as a pro-PRC umbrella group.²⁵⁷ Sioeng funded this organization in 1996,²⁵⁸ and made financial contributions to other pro-PRC associations.²⁵⁹

Sioeng and his daughter, Jessica Elnitiarta, also made personal contributions to the PRC consulate totaling \$50,000.²⁶⁰ In 1994, Sioeng made a donation of \$10,000, and in 1996, Jessica Elnitiarta

²⁴³ Id. at 58.

²⁴⁴ Id. at 54.

²⁴⁵ Id. at 32.

²⁴⁶ Id. at 56–57.

²⁴⁷ Interview of Jerry J. Sun, Mar. 19, 1998 [hereinafter Sun Interview].

²⁴⁸ Id.

²⁴⁹ Wong Depo. at 34, 56, See also, Ma Depo. at 59.

²⁵⁰ Ma Depo. at 90.

²⁵¹ Wong Interview.

²⁵² Wong Depo. at 113.

²⁵³ Id. at 120.

²⁵⁴ Id.

²⁵⁵ Id. See also, *Chairman of the People’s Republic of China Jiang Zemin Meets with Ted Sioeng Separately and Independently*, International Daily News, Oct. 24, 1995. Exhibit 115.

²⁵⁶ See Exhibit 27.

²⁵⁷ Interview of Norman Hsu, Mar. 30, 1998 [hereinafter Hsu Interview].

²⁵⁸ Sioeng San Wong deposit of \$5,000 to open account for the Southern California United Chinese Association, July 25, 1996. Exhibit 116; Check No. 662 from Sioeng San Wong to Sun Yat Sen Institute in the amount of \$10,000, Nov. 25, 1995, Exhibit 117.

²⁵⁹ Check No. 667 from Sioeng San Wong to O.C. China Friendship Association in the amount of \$10,000, Apr. 15, 1995, Exhibit 118.

²⁶⁰ Check No. 604 from Sioeng San Wong to Consulate General of PRC in the amount of \$10,000, July 26, 1994, Exhibit 119; Checks No. 442 and No. 443 from Jessica Elnitiarta to Consulate General PRC in the amounts of \$20,000 each, Nov. 15, 1996, Exhibit 120.

made out two \$20,000 checks to the Consulate General of the PRC for unknown purposes.²⁶¹ Kent La also made donations to various pro-PRC organizations.²⁶²

In 1996, Sundari Elnitiarta, Sioeng's wife, contributed \$5,000 to Daniel Wong, a Republican California Assembly candidate.²⁶³ The Senate Campaign Finance Report concluded that this contribution was funded by the PRC consulate.²⁶⁴ The Committee noted that Wong disagreed with that conclusion, however, Wong did believe that if he wanted to get "support" from the PRC government he could have and he knows of possibly others who have received such support.²⁶⁵

Wong believed that one could obtain such support from a PRC propaganda group which attempts to gain the support of overseas Chinese.²⁶⁶ The Committee believes that organization could have been the United Front Work Department (UFWD). Wong did not recognize the UFWD, but knew of the Tong Jin Bu, or Dui Wai Sun.²⁶⁷ However, he did not know if Sioeng worked with these organizations.²⁶⁸

Sioeng's connections to the PRC extend to the provincial level. According to Sioeng himself, he is an economic advisor to at least six different Chinese provinces or regions.²⁶⁹ Others have stated that Sioeng receives a motorcade escort when he arrives in some provinces, particularly Yunnan.²⁷⁰

Financial Connections

As noted elsewhere in this chapter, many of Sioeng's business activities rely on his strong connection to the Chinese government for success. One such business is Code 3 USA, the family's gun and ammunition store in Monterey Park, California, although it is owned by Sioeng's daughter and son-in-law.²⁷¹ Code 3 USA indicated in its financial disclosure forms that it plans on exporting guns and ammunition to Asian countries, and it had received an order from the Hong Kong government for 1 million rounds of .38 caliber bullets.²⁷²

Sioeng's main business is the selling and exportation of China's No. 1 selling cigarette, Hongtashan (Red Pagoda Mountain).²⁷³ While discussing Sioeng's PRC businesses, Cary Ching, president of Grand National Bank, stated, "I haven't seen anyone as comfortable operating in the PRC [as Sioeng]."²⁷⁴ As discussed earlier

²⁶¹ Id.

²⁶² Check No. 0099 from Kent La to Sun Yat Sen Chinese Institute in the amount of \$2,500, July 25, 1995, Exhibit 121; Check No. 127 from Kent La to Consulate General of PRC in the amount of \$5,000, Feb. 14, 1996, Exhibit 122; Check No. 142 from Kent La to League for Reunited China in the amount of \$2,000, July 26, 1996. Exhibit 123.

²⁶³ See Exhibit 243.

²⁶⁴ Senate Campaign Finance Report at 2506.

²⁶⁵ Wong Depo. at 107-110.

²⁶⁶ Wong Interview.

²⁶⁷ Wong Depo at 80-81.

²⁶⁸ Id. at 83.

²⁶⁹ Bruce Gilley, *A Democratic Donor's Cambodian Connection*, Wall Street Journal, Jan. 13, 1998 (stating that Mr. Sioeng's business card lists him as an economic advisor to Yunnan, Guizhou, Guangxi, Jilin, Heilongjiang, and Inner Mongolia).

²⁷⁰ Wong Depo at 37.

²⁷¹ See Exhibit 84.

²⁷² Id.

²⁷³ See Exhibit 91.

²⁷⁴ Interview of Cary Ching, Dec. 8, 1997.

in this chapter, Sioeng's tobacco venture is the result of direct partnership between his company and the government of the PRC.

Sioeng strengthened his ties with PRC government officials by awarding them honorary degrees from Iowa Wesleyan College where he serves as a trustee of the college.²⁷⁵ In September 1994, the college awarded degrees to two senior officials of the state-owned China National Tobacco Corporation in Yunnan Province.²⁷⁶ In October 1995, the college awarded a degree to Deng Jiazhen, Director and President of China National Tobacco Corporation in Guangxi Province.²⁷⁷ Early in 1997, Sioeng's Millennium Group entered into lucrative agreements with these tobacco companies for cigarette manufacturing and the sale of tobacco leaves outside of the PRC.²⁷⁸

Questions remain concerning whether money from the Chinese tobacco industry, and the Chinese government, were used to make political contributions in the United States, including ones to the Democratic National Committee (DNC). One possible example of Chinese money coming into the accounts of the DNC is highlighted by transactions involving R.T. Enterprises. Committee investigators could not obtain records identifying the ownership interests, officers, directors, or even an address of R.T. Enterprises. However, R.T. Enterprises transferred millions of dollars into various accounts held by Sioeng, his daughter, and his business associate, Kent La.²⁷⁹ One such transaction suggests that R.T. Enterprises operates for the benefit of Hongtashan.

As discussed previously, on July 24, 1996, R.T. Enterprises wire transferred \$97,555 from Hong Kong into the U.S. bank account of Loh Sun International for Hongtashan advertising.²⁸⁰ The Committee believes that some of this money may have been used to make a \$50,000 contribution to the DNC.

Some people associated with Sioeng have suggested that he had some difficulties with his tobacco partnership with the PRC government, and Yunnan province in particular.²⁸¹ According to Jerry Sun, Vice President of Minmet K.N. (USA), Inc., Sioeng was upset with the Yunnan government over certain allegations it leveled against him.²⁸² Specifically, the government wanted to enforce an agreement with Sioeng that only allowed him to manufacture Hongtashan cigarettes in Singapore for export. Despite that agreement, the Yunnan government claimed that Sioeng was selling cigarettes in the PRC at greatly inflated prices. Sioeng reportedly said he could not control some of his sales people and that they were to blame for the smuggling. Sioeng told Sun that he wanted to leave Yunnan and open a cigarette factory in Sun's home province of Guengxi.

Another major business venture for Sioeng was arranging U.S. tours for various PRC government officials and businessmen. As noted previously, Sioeng formed the CCAID Executive Program

²⁷⁵ Prins Depo. at 10.

²⁷⁶ Honorary degrees and business cards of Yang Youzhu and Tie Zhengguo, Sept. 24, 1994. Exhibit 124.

²⁷⁷ Honorary degree and business card of Deng Jiazhen, Oct. 26, 1995. Exhibit 125.

²⁷⁸ See Exhibit 90.

²⁷⁹ See "Sioeng's Foreign Business Interests."

²⁸⁰ See Exhibit 10.

²⁸¹ See generally, Ma Depo. at 98; Ma Interview; Sun Interview.

²⁸² Sun Interview.

with Johnny Ma.²⁸³ Sioeng assisted the company in marketing its services to Chinese officials,²⁸⁴ and arranging for airline tickets, itineraries, and visas for the travelers.²⁸⁵ Depending on the types of delegations that would come, CCAID also might contact various organizations in order to set up relevant tours.²⁸⁶ Sioeng's partnership with Ma lasted from 1992 through 1993, when Sioeng began his own travel-related company.²⁸⁷ CCAID continued operations until 1996, during which time it hosted delegations from Yunnan Province, consisting of Xishuangbana city officials, public security officials, and border guard and bank officials.²⁸⁸

While at CCAID, Sioeng sought assistance in setting up tours with an old friend, Lay Kweek Wie.²⁸⁹ Witnesses believe that Lay knew Sioeng from his days in Indonesia.²⁹⁰ Committee investigators believe that Lay is currently employed or associated with Sioeng in his current business, Sioeng's Group, where Lay and his son, Bun Tsun Lai, guide delegations of PRC officials on tours of the United States. Both Lay and Lai have asserted their Fifth Amendment privilege against self-incrimination before the Committee.²⁹¹

Sioeng has also brought at least one individual from a PRC state agency to work in the United States. Teng Meini, formerly an employee of the China Travel Service in Guizhou,²⁹² became the registered agent and Chief Executive Officer of Guangdong China Travel Service, Inc.²⁹³ She served in that capacity from Guangdong's incorporation on May 23, 1995 until October 25, 1995, when she was replaced by Jessica Elnitiarta.²⁹⁴ During her brief tenure as a Guangdong official, Teng carried a PRC passport, and obtained a Social Security number.²⁹⁵ The Committee does not know Teng's current location or occupation.

In 1994, Sioeng brought two other PRC nationals to work in the United States under visas valid for only 90 days.²⁹⁶ American Guizhou Pacific Corporation listed Guo Lin and Feng Qian as the Chief Executive Officer and Secretary respectively.²⁹⁷ The Immigration and Naturalization Service failed to provide the Committee with documentation concerning Teng, Feng, or Guo.

Another business with apparent ties to the PRC government is the International Daily News, a newspaper which Sioeng purchased from Simon Chen in 1995. The Committee has learned that Sioeng purchased the paper for approximately \$3 million in installments from 1995 through 1997.²⁹⁸ Committee investigators have

²⁸³ See "Sioeng's U.S. Business Interests."

²⁸⁴ Ma Depo. at 16.

²⁸⁵ Id. at 15.

²⁸⁶ Id.

²⁸⁷ Id. at 16.

²⁸⁸ Wire transfers from Yunnan Foreign Service Centre at CCAID in the amount of \$60,722.50, Oct. 17, 1995; \$106,235, Nov. 11, 1995; \$208,985, Apr. 15, 1996, Exhibit 126.

²⁸⁹ Ma Depo. at 54.

²⁹⁰ Hsu Interview.

²⁹¹ Letter from Laura S. Shores to Michael D. Bopp, May 20, 1998, Exhibit 127.

²⁹² See Exhibit 43.

²⁹³ See Exhibit 41.

²⁹⁴ Id. Oct. 25, 1995.

²⁹⁵ Check No. 102 from Bun Tsun Lai to cash, June 8, 1995, Exhibit 128.

²⁹⁶ Visa No. 364901837 issued to Qian Feng, Feb. 15, 1994; Visa No. 364901846 issued to Lin Guo, Feb. 15, 1994, Exhibit 129.

²⁹⁷ See Exhibit 44.

²⁹⁸ See "Sioeng's U.S. Business Interests."

traced the funds used to purchase and operate the paper to bank accounts in Hong Kong held by Yanti Ardi.²⁹⁹ The Committee notes these same accounts were used to make many of the Sioeng family's political contributions.

Members of the Chinese-American community believe that the paper was losing money at the time.³⁰⁰ In fact, one source confirmed that the Sioeng family approached him, asking him to take over the paper, and provided him with documentation showing that the paper was losing approximately \$200,000 per month.³⁰¹ Jessica Elnitiarta has stated that her father knew it was losing money,³⁰² but decided to purchase the paper to enhance the family's standing in the local community and to take advantage of the favorable tax advantages in assuming the paper's debt.³⁰³

According to Chen, Sioeng wanted to purchase the paper to "help and support the Chinese culture."³⁰⁴ Before Sioeng's purchase of the paper, the editorial position favored the Taiwanese independence movement.³⁰⁵ After the purchase, the paper shifted its editorial position to favor the PRC.³⁰⁶ In addition, the paper began to insert the "Beijing-controlled Hong Kong newspaper, *Wen Wei Boa*,"³⁰⁷ as a "bonus to its readers."³⁰⁸

One possible explanation for this change in focus was that Sioeng may have been trying to impress leaders in the PRC and show that he could be influential in the overseas Chinese community in southern California.³⁰⁹

That explanation is endorsed by Johnny Ma, a former Sioeng business partner, who stated that he believed "he [Sioeng] wanted to use that newspaper [the *International Daily News*] to bargain with the Beijing government, and he wanted the Beijing government to support his newspaper."³¹⁰ In fact, Ma believed that Sioeng "wanted to have the Beijing government support him because the newspaper was losing money every month, so he wants them to give him money so that he can hang in there."³¹¹

Daniel Wong stated that the paper ". . . was a joint venture with China, in one of China's departments; like cultural department or the news agency department . . ."³¹² The Committee notes that Sioeng brought several writers and editors from China or Hong Kong to work on the paper.³¹³ Wong stated that "I don't think he [Mr. Sioeng] spent his own money just to run a newspaper and hire these Chinese people."³¹⁴ In other words, Wong's perception was

²⁹⁹ See "Sioeng's U.S. Business Interests."

³⁰⁰ Ma Depo. at 95 (stating the Mr. Ma loaned Mr. Sioeng \$50,000 so the IDN could make its payroll).

³⁰¹ Interview of Tei Fu Chen, July 18, 1998.

³⁰² Elnitiarta Interview.

³⁰³ Id.

³⁰⁴ Interview of Simon Chen, Jan. 14, 1998.

³⁰⁵ Ma Depo. at 96.

³⁰⁶ Wong Depo. at 136. See also, Interview of Simon Chen, Jan. 14, 1998.

³⁰⁷ David Holley, *Friendly Summit in Tokyo Leaves Undercurrents of Concern*, L.A. Times, Apr. 19, 1996 at A4.

³⁰⁸ Bruce Gilley, *A Democratic Donor's Cambodian Connection*, Wall Street Journal, Jan. 13, 1998.

³⁰⁹ Ma Depo. at 96-99. See also, Wong Depo. at 135; Interview of Simon Chen, Jan. 14, 1998.

³¹⁰ Ma Depo. at 96.

³¹¹ Id. at 97.

³¹² Wong Depo. at 137.

³¹³ Wong Depo. at 139.

³¹⁴ Id. at 139.

that the Chinese government was financially supporting the newspaper.

Sioeng has also developed contacts with many powerful PRC or pro-PRC businessmen, the most prominent of which is Tsang Hin Chi, President of Goldlion International, a large Hong Kong based conglomerate.³¹⁵ His company, which produces items from cigarettes to men's clothing, derives 80 percent of its revenue from the PRC.³¹⁶ Tsang is currently a member of the Standing Committee of the 9th National People's Congress, the organization which controls the Communist party within the PRC.³¹⁷ Apart from Tsang's personal involvement in the PRC government, he also frequently meets with senior PRC leaders in Beijing.³¹⁸

Sioeng has very close business ties with Tsang. Sioeng's company, SS Group, owns 24 percent of a \$7 million cigarette manufacturing and marketing venture in Hainan Province.³¹⁹ Committee investigators believe that Sioeng assisted Tsang in setting up this venture. On April 25, 1994, Sioeng arranged for Tsang Hin Chi to receive an honorary degree from Iowa Wesleyan College.³²⁰ In 1995, Sioeng hosted a delegation of Chinese tobacco officials at his hotel.³²¹ The leader of the delegation from Hainan Province, Chen Lo Jun, was awarded an honorary degree by American M&N University at the request of Sioeng.³²² That same year, Goldlion reached a business arrangement with Hainan Province.³²³

A year later, Sioeng, Tsang, and Jessica Elnitiarta were listed as directors of Goldlion's U.S. subsidiary, Goldlion International, U.S.A., Inc. The President of Goldlion International was Tsang's son, Jimmy Chi Mai Mao Tsang.³²⁴ On February 19 and 20, 1996, both Jimmy Tsang and his wife as Sioeng's guests, attended DNC fundraisers at the Hay-Adams Hotel, in Washington, DC, hosted by President Clinton and Vice President Gore.³²⁵

Sioeng's connections to the PRC run through Macau, as well as Hong Kong. At a May 13, 1996 DNC fundraiser at the Sheraton Carlton, in Washington, DC, Chio Ho Cheong (aka Chen Kai Kit, aka Tommy Chio) was a guest of Sioeng's and sat at the head table with President Clinton.³²⁶ Chio used his apparent access to the President during his campaign for Macau's legislative body, featuring a picture of himself with President Clinton prominently in television advertisements.³²⁷ Chio was appointed in 1998 to the Chinese People's Consultative Conference (CPCC) in Beijing,³²⁸ which

³¹⁵ Tsang Hin Chi biography from the Chinese General Chamber of Commerce web site, <<http://www.china.com/main/cgccnew/tsang.html>>. Goldlion produces items ranging from cigarettes to men's clothing and accessories; honorary degree certificate for Tsang Hin Chi, Apr. 25, 1994. Exhibit 130.

³¹⁶ Bruce Gilley, *Discordant Sioeng*, Far Eastern Econ. Review, June 25, 1998.

³¹⁷ Id.

³¹⁸ Id.

³¹⁹ Id.

³²⁰ See Honorary Degree Certificate for Tsang Hin Chi. Exhibit 130.

³²¹ Interview of Nancy Chen, June 26, 1998.

³²² Id.

³²³ Adela Ma, *Goldlion Snares Final China Tobacco Deal Before Temporary Ban*.

³²⁴ See Exhibit 51.

³²⁵ Guest list of Hay-Adams dinner and breakfast. Exhibit 131. See also, photos of Jimmy Tsang and Jean Lim Tsang with President Clinton, Exhibit 132.

³²⁶ Head table and guest lists, Sheraton Carlton event. Exhibit 133. See also, photo of Chio Ho Cheong and President Clinton. Exhibit 134.

³²⁷ Micah Morrison, *The Macau Connection II*, Wall Street Journal, Feb. 27, 1998.

³²⁸ Id.

is the top advisory body in China and has senior Communist Party official Li Ruihan as its chairman.³²⁹

Other Chinese businessmen associated with Sioeng include Li Kwai Fai, Tong Yun Kai, and Guo Zhong Jian:

- Li Kwai Fai is President and CEO of LuDanlan Group, located in Guangzhou, PRC.³³⁰ In February 1996, Li attended the Hay-Adams event as Sioeng's guest where they sat at the head table and later had pictures taken with President Clinton.³³¹ Currently, the picture of President Clinton with Li is advertised on the LuDanlan Group's website.³³² Sioeng also arranged for Iowa Wesleyan College to award an honorary degree to Li.³³³
- Tong Yun Kai is a Hong Kong businessman and member of Guangdong Province and Fo Shan City Committees of Chinese People's Political Consultative Conference. He received an honorary degree from Iowa Wesleyan College at Ted Sioeng's request.³³⁴
- Guo Zhong Jian was the Deputy General Manager of the China Construction Bank's Hong Kong office.³³⁵ He received an honorary degree from American M&N University at Ted Sioeng's request. In May 1996, Guo attended the Sheraton Carlton dinner with Sioeng. The bank recently sent Guo back to the PRC from his Hong Kong position to "help him keep a lower profile" after he garnered unwanted attention for his attendance at the DNC event.³³⁶

Sioeng also does considerable business with the PRC through World Seal, a company in Hong Kong operated by his son Yopie Elnitiarta and son-in-law Didi Kurniawan.³³⁷ World Seal ordered over \$20 million in health food products from a California company for distribution in the PRC.³³⁸

3. Conclusions

Sioeng's connections to various members of the PRC government, at the National, Provincial, and business level is of great concern to the Committee. The U.S. Senate, Committee on Government Affairs, found in its unclassified report based upon classified material,³³⁹ that Sioeng ". . . worked, or perhaps still works, on behalf of the Chinese government."³⁴⁰ The Committee believes that the information it has uncovered concerning Sioeng's connections to the PRC tend to support and further enhance that conclusion.

³²⁹ *Chinese Newspaper Highlights*, Asia Pulse, Mar. 13, 1997 and *China's Li Ruihan to Visit Portugal-Lusa*, Reuters World Service, Mar. 4, 1997.

³³⁰ See Exhibit 137.

³³¹ Photo of Li Kwai Fai with President Clinton. Exhibit 135. See also Exhibit 131.

³³² LuDanlan Corporate Philosophy web page, <http://m-www.com/cn_com/LuDanlan/philo.htm>; honorary degree certificate of Li Kwai Fai, Dec. 18, 1995. Exhibit 137.

³³³ Id.

³³⁴ See Honorary Degree Certificate, December 1997; business card, and resume of Tong Yun Kai. Exhibit 136.

³³⁵ Photo of Guo Zhong Jian and President Clinton. Exhibit 138. See also Exhibit 131.

³³⁶ *Intelligence*, Far Eastern Econ. Rev., May 21, 1998.

³³⁷ Id.

³³⁸ See Exhibit 24.

³³⁹ See Senate Campaign Finance Report at 2501.

³⁴⁰ See Senate Campaign Finance Report at 2505.

B. CONNECTIONS TO THE CAMBODIAN GOVERNMENT

1. Summary

China is not the only country to which Ted Sioeng initiated close ties. He also developed a cozy relationship with the government of Cambodia. Sioeng has had two U.S. educational institutions award honorary degrees to his friends and business associates to enhance their status. Among the people to whom these degrees have been awarded are several Cambodian nationals, two of whom are the current leaders of the government, and one of whom has been banned from the United States as a suspected drug dealer. Another individual who received a degree had a financial relationship with Jessica Elnitiarta. Through these people to whom college diplomas were awarded, Sioeng developed close business and personal ties to the Cambodian government. At the same time as Sioeng was cultivating those connections, the government was moving closer to the PRC.

Sioeng's relationships with Cambodian business associates raise a number of troubling questions, many of which remain unanswered due to many key witnesses fleeing the country, and/or asserting their right against self-incrimination and refusal to answer questions posed by the Committee. One such question is the use to which Jessica Elnitiarta put the moneys she received. Another is, what Sioeng's intent was in developing close ties to the Cambodian government.

2. Findings

Many of his business associates and acquaintances have described Sioeng as very good at making connections.³⁴¹ One way in particular that Sioeng sought to make connections is through the awarding of honorary degrees to his friends and business associates. Sioeng has used, to the Committee's knowledge, two U.S. educational institutions to further his objectives, Iowa Wesleyan College, a college of roughly 840 full and part-time students in Mt. Pleasant, Iowa;³⁴² and American M&N University, a correspondence school of theology and philosophy registered in Louisiana, but located in a small, second-floor office in a Monterey Park, California, strip mall.

All told, Sioeng persuaded Iowa Wesleyan and American M&N to award at least 20 honorary degrees³⁴³ to various businessmen and government officials of the PRC (including Hong Kong), Macau, Indonesia, and Cambodia. Apparently in exchange for those degrees, Sioeng, through his family and businesses, donated from \$370,000 to \$400,000 to Iowa Wesleyan for administrative and tuition costs between 1993 and 1997.³⁴⁴ In addition to those gifts, Sioeng donated \$100,000 to the college in 1993, allowing the institution to

³⁴¹ Interview of Johnny Ma, Dec. 8, 1997; Wong Interview.

³⁴² *The Iowan*, Fall 1997 at 2. Exhibit 139.

³⁴³ The Committee identified 15 honorary degrees that were awarded by Iowa Wesleyan College to Ted Sioeng and his associates (See chart at Exhibit 139), and other 5 degrees by American M&N University.

³⁴⁴ Prins Depo. at 14-16

secure a loan needed to make its payroll.³⁴⁵ Sioeng is also a member of Iowa Wesleyan's Board of Trustees.³⁴⁶

Simon Chen introduced Sioeng to Iowa Wesleyan's President, Robert J. Prins, in 1994.³⁴⁷ At the time, Chen was president of the International Daily News, a Chinese language newspaper that he sold to Sioeng in 1995.³⁴⁸ According to Prins, Chen informed him that Sioeng was interested in obtaining an honorary degree from Iowa Wesleyan College.³⁴⁹ Chen told Prins that Sioeng was "an active businessman that he had supported many groups, both Chinese and community groups within the LA area, [and] that he was involved in business, in both LA and China, [and] Hong Kong"³⁵⁰

Through Prins, Sioeng met the Governor of Iowa, Terry E. Branstad.³⁵¹ In fact, Sioeng got his picture taken with the Governor³⁵² and even asked Prins if Governor Branstad needed some financial help in his re-election campaign.³⁵³ Sioeng also brought a business associate of his, Jerry Sun, Vice President of Minmet K.N. (USA), Inc. to the meeting with the Governor.³⁵⁴

Prins subsequently traveled overseas with Sioeng on several occasions.³⁵⁵ During one of those trips, in October 1996, Prins awarded an honorary degree to Cambodia's Second Prime Minister, Samdech Hun Sen.³⁵⁶ Hun Sen, as he is commonly known, is a former Khmer Rouge officer and leader of Cambodia during the Vietnamese occupation.³⁵⁷ He led a bloody coup in July 1997 and ousted the elected First Prime Minister, Prince Norodom Ranariddh.³⁵⁸ Turmoil over the coup—and criticism of Hun Sen's totalitarian style of governance—persists to this day.³⁵⁹

Hun Sen moved Cambodia closer to the PRC. After his election as Second Prime Minister, Hun Sen began to court Chinese investment in Cambodia.³⁶⁰ For example, he took the extraordinary step of kicking out Taiwan's representatives from Cambodia and closing their "de facto embassy in Phnom Penh."³⁶¹ The largest Chinese investor in Cambodia is China Everbright, "a huge conglomerate that reports directly to Beijing's cabinet."³⁶²

The PRC supported Hun Sen during the coup, bringing him to the capital city of Beijing in July 1996 for a public show of sup-

³⁴⁵ Id. at 10.

³⁴⁶ Id. at 10.

³⁴⁷ Id. at 12.

³⁴⁸ See "Sioeng U.S. Business Interest."

³⁴⁹ Prins Depo. at 13.

³⁵⁰ Id.

³⁵¹ Prins Depo. at 74.

³⁵² Photo of Simon Chen, Sundari Elnitiarta, Ted Sioeng, Gov. Terry Bransted and Robert Prins, Sept. 2, 1993. Exhibit 140.

³⁵³ Prins Depo. at 74.

³⁵⁴ Interview of Jerry J. Sun, Mar. 19, 1998. Minmet K.N. (USA), Inc. is the U.S. subsidiary of China Minmetals Group, "one of the 56 Key enterprise groups approved by the State Council." China Minmetals Group Web Site, <<http://www.china-times.com/minmetal>>, Exhibit 141.

³⁵⁵ Id. at 39.

³⁵⁶ Id. at 40; See also Honorary Degree Certificate for Samdech Hun Sen. Exhibit 142.

³⁵⁷ Tina Rosenberg, *Hun Sen Stages an Election*, New York Times Mag., Aug. 30, 1998, at 26.

³⁵⁸ Fin. Times (London), July 25, 1998, at 7.

³⁵⁹ Tina Rosenberg, *Hun Sen Stages of Election*, New York Times Mag., Aug. 30, 1998, at 26.

³⁶⁰ Bruce Gilley, *Fragile Prospects: Political backing only goes so far for China's investors*, Far East. Econ. Rev., Dec. 11, 1997 at 29.

³⁶¹ Bruce Gilley, *Staying Power: Taiwan's Businesses still have clout in Cambodia*, Far East. Econ. Rev., Dec. 11, 1997 at 29.

³⁶² Id.

port.³⁶³ The People's Republic of China was one of the first foreign governments to recognize the new, Hun Sen-led government.³⁶⁴ Since then, Hun Sen has made several concessions to the Chinese government to maintain their support, including, cutting off a deal to fly direct commercial flights from Phnom Penh to Taipei, allowing Chinese police more power in security matters and suing 10 Cambodian newspapers over stories critical of the Chinese-Cambodian relationship.³⁶⁵

The Committee has developed information suggesting that Sioeng's facilitation of honorary degree ceremonies was consistent with other efforts he undertook to impress the rulers of Cambodia, and, presumably, to facilitate his business ventures there. As an example, Sioeng told Hun Sen after his honorary degree ceremony, that he was close to both President Clinton and PRC Premier Zemin.³⁶⁶ Sioeng also donated motorcycles and money to Hun Sen.³⁶⁷ As further evidence of the close relationship between Sioeng and Hun Sen, Prins told the Committee that he communicated with Hun Sen through Sioeng.³⁶⁸

The Committee found that Iowa Wesleyan awarded three other honorary degrees at Sioeng's recommendation to Cambodian nationals. One went to Hun Sen's "right hand man" Sok An,³⁶⁹ another to casino operator Tony Tandijono,³⁷⁰ and the third to Hoa Bang Huynh, a Cambodian with U.S. citizenship and former business partner of Sioeng.³⁷¹

Sok An's title is Minister in Charge of the Presidency and the Council of Ministers in Cambodia.³⁷² He serves as Hun Sen's spokesman and liaison to the Chinese Embassy.³⁷³ Huynh was an original partner in the tobacco manufacturing plant being constructed by Sioeng in Cambodia. He testified that he purchased \$700,000 worth of tobacco equipment from Sioeng's U.S. company, Panda Industries.³⁷⁴ However, Huynh sent \$250,000 to Panda Industries³⁷⁵ and transferred the remaining \$450,000 to the personal account of Jessica Elnitiarta.³⁷⁶

According to Huynh, the equipment was defective, so he returned the machinery and demanded a refund. As a result, Sioeng agreed to refund Huynh the money; however, he refunded the money to

³⁶³ Id.

³⁶⁴ Id.

³⁶⁵ Id.

³⁶⁶ Huynh Interview.

³⁶⁷ Huynh Interview. The Committee notes that during his deposition, Huynh claimed to have no such knowledge of Sioeng's donations to Hun Sen. (See Deposition of Hoa Bang Huynh, Apr. 15, 1998 at 12, hereinafter Huynh Depo.)

³⁶⁸ Prins Depo. at 65; See also photo of Hun Sen and Sioeng at honorary degree ceremony, Exhibit 143.

³⁶⁹ Honorary Degree Certificate and business card for Sok An. Exhibit 144.

³⁷⁰ Honorary Degree Certificate and business card for Tony Tandijono. Exhibit 145.

³⁷¹ Huynh Depo. at 8; See also, Honorary Degree Certificate and business card for Hoa Bang Huynh, Exhibit 146.

³⁷² See Exhibit 144.

³⁷³ *40th Anniversary of Sino-Cambodia Ties Marked*, Xinhua English Newswire, July 17, 1998. See also, *Thai Foreign Minister Meets Cambodian King Sihanouk, Hun Sen*, Deutsche Press-Agentur, June 27, 1998 (Sok An discussing Hun Sen's position concerning the elections with reporters); *Japan Hinted at aid cut unless Ranariddh Pardoned*, Japan Econ. Newswire, Mar. 22, 1998 (describing Sok An as ". . . a close aid to Second Prime Minister Hun Sen."); *Cambodian Government plays down Contract for Elections*, Deutsche Presse-Agentur, Mar. 20, 1998 (discussing Sok An's briefing of British, Japanese and Australian ambassadors on a secret contract).

³⁷⁴ Huynh Depo. at 14.

³⁷⁵ See Exhibit 100.

³⁷⁶ See Exhibit 101.

Huynh, through Tony Tandijono,³⁷⁷ who runs one of two licensed casinos in Phnom Penh, and is also part owner of a weapons firing range north of that city.³⁷⁸

Huynh stated that after Sioeng returned the money, Sioeng formed a partnership with Theng Bunma³⁷⁹ and Mr. Tandijono to run the tobacco plant.³⁸⁰ Reportedly the richest man in Cambodia, Bunma was a “staunch supporter of Hun Sen.”³⁸¹ In fact, he is such a strong supporter of Hun Sen that he bankrolled the coup against Prince Ranariddh.³⁸² Bunma donated over \$1 million in cash and gold to finance Hun Sen’s takeover of the Cambodian government.³⁸³ Bunma gained international attention in April 1997 when he stormed off a Cambodian jetliner in Phnom Penh, demanded a gun from one of his waiting bodyguards, and shot out the plane’s tires, because his luggage had been lost.³⁸⁴

In his interview with the Committee, Huynh stated that Sioeng acknowledged his political contributions to both Democrats and Republicans.³⁸⁵ Huynh specifically quoted Sioeng as saying that, for \$10,000, he could arrange for Huynh to sit at the head table with the President, presumably at a fundraising lunch or dinner.³⁸⁶ In addition, Huynh stated that Sioeng had asked him if he would like to sponsor a table at the fundraising event scheduled to be attended by President Clinton.³⁸⁷ Huynh did not repeat those assertions under oath. The Committee notes that Ted Sioeng himself was not the signatory on any of the contributions to the DNC, rather Jessica Elnitiarta signed the checks. However, Huynh’s statements above supports the conclusion that Sioeng directed Jessica Elnitiarta’s contributions.

The Committee has been unable to confirm Huynh’s explanation of events, or to reconcile the differences between what he said when interviewed on March 12, 1998 versus his deposition testimony on April 15, 1998. One explanation for the discrepancies is the translation difficulties that arose during the deposition. It was unclear at times whether Huynh fully understood the questions posed.

On December 20, 1997, Iowa Wesleyan College awarded an honorary degree to Theng Bunma at the request of Hun Sen.³⁸⁸ The degree was presented at the Intercontinental Hotel in Phnom Penh, Cambodia which is owned by Bunma.³⁸⁹

The U.S. State Department has made it clear that, aside from his other ventures, Bunma “is closely and heavily involved in drug

³⁷⁷ Huynh Depo. at 14.

³⁷⁸ Id.

³⁷⁹ The Committee notes that in his deposition, Huynh testified that he did not know Theng Bunma was. (See Huynh deposition at 15). However, *The Far East. Econ. Rev.* reported that Huynh is a business partner of Bunma (See Bruce Gilley, *Rising by Degrees*, Aug. 20, 1998).

³⁸⁰ Huynh Interview.

³⁸¹ Nate Thayer, *Tycoon Admits to Role in Cambodian Coup*, the Washington Post, July 25, 1997 at A4.

³⁸² Id.

³⁸³ Id.

³⁸⁴ Robin McDowell, *Tycoon propelled Hun Sen to power in Cambodia coup*, Washington Times at A11, Aug. 14, 1997.

³⁸⁵ Huynh Interview.

³⁸⁶ Id.

³⁸⁷ Huynh Depo. at 22–25.

³⁸⁸ Honorary Degree Certificate and business card for Theng Bunma. Exhibit 147.

³⁸⁹ Prins Depo. at 52.

trafficking in Cambodia.”³⁹⁰ Furthermore, the U.S. Government has banned Bunma from entering the country due to his alleged narcotics smuggling.³⁹¹

Then-Ambassador to Cambodia Charles Twining warned Cambodian authorities in 1994 of Bunma’s alleged narcotics trafficking.³⁹² Despite these warnings, the State Department “issued Bunma a visa to attend the National Prayer Breakfast in Washington, an event organized at Congress and presided over by President Clinton . . . After hearing Clinton’s speech, Bunma was granted a meeting with U.S. officials at the Pentagon.”³⁹³

A guest list from Bunma’s honorary degree event shows many Sioeng family members and business associates present at the event.³⁹⁴ This includes: Sandra Elnitiarta; Didi Kurniawan; Yopie Elnitiarta; Kent La; Hung Fei Man; Li Kwai Fai;³⁹⁵ (All of whom attended at least one DNC fundraiser), Frankie Hum, Manager of Chinois Tobacco, Ltd.;³⁹⁶ Ambrose Hsuing, Vice-President, The Sioeng Co. Group;³⁹⁷ Amy Zhang, Personnel Relations, S.S. Group;³⁹⁸ Glenville Stuart,³⁹⁹ Belize consulate personnel; Benny Sit, Director, Well & Well Group;⁴⁰⁰ Yanuar Joeng,⁴⁰¹ Vice President WGL Tobacco Ltd. (Director of Worldwide Golden Leaf Tobacco Ltd.); Kook Ying Tai Peter, (aka Peter Kook),⁴⁰² Chairman, Well & Well Group; and Yueng Hong Man, Vice-President, International Daily News⁴⁰³ (Hong Kong).⁴⁰⁴

3. Conclusions

Sioeng’s relationship with Hun Sen, Theng Bunma, and others in Cambodia is a concern to the Committee. Due to Sioeng’s refusal to cooperate with the Committee several important questions remain unanswered.

The Committee has been unable to confirm that the \$700,000 Huynh gave to Jessica Elnitiarta and Panda Industries was for a legitimate business transaction. Nor has it seen documentation that the money was returned, as Huynh testified.

³⁹⁰ Nate Thayer, Drug Suspects Bankroll Cambodian Coup Leader, the Washington Post, July 22, 1997.

³⁹¹ *Id.*

³⁹² *Id.* The Committee noted that Ted Sioeng did not make the allegations against Bunma known to Prins when Iowa Wesleyan awarded the honorary degree to Bunma. Prins later confronted Sioeng about those allegations, and Sioeng apologized. Iowa Wesleyan subsequently “revoked [the degree] based on the State Department’s ruling that Bunma cannot enter the United States and is currently blacklisted.” (See Prins Depo. at 53).

³⁹³ Nate Thayer, Drug Suspects Bankroll Cambodian Coup Leader, the Washington Post, July 22, 1997.

³⁹⁴ International Industrial Commercial Conference guest list. Exhibit 148; See also, picture at conference. Exhibit 149.

³⁹⁵ *Id.*

³⁹⁶ Ted Sioeng serves as Chairman of Chinois Tobacco. See “Sioeng’s Foreign Business Interests.”

³⁹⁷ See Exhibit 114.

³⁹⁸ See “Sioeng’s Foreign Business Interest”.

³⁹⁹ See “Sioeng’s U.S. Business Interests.”

⁴⁰⁰ In December 1997, Peter Kook, Chairman of the Well & Well Group, was awarded an honorary degree from Iowa Wesleyan College at the recommendation of Ted Sioeng. Honorary Degree Certificate and business card for Peter Kook. Exhibit 150.

⁴⁰¹ See “Sioeng’s Foreign Business Interest”.

⁴⁰² See “Sioeng’s U.S. Business Interest.”

⁴⁰³ *Id.*

⁴⁰⁴ The Committee has been unable to contact or speak with many people on this guest list. Some, such as Sioeng’s family members and U.S. business associates have asserted their fifth amendment rights. Others have refused to respond to Committee requests for information or to calls from Committee investigators to their offices.

Also unaddressed are questions concerning Sioeng's relationship to powerful figures in Cambodia and China. The nature of the relationships and Sioeng's motives remain unclear, largely because Sioeng and his family have refused to shed light on these and other important questions.

VI. DEMOCRATIC CONTRIBUTIONS

A. JOHN HUANG'S ROLE

1. Summary

The Committee has learned that former Commerce Department employee and DNC fundraiser John Huang solicited funds from Ted Sioeng and Jessica Elnitiarta. Huang, a major focus of both the House and Senate investigations into illegal and/or improper activities during the 1996 campaign, asserted his privilege against self-incrimination and has refused to cooperate with the Committee.

2. Findings

DNC tracking forms credit John Huang as the solicitor for all but the first of the Sioeng related contributions.⁴⁰⁵ The Committee notes that all DNC tracking forms recording the Sioeng family's contributions appear to be in Huang's handwriting. Huang was first introduced to the Sioeng family in 1995.⁴⁰⁶ Huang's first solicitation for the Sioeng family was in connection with a fundraiser on February 19, 1996, held at Washington, DC's Hay-Adams hotel.⁴⁰⁷ After some negotiation with Huang, Jessica Elnitiarta contributed \$100,000 in connection with that event, or \$12,500 for each of their eight guests.⁴⁰⁸ Huang later claimed that because of their late attendance the family did not have good seats for the event.⁴⁰⁹

However, DNC records and photographs show that Sioeng and one of his Chinese guests sat at the head tables with President Clinton during the dinner, and Vice President Gore at a breakfast the next morning.⁴¹⁰ The Committee notes that, at the Hay-Adams event, President Clinton specifically thanked "those [people in attendance] who have come from other countries to be with us tonight . . ." ⁴¹¹

The Committee notes that a DNC staff member told Huang that the Sioeng family participated in the Hay-Adams event in a "relatively major way."⁴¹² The DNC official also stated that the

⁴⁰⁵ See, Check No. 575 from Jessica Elnitiarta to the DNC in the amount of \$100,000, Feb. 12, 1996, Exhibit 151; Check No. 1632 from Panda Estates Investment Inc. to the DNC in the amount of \$100,000, July 12, 1996, Exhibit 152; Check No. 1652 from Panda Estates Investment to the DNC in the amount of \$50,000, July 29, 1996, Exhibit 153; Check No. 3881 from Loh Sun International, Inc., to the DNC in the amount of \$50,000, July 29, 1996, Exhibit 154; Check No. 134 from Subandi Tanuwidjaja to the DNC in the amount of \$60,000, Sept. 9, 1996, Exhibit 155; Check No. 136 from Subandi Tanuwidjaja to the DNC in the amount of \$20,000, Sept. 19, 1996, Exhibit 156; Check No. 1611 from Suryanti Tanuwidjaja to the DNC in the amount of \$20,000, Sept. 16, 1996, Exhibit 157. See also, Elnitiarta Interview.

⁴⁰⁶ Elnitiarta Interview.

⁴⁰⁷ Id.

⁴⁰⁸ Id.

⁴⁰⁹ Id.

⁴¹⁰ See Exhibit 131.

⁴¹¹ White House video of Hay-Adams event.

⁴¹² Facsimile from Anne Edder to John Huang, Mar. 6, 1996. Exhibit 158.

Tanuwidjaja family “is also prominent and can play a major role.”⁴¹³

Jessica Elnitiarta stated that, following the Hay-Adams event, Huang gave the family complimentary tickets to a controversial fundraiser held at a Buddhist temple on April 29, 1996.⁴¹⁴ However, Huang’s personal documents show that he may have counted on Sioeng for a contribution during that event.⁴¹⁵ Furthermore, Subandi Tanuwidjaja, who at the time was engaged to Laureen Elnitiarta, was listed as attending the event, but his name was later crossed out.⁴¹⁶ The apparent amounts attributed by the DNC to Sioeng, “100/80,” correspond to the amount contributed by Subandi Tanuwidjaja and his sister, Suryanti Tanuwidjaja in September 1996. The event guest list show that Ted Sioeng and Sioeng Fej Man Hung, the editor of the International Daily News, sat at the head table at this event.⁴¹⁷

Huang’s next solicitation of Sioeng was in connection with a May 13, 1996 fundraiser at the Sheraton Carlton Hotel in Washington, DC. As per DNC protocol, Jessica Elnitiarta faxed a letter giving the background of most of the family’s guests.⁴¹⁸ The Committee notes that, in the facsimile, Elnitiarta referred to “Uncle Huang.”⁴¹⁹ This could either be a traditional Chinese honorific used for older males, or an indication that Huang was personally close to the Sioeng family. DNC records show that Sioeng and two of his guests attended and sat at the head table.⁴²⁰ Jessica Elnitiarta claimed that she did not contribute for this event until July 12, 1996,⁴²¹ at which time she contributed \$100,000 or \$12,500 per-head consistent with the Hay-Adams donation negotiated with Huang.⁴²² Sioeng business associate Kent La also attended this event and had his picture taken with President Clinton.⁴²³

Jessica Elnitiarta stated that Huang then begged her to participate in a July 22, 1996 fundraiser held at the Century Plaza Hotel in California, as he was having trouble obtaining participants.⁴²⁴ Elnitiarta said Huang encouraged her to bring as many guests as she liked.⁴²⁵ Sioeng attended the event, bringing at least one business associate from Hong Kong, Lam Kwok Man, and 48 other guests.⁴²⁶

Sioeng sat at the head table with President Clinton and Lippo executive James Riady.⁴²⁷ Kent La also attended this event.⁴²⁸ Although the DNC credited Huang with La’s \$50,000 contribution,⁴²⁹ they attributed it to a July 30, 1998 Presidential dinner at the Jef-

⁴¹³ Id.

⁴¹⁴ Elnitiarta Interview.

⁴¹⁵ Notes prepared by John Huang, Exhibit 159.

⁴¹⁶ Guest list for Tsi Lai Temple event, Apr. 1996. Exhibit 160.

⁴¹⁷ Id.

⁴¹⁸ Facsimile from Jessica Elnitiarta to John Huang, Exhibit 161.

⁴¹⁹ Id.

⁴²⁰ See Exhibit 133.

⁴²¹ Elnitiarta Interview.

⁴²² Id.

⁴²³ Picture of President Clinton with Kent La. Exhibit 162.

⁴²⁴ Elnitiarta Interview.

⁴²⁵ Id.

⁴²⁶ Id.

⁴²⁷ Picture of Ted Sioeng, President Clinton, and James Riady. Exhibit 163.

⁴²⁸ Ma Interview.

⁴²⁹ See Exhibit 154.

erson Hotel in Washington, DC,⁴³⁰ an event that La certainly did not attend. The DNC also credited Huang with contributions made by Sioeng's in-laws, the Tanuwidjaja's,⁴³¹ to various events, including the same \$60,000 contribution attributed to two different events.⁴³²

3. Conclusions

Huang has not cooperated with the Committee in its investigation of his fundraising activities for the Democratic National Committee.⁴³³ Given the total number of contributions credited to Huang which have been returned as being improper or illegal, the Committee finds that Huang is a central figure in the campaign finance scandal. In addition, the Committee has serious and substantial unanswered questions about Huang's connections to the People's Republic of China.

The Committee concludes that a majority of the contributions made by Sioeng's family and business associates are likely illegal.⁴³⁴ Huang appeared to influence or participate in all of the contributions related to Sioeng.

B. CONTRIBUTIONS TO THE DEMOCRATIC NATIONAL COMMITTEE

1. Summary

During the 1996 Federal election cycle, courted by fundraiser John Huang, Ted Sioeng's family and associates contributed \$400,000 to the DNC. A review of bank records strongly suggests that \$310,000 of the contributions were ultimately funded from foreign accounts in Hong Kong and Indonesia. The remaining \$90,000 while funded from U.S. receipts, remains suspect due to large and continuing foreign subsidies to the family's U.S. businesses from family patriarch and Belize national Ted Sioeng. The result of these subsidies was often a commingling of domestic receipts and foreign funds in accounts from which political contributions were made.

Additional questions are raised by the Sioeng family's deafening silence on the subject of its political contributions. All of the Sioeng family members and those associates closest to the family have either asserted the Fifth Amendment, left the country, or are foreign nationals who have refused to be interviewed. The fact that the people most likely to know about the Sioeng family's political contributions uniformly have refused to talk to the Committee about the contributions casts serious doubt on whether they meet applicable legal and regulatory requirements. Furthermore, they are largely inappropriate under the DNC's own announced standards for contribution retention.

⁴³⁰ Id.

⁴³¹ See Exhibits 155–157.

⁴³² See Exhibit 155.

⁴³³ See Huang chapter.

⁴³⁴ See "The Sioeng-Related Contributions to the DNC Appear to Violate Campaign Finance Laws."

2. Findings

A. JESSICA ELNITIARTA \$100,000

In connection with a February 19, 1996 fundraiser hosted by the President at the Hay-Adams Hotel, Ted Sioeng's oldest daughter, Jessica Elnitiarta, a U.S. legal permanent resident, wrote a personal check for \$100,000 to the DNC⁴³⁵ against a bank account balance of only \$9,225.⁴³⁶ Elnitiarta took steps to cover the check 3 days later. On February 22, 1996, Elnitiarta, using a power of attorney, transferred \$200,000 from the personal bank account of Ted Sioeng's sister, Yanti Ardi,⁴³⁷ an Indonesian national, to her own account. This \$200,000 came from a \$518,434 wire transfer 10 days earlier from Pristine Investments in Hong Kong.⁴³⁸

In short, this \$100,000 contribution was funded by ineligible foreign money and should be returned by the DNC. This is part of a pattern that recurs throughout the brief but curious history of Sioeng-related contributions to the DNC.

B. PANDA ESTATES INVESTMENT, INC. \$100,000

On July 12, 1996, Jessica Elnitiarta, as President of Panda Estates Investment, Inc., signed a \$100,000 company check to the DNC⁴³⁹ against a negative bank account balance of \$599.⁴⁴⁰ The check cleared the bank on July 25, 1996, causing a negative bank balance of \$100,125.⁴⁴¹ The next day, Elnitiarta telephone transferred \$100,000 from a Panda Estates receipts account toward the overdraft.⁴⁴² Of this transfer, \$60,000 came from Yanti Ardi's personal bank account,⁴⁴³ which in turn was funded by a \$1,652,480 wire transfer on June 28, 1996 from R.T. Enterprises in Hong Kong.⁴⁴⁴ R.T. Enterprises appears to be a Sioeng owned or controlled company. The remaining \$40,000 was funded by a transfer from a Panda Estates receipts account that consisted of domestic rents collected for the month of July 1996.⁴⁴⁵

In short, this contribution of \$100,000 was funded by \$60,000 of foreign money and \$40,000 by domestic sources and, hence, should be returned.

C. PANDA ESTATES \$50,000

Only July 29, 1996, Jessica Elnitiarta signed a \$50,000 company check to the DNC⁴⁴⁶ from Panda Estates Investment against a negative bank account balance of \$2,351.⁴⁴⁷ The check cleared the

⁴³⁵ See Exhibit 151.

⁴³⁶ Grand National Bank statement Jessica Elnitiarta, Feb. 1996. Exhibit 164.

⁴³⁷ Telephone transfer from Yanti Ardi to Jessica Elnitiarta in the amount of \$200,000, Feb. 22, 1996, Exhibit 165.

⁴³⁸ Wire transfer from Pristine Investments to Yanti Ardi in the amount of \$518,434, Feb. 12, 1996. Exhibit 166.

⁴³⁹ See Exhibit 152.

⁴⁴⁰ Grand National Bank statement, Panda Estates Investment, Inc., July 1996. Exhibit 167.

⁴⁴¹ *Id.*

⁴⁴² Telephone transfer from Panda Estates Investment receipts account to disbursement account in the amount of \$100,000, July 26, 1996; Check No. 2309 from Yanti Ardi to Panda Estates Investment in the amount of \$60,000, July 26, 1996. Exhibit 168.

⁴⁴³ *Id.*

⁴⁴⁴ See Exhibit 110.

⁴⁴⁵ Grand National Bank statement, Panda Estates Investment, Inc., deposits into receipts account, July 5-22, 1996. Exhibit 169.

⁴⁴⁶ See Exhibit 153.

⁴⁴⁷ See Exhibit 167.

bank on August 5, 1996, causing a \$48,198 overdraft.⁴⁴⁸ The next day, Elnitiarta covered part of the overdraft through a \$40,000 transfer of domestic rental receipts for the month of August 1996.⁴⁴⁹ The remaining overdraft was covered by an August 6, 1996 transfer of \$10,000 from the bank account of Code 3 USA, the family's gun and ammunition business, operated by Elnitiarta's husband, Ridwan Dinata.⁴⁵⁰ This transfer came from an August 5, 1996 advance of \$10,000 against Code 3's \$250,000 bank credit line.⁴⁵¹ On September 10, 1996, Elnitiarta appears to have repaid Code 3 the \$10,000 from her personal bank account.⁴⁵²

In conclusion, this \$50,000 contribution appears to have been funded by domestic rental receipts. Nevertheless, Ted Sioeng's probable involvement with this and the two other DNC contributions made by his daughter, Jessica, raises troubling and severe doubts about the legality and appropriateness of this contribution.

D. LOH SUN INTERNATIONAL \$50,000

On July 29, 1996, the same day as Jessica Elnitiarta wrote the above \$50,000 check to the DNC, Ted Sioeng, associate Kent La, a U.S. legal permanent resident, also wrote a \$50,000 check to the DNC.⁴⁵³ As President of Loh Sun International, Kent La signed a company check to the DNC against a July 29, 1996, bank balance of \$262,185.⁴⁵⁴ Five days earlier, on July 24, 1996, the company account had received a \$97,555 wire transfer from R.T. Enterprises in Hong Kong,⁴⁵⁵ which appears to be owned or controlled by Ted Sioeng. Although documentation of the wire transfer indicates the funds were for "Hongtashan Advertising,"⁴⁵⁶ the amount of the transfer as its close proximity to Loh Sun's contribution to the DNC raised serious questions about its true purpose and use.

Moreover, the mystery surrounding this contribution is compounded by a check signed by Kent La on an account with his wife, Nancy.⁴⁵⁷ The check, dated October 28, 1996, in the amount of \$20,000, is payable to Loh Sun International, but was not deposited until December 23, 1996. On the memo line La has written, "Donation to DNC-7/29/96." It is unclear why La would reimburse his own company for a political contribution. One explanation is that he was attempting to "cure," after the fact, a conduit contribution funded by Ted Sioeng with foreign funds.

E. THE TANUWIDJAJA FAMILY CONTRIBUTIONS

Within 10 days in September 1996, the Tanuwidjaja family, to which the Sioeng family is related through marriage and family

⁴⁴⁸ Grand National Bank statement, Panda Estates Investment, Inc., Aug. 1996. Exhibit 170.

⁴⁴⁹ Telephone transfer from Panda Estates Investment (receipts) to Panda Estates Investment (disbursement) in the amount of \$40,000, Aug. 6, 1996. Exhibit 171.

⁴⁵⁰ See Exhibit 87.

⁴⁵¹ Telephone transfer from Code 3 USA (loan) to Code 3 USA (bank) in the amount of \$10,000, Aug. 5, 1996. Exhibit 172.

⁴⁵² See Exhibit 88.

⁴⁵³ See Exhibit 154.

⁴⁵⁴ United Pacific Bank statement, Loh Sun International, July 1996. Exhibit 173.

⁴⁵⁵ See Exhibit 10.

⁴⁵⁶ Id.

⁴⁵⁷ Check No. 143 from Kent La to Loh Sun International in the amount of \$20,000, Oct. 28, 1996. Exhibit 174.

businesses, made three contributions to the DNC totaling \$100,000 as follows:

Subandi Tanuwidjaja \$80,000

On September 9, 1996, Ted Sioeng's son-in-law, Subandi Tanuwidjaja, a U.S. legal permanent resident, signed a \$60,000 personal check to the DNC⁴⁵⁸ against a U.S. bank balance of \$66,050.⁴⁵⁹ Three days before, the account received a \$100,000 personal check from the U.S. bank account of his father, Susanto Tanuwidjaja, an Indonesian national.⁴⁶⁰ Susanto's check was funded by a \$100,000 wire transfer on August 21, 1996, from an Indonesian bank account in the name of Subandi Tanuwidjaja.⁴⁶¹ The fact that the foreign money was wired into Susanto's U.S. bank account and not his son's suggests that the money may have been his, and raises questions about the legality of the contribution. It thus appears that this \$60,000 contribution may have been funded by foreign money by a foreign national and should be returned by the DNC.

On September 19, 1996, Subandi Tanuwidjaja signed a \$20,000 personal check to the DNC⁴⁶² against a bank balance of \$25,640.⁴⁶³ The day before, the account received a \$20,000 wire transfer from Dragon Union, Ltd. in Hong Kong.⁴⁶⁴ Subandi Tanuwidjaja is Dragon Union's sole corporate director.⁴⁶⁵ It thus appears that this \$20,000 contribution was funded by foreign money and should be returned by the DNC.

Suryanti Tanuwidjaja \$20,000

On September 16, 1996, Ted Sioeng's daughter-in-law, Suryanti Tanuwidjaja, a U.S. legal permanent resident, signed a \$20,000 personal check to the DNC⁴⁶⁶ against a bank balance of \$61,726.⁴⁶⁷ Two days later, the account received a \$20,000 wire transfer from Dragon Union, Ltd in Hong Kong,⁴⁶⁸ for which her brother, Subandi Tanuwidjaja, is the sole corporate director.

Hence, although sufficient domestic funds existed at the time the check was written, the close proximity, same amount, and similar circumstances of the \$20,000 contribution suggests a coordinated scheme to make a contribution and reimburse the donation with foreign funds.

In this case, as with Subandi's \$20,000 contribution, it appears that the Dragon Union transfers were intended to fund or reimburse the DNC contributions.

⁴⁵⁸ See Exhibit 155.

⁴⁵⁹ Western State Bank statement, Subandi Tanuwidjaja, Sept. 13, 1996. Exhibit 175.

⁴⁶⁰ Check No. 1026 from Susanto Tanuwidjaja to Subandi Tanuwidjaja in the amount of \$100,000, Sept. 6, 1996. Exhibit 176.

⁴⁶¹ Wire transfer from Subandi Tanuwidjaja to Susanto Tanuwidjaja in the amount of \$100,000, Aug. 21, 1996. Exhibit 177.

⁴⁶² See Exhibit 156.

⁴⁶³ Western State Bank statement, Subandi Tanuwidjaja, Oct. 15, 1996. Exhibit 178.

⁴⁶⁴ Wire transfer from Dragon Union to Subandi Tanuwidjaja in the amount of \$20,000, Sept. 18, 1996. Exhibit 179.

⁴⁶⁵ See Exhibit 23.

⁴⁶⁶ See Exhibit 157.

⁴⁶⁷ Bank of America Statement, Suryanti Tanuwidjaja, Sept. 27, 1996. Exhibit 180.

⁴⁶⁸ Wire transfer from Dragon Union to Suryanti Tanuwidjaja in the amount of \$20,000, Sept. 18, 1996. Exhibit 181.

C. CONTRIBUTIONS TO GOVERNOR GARY LOCKE

1. Summary

The Committee has found that Ted Sioeng's political contributions and activities were not limited to political parties, but included donations to—and apparently fundraising on behalf of—candidates for state and local offices. One candidate who benefitted from Sioeng's generosity was Gary Locke, the current Governor of Washington State, who became the first Governor of Chinese descent in American history.

Committee investigators identified eight contributions from Sioeng family members and associates totaling \$8,700 around July 29, 1996 to Gary Locke's 1996 campaign for Governor of Washington State. Committee investigators traced the funding of five of the contributions totaling \$5,500 to a foreign bank account in Hong Kong that the Committee has associated with Ted Sioeng. Additionally, four of the payments totaling \$4,400 appear to be illegal "straw donor" conduit payments by employees of companies that the Sioeng family either owns or does business with. Committee investigators presented information on one contributor for which they had completed work to Governor Locke during a deposition on July 7, 1998. Locke stated, "The circumstances didn't look at that legit when they showed it to us."⁴⁶⁹ The Governor's campaign refunded the \$1,100 contribution on July 23, 1998.⁴⁷⁰

The Committee has found no evidence to indicate that Governor Locke knowingly accepted illegal donations from Sioeng's family and associates. However, the Committee has serious questions regarding some of the contributions and their apparent violation of Federal campaign funding laws.

2. The Relationship of Governor Locke to Ted Sioeng

Governor Locke stated that he first met Ted Sioeng during a DNC fund-raiser at the Sheraton-Carlton Hotel in Washington, DC which took place on May 13, 1996, and was attended by President Clinton.⁴⁷¹ Sioeng told Governor Locke that he was in the newspaper publishing business and that he manufactured and exported tobacco products to China.⁴⁷²

Governor Locke stated that the only other time he recalled meeting with Ted Sioeng was in Los Angeles in July 1996.⁴⁷³ This meeting was arranged by David Lang of Lang, Murakawa, & Wong, a firm hired by the Gary Locke for Governor campaign to raise funds in southern California.⁴⁷⁴ The meeting occurred on July 1, 1996, at the Sioeng owned International Daily News in Monterey Park, California. The next day, the paper published an article with the headline, "Gary Locke and his wife visit old friend Ted Sioeng at the International Daily News." In this article, Sioeng expressed his support for Locke's campaign and claimed that he was to be the co-

⁴⁶⁹ David Postman, *Investigation of foreign campaign donations entangles Locke*, Seattle Times, Aug. 6, 1998.

⁴⁷⁰ Letter from Blair Butterworth to Sylvana Djojmartono with refund check No. 1575 for \$1,100, July 23, 1998. Exhibit 182.

⁴⁷¹ Locke Depo. at 15.

⁴⁷² Id. at 17.

⁴⁷³ Id. at 19.

⁴⁷⁴ Id. at 18.

chairman of a large scale fundraiser for Locke on August 5 in southern California.⁴⁷⁵

Governor Locke confirmed that Sioeng volunteered to raise funds for his campaign,⁴⁷⁶ however, the proposed Sioeng fundraiser never materialized. In addition, Governor Locke refuted the statement that he was an old friend of Ted Sioeng and considered it self-promotional.⁴⁷⁷ However, Governor Locke acknowledged contributions to his campaign by Sioeng family members.⁴⁷⁸

3. *The Sioeng Contributions to Gary Locke*

The Committee determined that although Ted Sioeng did not contribute directly to Gary Locke's campaign, he apparently arranged for some contributions totaling \$8,700. An invoice from David Lang for fundraising services indicated that some \$8,700 contributed by persons related or otherwise connected with Ted Sioeng's was actually "raised from Ted Sioeng."⁴⁷⁹ The eight contributions from Sioeng family members and associates were all dated around July 29, 1996, less than a month after Governor Locke's visit with Ted Sioeng at the International Daily News:

- Sylvana Djojmartono (an employee of the Hollywood Metropolitan Hotel owned by the Sioengs) contributed \$1,100.⁴⁸⁰ Committee investigators determined this to be an illegal "straw donor" contribution funded by foreign money. When subpoenaed by the Committee, Djojmartono asserted her privilege against self-incrimination.⁴⁸¹

On July 29, 1996 Sioeng's daughter, Jessica Elnitiarta, wrote a \$1,100 check from her personal bank account payable to "cash" for which the memo line said "Donation for Gary Locke for Governor."⁴⁸² The same day, Djojmartono endorsed Elnitiarta's check, deposited it into her personal bank account, and wrote an \$1,100 check to Gary Locke for Governor. At the time Jessica wrote the check to "cash," her bank account was overdrawn by \$13,045.⁴⁸³ To cover this overdraft, she transferred \$45,000 from the personal bank account of Ted Sioeng's sister, Yanti Ardi on August 1, 1996.⁴⁸⁴ This transfer, in turn, was financed by a June 28, 1996 wire transfer of \$1,652,480 from RT Enterprises in Hong Kong, which the Committee has determined is affiliated with Ted Sioeng and his tobacco interests overseas.⁴⁸⁵ After committee investigators presented Governor Locke with the above information at a July 7, 1998 deposition, this contribution was refunded to Djojmartono on July

⁴⁷⁵ Article from International Daily News, July 2, 1996 (translated by Michael D. Yan). Exhibit 183.

⁴⁷⁶ Locke Depo. at 67.

⁴⁷⁷ Id. at 25.

⁴⁷⁸ Id. at 34.

⁴⁷⁹ Invoice from David Lang, Aug. 8, 1996. Exhibit 184.

⁴⁸⁰ Check No. 2882 from Sylvana Djojmartono to Gary Locke for Governor in the amount of \$1,100, July 29, 1996. Exhibit 185.

⁴⁸¹ Letter from Laura shores to Michael Bopp, July. 17, 1998. Exhibit 186.

⁴⁸² Check No. 198 from Jessica Elnitiarta to cash in the amount of \$1,100, July 29, 1996. Exhibit 187.

⁴⁸³ Grand National Bank statements, Jessica Elnitiarta, July 1996. Exhibit 188.

⁴⁸⁴ Telephone transfer from Yanti Ardi to Jessica Elnitiarta in the amount of \$45,000, Aug. 1, 1996. Exhibit 189.

⁴⁸⁵ See Exhibit 110.

23, 1998. Locke stated, "The circumstances didn't look at that legit when they showed it to us."⁴⁸⁶

- Sundari Elnitiarta (Sioeng's wife) contributed \$1,100.⁴⁸⁷ Committee investigators determined that this contribution was funded by foreign money. This contribution was written against a bank balance of \$16,264.⁴⁸⁸ The check was financed from a \$30,000 transfer from the personal bank account of Yanti Ardi on July 24, 1996.⁴⁸⁹ That deposit, in turn, was financed by a June 28, 1996 wire transfer of \$1,652,480 from R.T. Enterprises in Hong Kong.⁴⁹⁰

- Chew Nin Kim and Yen Chu (Margaret) Kim (officers of Supertrip Travel along with Ted Sioeng, located in the Hollywood Metropolitan Hotel complex owned by the Sioengs⁴⁹¹ each contributed \$1,100.⁴⁹² Committee investigators believe these to be illegal "straw donor" contributions funded by foreign money from the Sioengs.

The Committee believes that Supertrip Travel provided each officer with \$1,100,⁴⁹³ which may have been funded by a July 22, 1996 check from Jessica Elnitiarta for \$4,200.⁴⁹⁴ She financed that check with a \$50,000 transfer from the personal bank account of Yanti Ardi on July 18, 1996.⁴⁹⁵ The source of Ardi's funds, again, was a June 28, 1996 wire transfer of \$1,652,480 from R.T. Enterprises in Hong Kong.⁴⁹⁶ The Committee notes that it is still awaiting bank documents related to these transactions.

- Glenville Stuart (Sioeng associate) contributed \$1,100 to Gary Locke's campaign.⁴⁹⁷ The contribution appears to have been funded by a \$15,000 loan advance on July 2, 1996.⁴⁹⁸ Committee staff deposed Stuart on February 18, 1998, before becoming aware of his contribution to Governor Locke.

- Gretel Pollard (an employee of Glenville Stuart's Sunset Market & Liquor) contributed \$1,100.⁴⁹⁹ Committee investiga-

⁴⁸⁶ See Exhibit 182. David Postman, Investigation of foreign campaign donations entangles Locke, Seattle Times, Aug. 6, 1998.

⁴⁸⁷ Check No. 1533 from Sundari, Sandra, Lauren Elnitiarta to Gary Locke for Governor in the amount of \$1,100, July 29, 1996. Exhibit 190.

⁴⁸⁸ Grand National Bank statement, Sundari, Sandra, Lauren Elnitiarta, July 1996. Exhibit 191.

⁴⁸⁹ Telephone transfer from Yanti Ardi to Sundari Elnitiarta in the amount of \$30,000, July 24, 1996. Exhibit 192.

⁴⁹⁰ See Exhibit 110.

⁴⁹¹ See Exhibit 44.

⁴⁹² Check No. 7206 from Chew Nin Kim to Gary Locke for Governor in the amount of \$1,100, July 28, 1996; Check No. 102 from Yen Chu Kim to Gary Locke for Governor in the amount of \$1,100, July 28, 1996. Exhibit 193.

⁴⁹³ The Committee is awaiting documents responsive to a subpoena.

⁴⁹⁴ Check No. 177 from Jessica Elnitiarta to Supertrip Travel in the amount of \$4,200, July 22, 1996. Exhibit 194.

⁴⁹⁵ Check No. 2308 from Yanti Ardi to Jessica Elnitiarta in the amount of \$50,000, July 18, 1996. Exhibit 195.

⁴⁹⁶ See Exhibit 110.

⁴⁹⁷ Check No. 371 from Glenville Stuart to Gary Locke for Governor in the amount of \$1,100, July 29, 1996. Exhibit 196.

⁴⁹⁸ Telephone transfer from Glenville Stuart loan account to Glenville Stuart checking account in the amount of \$15,000, July 2, 1996. Exhibit 197.

⁴⁹⁹ Check No. 224 from Gretel Pollard to Gary Locke for Governor in the amount of \$1,100, July 29, 1996. Bank of America statement for Gretel Pollard, July 23-Aug. 21, 1996. Check No. 374 from Glenville Stuart to Gretel Pollard and deposit slip in the amount of \$1,500, Aug. 1, 1996.

tors believe this is an illegal “straw donor” contribution later reimbursed with foreign money from Ted Sioeng.

On July 29, 1996, Pollard wrote a \$1,100 check to Gary Locke for Governor against a bank balance of only \$24.⁵⁰⁰ Committee investigators found that on August 1, 1996, Stuart wrote a personal check to Pollard for \$1,500 which she deposited into her personal bank account to cover the Locke check which Stuart funded from the July 2, 1996 loan advance.⁵⁰¹ However, on September 9, 1996, Stuart reimbursed Sunset Market \$1,100,⁵⁰² against a bank balance of \$20,391.⁵⁰³ The money for this reimbursement was financed by a September 5, 1996 wire transfer of \$20,000 from R.T. Enterprises in Hong Kong.⁵⁰⁴

- Ridwan Dinata (Jessica’s husband) donated \$1,000,⁵⁰⁵ against a bank balance of \$3,426.⁵⁰⁶ The check was funded by a \$3,000 check from Code 3 USA, the family’s gun and ammunition business. The memo line of the check said “Transfer to personal acct (Sioeng).”⁵⁰⁷ Dinata transferred the remaining \$2,000 back to Code 3 on July 31, 1996.⁵⁰⁸ The \$3,000 was funded by domestic business receipts or loan advances from a business credit line.⁵⁰⁹

- Kent La (Sioeng associate and President of Loh Sun International) contributed \$1,100.⁵¹⁰ This contribution was funded from a \$4,870 deposit on July 25, 1996, which included \$2,940 in cash from an unknown source.⁵¹¹

The Committee found no evidence that Gary Locke solicited contributions from Ted Sioeng, a foreign national, or engaged in any improper campaign-related activities. However, Locke’s campaign accepted what appear to be conduit contributions funded with foreign money, and may have actively solicited the \$8,700 in contributions from Ted Sioeng.

VII. THE SIOENG-RELATED CONTRIBUTIONS TO THE DNC APPEAR TO VIOLATE CAMPAIGN FINANCE LAWS

A. SUMMARY

There is strong evidence that most of the political contributions made by Ted Sioeng’s family and associates to the Democratic National Committee are illegal. Over 75 percent of the funds used to make the \$400,000 in contributions described in the previous sec-

⁵⁰⁰ See Exhibit 198.

⁵⁰¹ See Exhibits 198 and 197.

⁵⁰² Check No. 381 from Glenville Stuart to Sunset Market in the amount of \$1,100, Sept. 9, 1996. Exhibit 199.

⁵⁰³ Grand National Bank statement, Glenville Stuart, Sept. 1996. Exhibit 200.

⁵⁰⁴ Transfer from R.T. Enterprises to Glenville Stuart in the amount of \$20,000, Sept. 5, 1996. Exhibit 201.

⁵⁰⁵ Check No. 295 from Ridwan Dinata to Gary Locke for Governor in the amount of \$1,000, July 29, 1996. Exhibit 202.

⁵⁰⁶ Grand National Bank statement, Ridwan Dinata, July 1996. Exhibit 203.

⁵⁰⁷ Check No. 1129 from Code 3 USA to Ridwan Dinata in the amount of \$3,000, July 29, 1996. Exhibit 204. See also Note 476.

⁵⁰⁸ Check No. 298 from Ridwan Dinata to Code 3 USA in the amount of \$2,000, July 31, 1996. Exhibit 205.

⁵⁰⁹ Grand National Bank statement, Code 3, USA, July 31, 1996. Exhibit 206.

⁵¹⁰ Check No. 144 from Kent La to Gary Locke for Governor in the amount of \$1,100, July 29, 1996. Exhibit 207.

⁵¹¹ Deposit slip, Kent La, July 25, 1996. Exhibit 208.

tion were wired into the United States from foreign bank accounts in Hong Kong and Indonesia. It is likely that the contributions were illegally made and should have been returned over a year ago.

Each of the contributions suffer from one or both of the following legal deficiencies: (1) the nominal contributor was influenced by Ted Sioeng or another foreign national who participated in the contribution decision; or (2) the contribution was made by a U.S. corporation using foreign money, and not from its domestic profits as the law requires.

B. CONTRIBUTOR INFLUENCED BY A FOREIGN NATIONAL

The three contributions made by Jessica Elnitiarta individually and through Panda Estates to the DNC are highly suspect—and likely illegal—due to Ted Sioeng’s probable involvement in the decisionmaking processes. As discussed previously, the three contributions are as follows:

Account name	Check date	Check amount	Returned
Jessica Elnitiarta	02/19/96	\$100,000	No.*
Panda Estates Investment	07/12/96	100,000	No.*
Panda Estates Investment	07/29/96	50,000	No.*

* As of Sept. 16, 1998.

The Federal Election Campaign Act (“Act”) prohibits foreign nationals from making contributions in connection with an election to a political office.⁵¹² The prohibition applies whether the contribution is made directly or indirectly and is codified in Federal Election Commission regulations as follows:

A foreign national shall not directly or through any other person make a contribution, or an expenditure, or expressly or impliedly promise to make a contribution, or an expenditure, in connection with a convention, a caucus, or a primary, general, special, or runoff election in connection with any local, State, or Federal public office.⁵¹³

Moreover, FEC regulations prohibit individuals who are foreign nationals from directing, dictating, controlling, or participating in decisionmaking processes through which a domestic corporation decides to make a political contribution.⁵¹⁴ In other words, if a foreign national directed the president of a U.S. corporation to contribute to the DNC, that would be illegal. Similarly, it would have been illegal for Ted Sioeng to direct his daughter to contribute to the DNC, or even to “participate” in the decisionmaking process.⁵¹⁵ Given what the Committee has learned about the Sioeng family, it seems extremely likely that Ted Sioeng did “participate” in the decisions to contribute \$250,000 to the DNC in 1996.

Three associates of Ted Sioeng told the Committee that the Sioeng family patriarch likely would have directed or approved the \$250,000 in DNC contributions made by his daughter, Jessica Elnitiarta.

⁵¹² 2 U.S.C. § 441e.

⁵¹³ 11 C.F.R. 110.4(a)(1).

⁵¹⁴ See 11 C.F.R. § 110.4(a)(3). Note that the prohibition extends to persons as well. Hence, under Federal regulations, a foreign national may not “directly or indirectly participate in the decision-making process of any person” with regard to a political contribution. *Id.*

⁵¹⁵ *Id.*

Business partner Johnny Ma, in response to a question about Sioeng's control of the family money, testified that, if one of Sioeng's daughters "were to write a check, it would have to be first approved by the father. Only when the father [said] yes, then she would write a check."⁵¹⁶ In a subsequent interview, Ma told Committee staff that he avoided business dealings with Jessica Elnitiarta because she could not act without permission from her father.⁵¹⁷ Ma stated further his belief that Jessica Elnitiarta would have needed Ted Sioeng's approval to contribute to the DNC.⁵¹⁸

Tei Fu Chen, another Sioeng business associate, told Committee staff that Sioeng raised his family in a traditional, Chinese manner.⁵¹⁹ He explained that, consistent with this style of family life, Sioeng would have controlled the family businesses and would have made the family's important decisions.⁵²⁰ Chen opined that the \$250,000 in DNC contributions made by daughter Jessica either would have met with Sioeng's approval, or Sioeng would have directed the contributions himself.⁵²¹

A third Sioeng associate, Daniel K. Wong, expressed a similar understanding to the Committee. Wong testified that, while he believed Jessica Elnitiarta had the power to sign checks and could attempt to influence her father, he was not certain as to whether she "make[s] the final decision or not" in business contexts.⁵²² In a subsequent interview, Wong told Committee staff that Sioeng—not his daughter—would have decided whether or not to make political contributions.⁵²³ Furthermore, Wong said that Jessica Elnitiarta was not involved in politics and that Jessica's father, not Jessica, was the family-member approached by political fund-raisers.⁵²⁴ This is consistent with what the Committee has learned about David Lang's fund-raising for Washington State Governor Gary Locke.⁵²⁵

C. CORPORATE CONTRIBUTION MADE WITH FOREIGN FUNDS

The Federal Election Commission interprets the Act and its regulations as prohibiting a domestic subsidiary of a foreign corporation from making political contributions with funds from the parent.⁵²⁶ The FEC has applied this prohibition broadly, ruling that it extends to a situation where "most" of the funds used to make a political contribution ultimately come from a foreign parent.⁵²⁷ Likewise, the FEC has not limited the prohibition to situations involving a foreign parent corporation and a domestic subsidiary. Rather,

⁵¹⁶ Ma Depo. at 86.

⁵¹⁷ Ma Interview.

⁵¹⁸ Id.

⁵¹⁹ Interviews with Tei Fu Chen, June 12, 1998 and July 17, 1998.

⁵²⁰ Id.

⁵²¹ Id.

⁵²² Wong Depo. at 63–64. Significantly, when asked whether Jessica Elnitiarta "was entrusted with making significant business decisions," Wong's immediate response did not focus upon whether Jessica could make independent decisions for the family businesses, but whether she could influence her *Ted Sioeng's* decisions. "My impression is . . . she can make influence, and I'm sure that the father might listen to her in a certain way." Id. at 64.

⁵²³ Wong Interview.

⁵²⁴ Id.

⁵²⁵ See "Contributions to Governor Gary Locke."

⁵²⁶ See FEC Advisory Opinion 1989–20.

⁵²⁷ Id.

it has applied the rationale “to the parallel situation of . . . domestic corporations majority-owned by foreign national individuals.”⁵²⁸

This legal framework makes it abundantly clear that a U.S. corporation cannot make political contributions with funds provided from abroad. Yet this is precisely how Panda Estates funded most of its \$100,000 contribution to the DNC. And it is likely how Loh Sun International funded its \$50,000 contribution to the same entity.

D. DNC RESPONSE

The DNC has not returned any of the \$400,000 in Sioeng-related contributions it received in 1996. This is not because the DNC failed to review the seven contributions because it did. Rather, the money was retained after the DNC conducted what it termed an “in-depth” review of many suspect contributions. In reality, the review was based largely on information from public databases and representations made by the contributors themselves, when they actually were contacted.⁵²⁹ However, it is important to note that all of the witnesses have either taken the Fifth Amendment, fled the country, or refused to provide any testimony under oath.

On May 14, 1998, the Committee deposed Joseph Sandler, General Counsel of the Democratic National Committee since February 1993, on the subject of the Sioeng-related contributions as well as DNC guidelines concerning what types of contributions it accepts and retains. The communications preceding Sandler’s deposition are an instructive look into the DNC’s position on these matters.

On March 18, 1998, Committee staff contacted counsel for the DNC and requested that DNC Chairman, Governor Roy Romer, agree to be deposed on the above matters. On March 24, 1998, DNC counsel wrote back, ignoring the request to depose Governor Romer, but stating the DNC’s position on the \$250,000 contributed by Jessica Elnitiarta and Panda Estates Investment as follows:

A review of information relating to these contributors indicates that Ms. Elnitiarta has been in residence in the State of California for some time, and that Panda Estates Investment Inc. was incorporated in the State of California in April of 1993. Additional inquiry has shown that both Ms. Elnitiarta and Panda Estates Investment Inc. have substantial assets in the United States. Again, all of this information has been provided to your Committee.

A meeting between counsel for the DNC and counsel for Ms. Elnitiarta confirmed that Ms. Elnitiarta was a permanent resident of the United States of substantial means. The DNC also received the assurance of her law firm that the referenced contributions were entirely lawful. Subsequent to this meeting, her law firm has publicly stated that any political contributions made by Ms. Elnitiarta personally or through her business interests, . . . have been lawful and properly documented. In the same statement they have also publicly confirmed that Ms. Elnitiarta

⁵²⁸ *In re Royal Hawaiian Country Club*, FEC MUR 2892 at 8 (1993), Exhibit 209.

⁵²⁹ See, e.g., Democratic National Committee, DNC In-Depth Contribution Review, at 2–3. Exhibit 210.

has been a permanent resident of the United States for more than five years and has resided in California for more than ten years. They go on to state that she is a successful businesswoman who, along with her family, has done a great deal to promote the economic and social development of the Asian-American community in California and throughout the United States.

* * * * *

Based on this information, the DNC determined to retain the referenced contributions for the simple reason that no credible information has been advanced to support a contrary course of action.⁵³⁰

This curious explanation rests not on any sort of proof that the contributions in question are legal, but on the notion that the money need not be returned unless someone comes forward with evidence proving its illegality. Essentially, the DNC's position was (and, presumably, is) that because Jessica Elnitiarta is a U.S. citizen and Panda Estates a U.S. company, and both appear to have assets, there is no reason to return the money. Furthermore, the family lawyers told the DNC that the contributions were legal, although apparently they did not explain in any detail the sources of funds used to make the contributions, or why their clients believe discussing the matter under oath might incriminate them.

On March 30, 1998, Committee staff wrote counsel for the DNC again seeking to depose Governor Roy Romer.⁵³¹ The letter explained that, while the Committee appreciated receiving the DNC's position on the Elnitiarta and Panda Estates contributions, the deposition would be broader, exploring DNC policies on the retention or return of contributions as well as other matters.⁵³²

Counsel for the DNC responded by letter dated April 3, 1998.⁵³³ In it, DNC counsel explained that "the DNC's decision with regard to retaining the contributions from Jessica Elnitiarta and her company, as well as the other contributions about which you now indicate you seek information (contributions from Subandi and Suryanti Tanuwidjaja and Loh Sun International), were the result of an inquiry commenced in November of 1996 which concluded in late February of 1997."⁵³⁴ This was the DNC's "In-Depth Contribution Review," conducted at the DNC's behest by the law firm Debevoise & Plimpton and the Big-6 accounting firm, Ernst & Young. As part of the review, the DNC had Debevoise & Plimpton and Ernst & Young examine all contributions of \$2,500 or more solicited by John Huang, which included the seven Sioeng-related contributions.⁵³⁵

In the April 3, 1998 letter, DNC counsel was adamant that Governor Romer was the wrong person to depose about DNC policies

⁵³⁰ Letter from Judah Best, DNC counsel, to Richard D. Bennett, chief counsel, Government Reform and Oversight Committee, Mar. 24, 1998 (with attachment). Exhibit 211.

⁵³¹ Letter from Richard D. Bennett, chief counsel, Government Reform and Oversight Committee, to Judah Best, DNC counsel, Mar. 30, 1998. Exhibit 212.

⁵³² *Id.*

⁵³³ Letter from Judah Best, DNC counsel, to Richard D. Bennett, chief counsel, Government Reform and Oversight Committee, Apr. 3, 1998 (with attachment). Exhibit 213.

⁵³⁴ *Id.*

⁵³⁵ *Id.* at attachment.

and the Sioeng-related contributions. As a result, the Committee agreed to depose Joseph Sandler, and did so on May 14, 1998.

As general counsel to the DNC, Sandler is responsible for all legal matters affecting the national party, including campaign finance, election, and ethics-related matters at the Federal, state, and local levels.⁵³⁶ Sandler testified that, during the 1996 election cycle, the DNC vetted contributions it received by reviewing each for both appropriateness and legality.⁵³⁷ According to Sandler, it was the responsibility of the DNC fund-raisers and the finance administrator—not the general counsel’s office—to raise issues concerning the legality and appropriateness of contributions.⁵³⁸ The appropriateness checks used to consist of “Nexis,” or computer database, searches for contributions over a certain amount, but that practice ended once the person doing the searches left the DNC in 1994.⁵³⁹

Sandler testified that, throughout the 1996 election cycle, the DNC’s policy was not to accept any contributions from foreign nationals.⁵⁴⁰ Sandler claimed that the policy applied to both the DNC Federal and non-Federal accounts, meaning the DNC’s policy was not to accept hard or soft money contributions from foreign nationals.⁵⁴¹

But despite the DNC’s policies against accepting money from foreign nationals, and despite its vetting procedures, it accepted large amounts of foreign money. Indeed, by the end of February 1997, the DNC had determined to return nearly \$1.5 million in contributions as a result of its in-depth review.⁵⁴²

According to Sandler, the in-depth contribution review was initiated soon after and because the press broke the campaign finance scandal. Sandler explained:

There were many, many questions being raised in the press in October and November of 1996 about contributions that had been made [to] the DNC during 1994, 1995, and 1996. And rather than try to investigate these one at a time, we determined that it would be best if we did a systematic review of these—of contributions made during this period to determine which—you know, if there were, to the extent there were contributions that we accepted that should now be refunded.⁵⁴³

As noted, the review was conducted largely by Ernst & Young, which attempted to contact certain categories of corporate and individual donors to run through a questionnaire on their donations and ran “[s]earches of standard databases containing publicly available information.”⁵⁴⁴ The Committee has not seen summary data on how many contributors were actually spoken to and provided useful information, but a review of questionnaires produced by the DNC suggests that many—including Jessica Elnitiarta,

⁵³⁶ Sandler Depo. at 5.

⁵³⁷ Id. at 6.

⁵³⁸ Id. at 12, 13.

⁵³⁹ Id. at 15.

⁵⁴⁰ Id. at 25.

⁵⁴¹ Id. at 25.

⁵⁴² Statement of Judah Best, DNC counsel, Feb. 28, 1997. Exhibit 214.

⁵⁴³ Sandler Depo. at 27–28.

⁵⁴⁴ DNC In-Depth Contribution Review, at 2. Exhibit 210.

Subandi Tanuwidjaja, and Suryanti Tanuwidjaja—were never reached.

As a result of the in-depth contribution review, the DNC decided to return at least 77 contributions.⁵⁴⁵ The DNC produced to the Committee a chart summarizing the 77 returned contributions.⁵⁴⁶ The chart consists of five columns and the fifth is entitled “Reason.” Among the reasons stated for returning contributions are, “deemed inappropriate,” “insufficient information,” “U.S. sub foreign national,” “could not confirm source—U.S. \$,” “U.S. sub foreign national partic in decision inadvertent,” and “U.S. sub—source did not—U.S. \$.”⁵⁴⁷ As is evident, contributions were returned for a variety of reasons, including that the DNC simply did not have sufficient information to verify the contribution’s legality and appropriateness.⁵⁴⁸ Yet, not one of the Sioeng-related contributions appears on the list.

The DNC decided to retain Jessica Elnitiarta’s and the two Panda Estates’ contributions even though Jessica was never spoken to and, to Sandler’s knowledge, nor was anyone else at the company.⁵⁴⁹ The Committee notes, once again, that 28 witnesses with knowledge of these contributions either invoked their Fifth Amendment privilege against self-incrimination, fled the country, or were foreign witnesses that refused to be interviewed, rather than answer questions about the donations to the DNC.⁵⁵⁰ Based entirely on information from public databases, Sandler said he determined the following:

My conclusion was that, first of all, it was pretty clear that Elnitiarta was a legal permanent resident of the U.S., and press accounts were all consistent with that. Secondly, she appeared to own very substantial assets in the United States, a number of corporations, residential and commercial real estate, and that was consistent with making a major contribution; she had the wherewithal to make the contribution.⁵⁵¹

Later during his deposition, Sandler testified that the database information he had seen on Elnitiarta indicated “that her family has a substantial amount of money.”⁵⁵² Asked to expound on this point, Sandler explained his understanding that the family was engaged in the cigarette business overseas:

Q: I’m sorry, what was the family business you are referring to?

A: It says here that her father is a principal in an Indonesian cigarette company and—not her father, a relative is a principal of an Indonesian cigarette company and—well,

⁵⁴⁵ Id. at 1. The Committee notes that other contributions were returned by the DNC at a later date.

⁵⁴⁶ Id. The Committee notes that, although there are no page numbers on the chart, it can be found at the pages Bates-stamped DNC 4298589–DNC 4298593. Exhibit 210.

⁵⁴⁷ Id.

⁵⁴⁸ Id. at 1.

⁵⁴⁹ Sandler Depo. at 86–87.

⁵⁵⁰ See Exhibit 1.

⁵⁵¹ Id. at 88.

⁵⁵² Id. at 101.

also that her family owns some of this—basically owns some of this property with her.⁵⁵³

In short, Sandler was aware of the Sioeng family's foreign tobacco interests and was satisfied that the database and press information he saw was sufficient to support the conclusion that the family's contributions should be retained.⁵⁵⁴

Prior to his deposition, Sandler had never seen records of the bank accounts from which the Elnitiarta and Panda Estates contributions were made.⁵⁵⁵ Confronted with records that showed Elnitiarta's contribution was made with foreign money,⁵⁵⁶ Sandler became incensed, insisting that the "information tells us virtually nothing that we would need to know to determine whether the contribution was an illegal contribution in the name of another," and that the foreign money may have been Elnitiarta's.⁵⁵⁷ Sandler explained:

The Thompson committee, in its characteristically disingenuous and dishonest and distorted fashion, would say [Elnitiarta's contribution] is [a] foreign source contribution, thereby implying that it is illegal. Absolutely false. Nothing illegal whatsoever about that contribution if it is my money and I am entitled to it. The fact that I earned it abroad, I pay taxes on my worldwide—as a U.S. Citizen, I pay taxes on my worldwide income. It's my money. Nothing wrong at all with that contribution.

And that's the logical shuffle, distortion, and twisting, and as I say, unfortunately in my experience, characteristic of the entire Thompson committee report, that leads me to the conclusion that this information is virtually meaningless with respect to whether the DNC should now conclude that these contributions were unlawful or inappropriate.⁵⁵⁸

Sandler and the DNC appear to attach no significance to the fact that Jessica Elnitiarta and her entire family refuse to communicate on the subject of whether their contributions were legal. While this remains troubling to the Committee, it apparently does not to the DNC. Furthermore, it should be noted that in a meeting with Committee majority staff and the Justice Department regarding immunity, DOJ opposed granting immunity to Jessica Elnitiarta because they believed she is a key figure under review by the Campaign Finance Task Force.

⁵⁵³ Id. at 102.

⁵⁵⁴ Id. at 89.

Q: So in the case of these three contributions, I take it you were satisfied with the information provided to you; you were satisfied that information was sufficient to make your decision as to whether to retain or return the contributions?

A: Yes.

⁵⁵⁵ Id. at 103.

⁵⁵⁶ Committee staff showed Sandler bank records that had been made exhibits to the Senate Campaign Finance Report. Curiously, although the report had been made ordered printed on Mar. 10, 1998, and was widely reported on in the press, neither Sandler nor DNC counsel was aware that it was publicly available. See Sandler Depo. at 114.

⁵⁵⁷ Sandler Depo. at 121–122.

⁵⁵⁸ Id. at 122. Shortly after making this statement, Sandler admitted that the bank account he had been shown was, in fact, relevant to a determination of whether to return or retain Elnitiarta's contribution. Id. at 123.

When the DNC was shown that a large portion of the contribution made by Panda Estates came from foreign funds, Sandler put forward the confusing contention that, even if one could trace a corporation's political contribution to a foreign source, the contribution would still be legal if the company had sufficient income over some longer period, say a year, to fund the contribution.⁵⁵⁹ This argument fails for at least two reasons.

First, it is incoherent. If the funds actually used to make a political contribution can be traced, through bank records, to a foreign source, then why would it matter, from a legal standpoint, that the company generated domestic income in the next month or the next week, even.

Second, the argument is contradicted by FEC practice and precedent. In Advisory Opinion 1992-16, the FEC was asked to consider the legality of political contributions a U.S. subsidiary of a foreign company sought to make. The Commission opined that "the subsidiary must be able to demonstrate through a reasonable accounting method that it has sufficient funds in its account, other than funds given or loaned by its foreign national parent, from which the contribution is made." The point is, to test the legality of a contribution, one must look at its source at the time the contribution was made, and not at income the corporation might generate over some longer period of time.⁵⁶⁰

The \$100,000 contribution made by Panda Estates to the DNC was funded mostly by foreign money. No explanation yet offered by the DNC sways the Committee from its conclusion that this contribution is illegal and should be returned by the DNC.

VIII. REPUBLICAN CONTRIBUTIONS

A. CONTRIBUTIONS TO MATTHEW K. FONG

1. Summary

Matthew K. Fong, then a candidate for California State Treasurer, accepted a \$2,000 contribution from Jessica Elnitiarta during his 1994 campaign. The Committee found no evidence of foreign funding of this contribution by Elnitiarta, a U.S. permanent resident.

A year later, in an effort to reduce outstanding campaign debt, Fong personally solicited contributions from Sioeng and businesses controlled by the Sioeng family. Subsequent to those solicitations, Ted Sioeng, a foreign national, made contributions totaling \$50,000 from his personal bank account to Fong's campaign, Panda Estates Investment, Inc., a company controlled by Sioeng through his daughter, Jessica Elnitiarta, donated an additional \$50,000.

The Committee has determined that all of the 1995 contributions totaling \$100,000 were improper and/or illegal because (1) Sioeng is a foreign national and, thus, arguably ineligible to contribute under Federal election laws; and (2) the source of the funds were Sioeng's overseas businesses. Fong returned all of these contribu-

⁵⁵⁹Id. at 162.

⁵⁶⁰See also, *In re West Beach Estates*, FEC MUR 2892 (1994) (holding that contributions violated 2 U.S.C. § 441e(b) because ultimate source of funds was loans from a Japanese corporation). Exhibit 215.

tions in April 1997, immediately after questions arose about their propriety in news accounts.

The Committee has uncovered no evidence suggesting that Fong knew the contributions were improper, or that he knowingly solicited improper and/or illegal contributions. The Committee also notes that Fong informed Sioeng of the appropriate state laws governing campaign contributions, and that Fong fully cooperated with this and other investigations of improper and/or illegal campaign contributions. Of course, Ted Sioeng and his family have refused to cooperate with the investigation, so we do not have their accounts of these events.

2. Findings

Fong testified that he first met Mr. Sioeng “around 1988,”⁵⁶¹ after “being introduced to him by Julia Wu at a Republican rally in Monterey Park.”⁵⁶² Fong testified that his only knowledge of Sioeng at the time of the Republican rally in Monterey Park was that he came from “a very prominent family in the [Asian-American] community,”⁵⁶³ and that they “were major donors to a lot of the charities.”⁵⁶⁴ Fong said that subsequent to meeting Ted Sioeng, he “developed a friendship [with Sioeng] that was based upon our seeing each other at community events, but nothing more than that.”⁵⁶⁵

Fong stated that, during the time that he was developing a relationship with the Sioeng family, he also “was trying to persuade them to get more involved politically and support Asian-Americans.”⁵⁶⁶ Sioeng told Fong that since his children were raising their families in the United States, he wanted them to become politically active, and “would like them to be the ones to participate politically.”⁵⁶⁷

Shortly after that conversation, Jessica Elnitiarta contributed \$2,000 to Fong’s successful 1994 campaign for State Treasurer.⁵⁶⁸ Fong said he believed the contribution was the result of a \$1,000-per-ticket event at the Biltmore Hotel in Los Angeles.⁵⁶⁹ He further stated that Elnitiarta may have bought a ticket and decided to contribute an additional \$1,000.⁵⁷⁰ The Committee found no evidence of foreign funding of this contribution by Elnitiarta, a U.S. permanent resident.

Following his election as California State Treasurer, Fong’s campaign committee had a deficit of “at least a few hundred thousand

⁵⁶¹ Deposition of Matthew K. Fong, vol. I, Mar. 2, 1998 at 15. [Hereinafter, “House Fong Dep., vol. I”]

⁵⁶² *Id.*

⁵⁶³ House Fong Depo., vol. I, at 16.

⁵⁶⁴ *Id.*

⁵⁶⁵ *Id.* The Committee notes that Mr. Fong was invited to the 1993 wedding of Jessica Elnitiarta, and attended and spoke at the 1995 wedding of Sandra Elnitiarta (See Deposition of Glenville Anthony Stuart, Feb. 18, 1998 at 94; Interview of Julia Wu, Mar. 12, 1998).

⁵⁶⁶ House Fong Depo., vol. I, at 28.

⁵⁶⁷ *Id.*

⁵⁶⁸ Deposition of Matthew K. Fong conducted by U.S. Senate Committee on Governmental Affairs, Special Investigation, Sept. 19, 1997 at 14. [hereinafter “Senate Fong Depo.”] Also see check No. 417 from Jessica Elnitiarta to Matt Fongs for State Treasurer in the amount of \$2,000, Sep. 28, 1994. Exhibit 216.

⁵⁶⁹ *Id.* at 15.

⁵⁷⁰ *Id.*

dollars.”⁵⁷¹ In an effort to defray that debt, Alex Spanos, the owner of the San Diego Chargers football team, contributed \$100,000 to Fong’s campaign committee.⁵⁷² Fong used that donation as a “challenge, to the Chinese-American community to match it [the amount]”.⁵⁷³ As part of that challenge, “Ted [Sioeng] and his family were asked for support in retiring our debts.”⁵⁷⁴ Fong acknowledged personally soliciting Sioeng for contributions from himself, his family, and business associates.⁵⁷⁵

Fong testified that at the time he initially solicited Sioeng, he informed Sioeng of the pertinent California state laws regarding political donations. Fong said he specifically told Sioeng “that there is no [contribution] limitation in a state campaign,”⁵⁷⁶ and that corporate donations are legal.⁵⁷⁷ Fong also stated that, “It was also raised at one point that Mr. Sioeng’s partners or the family’s partners would also like to support me.”⁵⁷⁸ In response, Fong told Sioeng that, “Overseas contributions are not acceptable. It has to be [from] a U.S. citizen or green card holder.”⁵⁷⁹ The Committee has uncovered no information disputing Fong’s testimony concerning what he told Sioeng of the appropriate legal restrictions on political donations.⁵⁸⁰

Some time in late 1994 or early 1995, Fong told Ted Sioeng of Spanos’s challenge in order to encourage Sioeng to contribute.⁵⁸¹ Sioeng responded, “Well, I would certainly like to be of help in trying [to help] you to match that.”⁵⁸² Although Fong did not take Sioeng’s words as a commitment of a specific amount of money,⁵⁸³ he, or his fundraiser, Steven Kinney, followed up with a phone call to Sioeng asking for a contribution.⁵⁸⁴ On or about April 20, 1995, Fong “dropped by” to see Sioeng at his office in the Hollywood Metropolitan Hotel.⁵⁸⁵

When Fong arrived, a check in the amount of \$20,000⁵⁸⁶ was “already made out,”⁵⁸⁷ meaning that the “payee [line] was the only thing that was blank. Everything else, the date, the amounts,

⁵⁷¹ House Fong Depo. vol. I, at 21.

⁵⁷² Senate Fong Depo. at 29–31.

⁵⁷³ *Id.*

⁵⁷⁴ House Fong Depo. vol. I, at 22.

⁵⁷⁵ *Id.* at 24.

⁵⁷⁶ House Fong Depo. vol. I, at 34, See also *Id.* at 30–32, 53–55, 61–63; Senate Fong Depo. at 34–40.

The Committee notes Mr. Fong repeatedly stated that his conversations with Mr. Sioeng about California state campaign finance statutes occurred in English without an interpreter present. Numerous other witnesses, including Ms. Elnitiarta, testified that Mr. Sioeng had a limited grasp of conversational English. See Interview with Jessica Elnitiarta conducted by U.S. Senate Committee on Governmental Affairs, Special Investigation; Interview with Julia Wu, Mar. 12, 1998; Interview the Norman Hsu March 13, 1998; Deposition of Stephen M. Kinney conducted by U.S. Senate Committee on Governmental Affairs, Special Investigation, Sept. 23, 1997 at 26. It is unknown whether Sioeng could understand, in English, the basic rules concerning foreign national making California state campaign contributions.

⁵⁷⁷ House Fong Depo., vol. I, at 34.

⁵⁷⁸ *Id.*

⁵⁷⁹ *Id.*

⁵⁸⁰ The Committee notes that Mr. Sioeng, that only other witness to the conversation, fled the United States and has refused Committee requests to be interviewed or deposed.

⁵⁸¹ Senate Fong Depo. at 29–30.

⁵⁸² *Id.* at 30.

⁵⁸³ *Id.*

⁵⁸⁴ *Id.* at 33.

⁵⁸⁵ House Fong Depo. vol. I, at 28.

⁵⁸⁶ Check No. 671 from Sioeng San Wong to Matt Fong for State Treasurer in the amount of \$20,000, Apr. 20, 1995. Exhibit 217 [hereinafter Sioeng Check 1].

⁵⁸⁷ House Fong Depo. vol. I, at 32.

signatures”⁵⁸⁸ were filled out. Fong testified that an unknown person who worked for Sioeng asked him to fill the check out, but that he had a “policy” not to write anything on a check, so as to avoid being accused of converting campaign funds for personal use.⁵⁸⁹ As a result, Fong testified that the unknown staffer wrote the formal name of his campaign committee in the “Pay to the order of” line.⁵⁹⁰

Eight days later, on April 28, 1995, Sioeng wrote a second check in the amount of \$30,000 to Fong’s campaign.⁵⁹¹ Fong does not know whether Sioeng gave him both checks at the same time.⁵⁹²

The contributions were drafted on a personal checking account held by Sioeng in his Chinese name, Sioeng San Wong. Records turned over to the Committee by Fong’s campaign show handwritten notations indicating that the checks were credited to: “Dr. Ted Sioeng . . . business owner, Pacific Inn, 2717 Sunset Blvd., L.A., 90026,”⁵⁹³ Fong testified that his wife, Paula Fong, appears to have written down the tracking information.⁵⁹⁴ Campaign finance forms filed by Fong’s campaign with the California Secretary of State show that both contributions were credited to Ted Sioeng.⁵⁹⁵

Fong told the Committee that he “assumed it [the donation] was from his family,”⁵⁹⁶ explaining that Sioeng “said earlier he wanted his family to support me, that his daughters, were supporting me, so I just made the assumption it was from his family.”⁵⁹⁷ In addition, Fong stated that he had “no personal knowledge that this Sioeng San Wong is in fact Ted Sioeng,”⁵⁹⁸ rather, he thought Sioeng San Wong was Sioeng’s “son or daughter” or some other relative.⁵⁹⁹ In any event, the point was a moot one to Fong: “[A]s far as I was concerned, I had no reason not to accept [the check] even if it [had] said Ted Sioeng.”⁶⁰⁰

The third and final contribution from the Sioeng family was made on December 14, 1995, when Panda Estates Investment, Inc. made a \$50,000 donation to Matt Fong for State Treasurer.⁶⁰¹ This last contribution was not related to debt left over from the 1994 campaign; rather, it was a result of “ongoing fund-raising” Fong did as “a sitting State Treasurer.”⁶⁰²

⁵⁸⁸ Id.

⁵⁸⁹ Id. at 34.

⁵⁹⁰ Id. at 33.

⁵⁹¹ Check No. 672 from Sioeng San Wong to Matt Fong for State Treasurer in the amount of \$30,000, Apr. 28, 1995 [hereinafter Sioeng Check 2] Exhibit 218.

⁵⁹² House Fong Depo., vol. I at 35. (“Mr. Sioeng handed me an envelope and the envelope was sealed, and I took it to my office. Whether that envelope had one check or two, I couldn’t tell you. But I know that I didn’t have to go back and pick up a second check.”)

⁵⁹³ Sioeng Check 1; Sioeng Check 2.

⁵⁹⁴ House Fong Depo., vol. I, at 36.

⁵⁹⁵ Independent Expenditure Committee and Major Donor Committee Campaign Statement filed by Matt Fong for State Treasurer, Jan. 1, 1995 to June 30, 1995. Exhibit 219.

⁵⁹⁶ House Fong Depo., vol. I, at 61. See also House Fong Depo. vol. II, at 46 (“This is a family contribution. Sioeng San Wong is a family contribution as far as I’m concerned.”).

⁵⁹⁷ House Fong Depo., vol. I, at 61.

⁵⁹⁸ Id. at 28.

⁵⁹⁹ Id. at 29.

⁶⁰⁰ House Fong Depo., vol. I, at 29.

⁶⁰¹ Independent Expenditure Committee and Major Donor Committee Campaign Statement filed by Matt Fong for State Treasurer, Jan. 1, 1995 through Dec. 31, 1995. Exhibit 220.

⁶⁰² House Fong Depo., vol. II, at 102–103.

3. Sources of Contributions

The Committee has determined that all three contributions were ultimately funded by wire transfers from Sioeng's overseas businesses:

- At the time Sioeng wrote the \$20,000 check on April 20, 1995, his bank account contained only \$1,613.⁶⁰³ Six days after the contribution was made, Jessica Elnitiarta transferred \$30,000 from the family's loan account into Sioeng's personal checking account.⁶⁰⁴ The bulk of that loan was repaid by Jessica Elnitiarta through a November 3, 1996 wire transfer of \$928,432 from Pristine Investments,⁶⁰⁵ a Hong Kong company firm that appears to be owned or controlled by Sioeng.⁶⁰⁶
- The second check, dated April 28, 1995, was made against a balance of \$39,635.⁶⁰⁷ This balance consisted mainly of a \$30,000 check from Glenville Stuart which Sioeng deposited on the same day he made the Fong donation.⁶⁰⁸ Stuart funded his check from a \$55,000 wire transfer which he received on April 27, 1995 from Pristine Investments.⁶⁰⁹ Stuart testified that Pristine Investments is "associated with Ted Sioeng."⁶¹⁰
- The Panda Estates Investment company bank account contained only \$7,096 at the time the \$50,000 check to Fong's campaign was written.⁶¹¹ The check cleared the bank 4 days later, causing a \$43,889 account overdraft.⁶¹² The next day, Jessica Elnitiarta covered the overdraft by transferring \$50,000 from an account held by Yanti Ardi, Sioeng's sister.⁶¹³ This transfer was funded by a wire transfer of \$150,000 from Pristine Investments in Hong Kong to Ardi account 8 days later.⁶¹⁴

In its April 28, 1997 issue, Newsweek Magazine published an article on the Sioeng family contributions to Mr. Fong's campaign.⁶¹⁵ The day after that issue appeared on newsstands, Fong's campaign treasurer wrote a letter to Sioeng asking for verification that (1) the donations came from Sioeng's personal funds, and (2) whether Sioeng was a U.S. citizen or legal resident.⁶¹⁶ The letter went on to state that failure to respond within 24 hours would result in the

⁶⁰³ Grand National Bank statement, Sioeng San Wong, Apr. 1-28, 1995. Exhibit 221.

⁶⁰⁴ Telephone transfer request from Lauren & Sandra Elnitiarta TCD Loan to Sioeng San Wong in the amount of \$30,000, Apr. 26, 1995. Exhibit 222.

⁶⁰⁵ Wire transfer from Pristine Investments to Yanti Ardi in the amount of \$928,432.17, Nov. 3, 1995; Telephone transfer from Yanti Ardi to Sioeng San Wong in the amount of \$992,000, Nov. 3, 1995; Telephone transfer from Sioeng San Wong to Lauren & Sandra Elnitiarta TCD Loan in the amount of \$991,967, Nov. 3, 1995. Exhibit 223.

⁶⁰⁶ See "Sioeng's Foreign Businesses Interests."

⁶⁰⁷ See Exhibit 221.

⁶⁰⁸ Check No. 224 from Glenville A. Stuart to Sioeng San Wong in the amount of \$30,000, Apr. 28, 1996. Exhibit 224.

⁶⁰⁹ Wire transfer from Pristine Investment to Glenville Stuart in the amount of \$55,000, Apr. 27, 1995. Exhibit 225.

⁶¹⁰ Stuart Depo. at 65.

⁶¹¹ Grand National Bank statement, Panda Estates Investment, Inc., Dec. 1-29, 1995. Exhibit 226.

⁶¹² Id.

⁶¹³ Wire from Yanti Ardi to Panda Estates in the amount of \$50,000, Dec. 19, 1995. Exhibit 227.

⁶¹⁴ Wire transfer from Pristine Investment to Yanti Ardi in the amount of \$150,000, Dec. 11, 1995. Exhibit 228.

⁶¹⁵ Daniel Klaidman and Mark Hosenball, *Connecting the Dots: The Feds explore a China-California Money Trail*, Newsweek, Apr. 28, 1997 at 40.

⁶¹⁶ Letter from William R. Turner, Treasurer of "Matt Fong for State Treasurer," to Ted Sioeng/San Wong Sioeng, Apr. 21, 1997 [hereinafter Turner Letter 1] Exhibit 229.

campaign returning the donations.⁶¹⁷ A virtually identical letter was sent the same day to Sioeng and Jessica Elnitiarta at the Panda Estates Investment office.⁶¹⁸ When neither Sioeng nor Elnitiarta provided a timely response, Fong's campaign committee returned all three donations.⁶¹⁹

More than 1 month after the contributions were returned, Jessica Elnitiarta's attorney sent a letter to Fong's campaign protesting the campaign's decision. Counsel contended that Jessica Elnitiarta was traveling and, thus, unable to respond in a timely fashion.⁶²⁰ In addition, counsel stated that Jessica Elnitiarta "has resided in California for more than ten years, and has been a permanent resident of the United States for more than five years."⁶²¹

The Committee notes that Jessica Elnitiarta's attorneys have refused to comply with subpoenas, have refused to produce Elnitiarta for interviews, and have not produced promised information.

5. Conclusions

The Committee concludes that all three donations made by Sioeng and Panda Estates were funded with money transferred from overseas. However, the Committee finds no evidence that Fong knew the source of the contributions. In fact, Fong testified that he notified Sioeng of the relevant sections of appropriate state law, and his campaign promptly returned the contributions after questions arose about them.

B. CONTRIBUTION TO THE NATIONAL POLICY FORUM

1. Summary

On July 18, 1995, in between contributions to Matt Fong, the Sioeng family contributed \$50,000, through its company, Panda Industries, Inc., to the National Policy Forum ("NPF"). Established in 1993 by then-Republican National Committee Chairman Haley Barbour, the NPF was a think tank designed "to develop a national Republican policy agenda."⁶²² During the time that Panda Industries made its contribution, the NPF operated as a non-profit corporation under Section 501(c)(4) of the Internal Revenue Code.⁶²³ As such, the NPF could legally accept donations from corporations and foreign nationals.⁶²⁴ The story of Sioeng's contribution to the NPF overlaps with the story of his contributions to Fong.

⁶¹⁷ Id.

⁶¹⁸ Letter from William R. Turner to Ted Sioeng, Panda Estates Investment, Inc., Apr. 21, 1997 [hereinafter Turner Letter 2] Exhibit 230. The Committee notes that both letters stated that Mr. Fong's campaign "will cooperate fully with any federal or state investigation," and was "prepared to turn over all records concerning these contributions to the United States Justice Department for their on-going investigation."

⁶¹⁹ Turner Letter 1, Turner Letter 2. Check No. 1371 from Matt Fong for State Treasurer to San Wong Sioeng in the amount of \$50,000, Apr. 22, 1997; Check No. 1372 from Matt Fong for State Treasurer to Panda Estates Investment in the amount \$50,000, Apr. 22, 1997. Exhibit 231.

⁶²⁰ Letter from Mark J. MacDougall and Steven R. Ross, counsel for Ms. Elnitiarta, to William R. Turner, Treasurer, Matt Fong of State Treasurer, May 27, 1997. Exhibit 232.

⁶²¹ Id.

⁶²² *Investigation on Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign—Part II: Hearings before the Committee on Governmental Affairs, U.S. Senate*, 105th Cong., 1st sess. 176 (1997).

⁶²³ Id. at 215.

⁶²⁴ Id.

2. Findings

On April 28, 1995, as previously noted in this section, Sioeng donated \$30,000 to “Matt Fong for State Treasurer.” At the time the donation was made, Fong testified that he and Speaker Gingrich:

. . . worked together on the National Strategies Group, which is his group, and he and I would regularly meet, and he extended the invitation to me to stop by when I was in town, and if I had anybody with me to bring them with me.⁶²⁵

As a result of that open-ended invitation, Fong had planned to meet with the Speaker at his Capitol Office in July 1995.⁶²⁶ The details of that meeting were arranged by Steven M. Kinney, Fong’s campaign consultant who also served as an advance person and fundraiser for the Speaker.⁶²⁷

Fong invited Sioeng to attend the meeting because he “thought this would be a nice opportunity to show my appreciation for the Sioeng family’s [financial] support.”⁶²⁸ In fact, Fong stated that, had Sioeng rejected the invitation, he would have extended the invitation to another donor.⁶²⁹

The meeting with the Speaker, held during the second week in July 1995, also was attended by Sioeng’s son-in-law, Didi Kurniawan.⁶³⁰ The entire encounter lasted approximately 15 minutes, during which Sioeng and the Speaker exchanged what Fong called “ordinary” pleasantries.⁶³¹ According to Fong, fundraising was not discussed during the meeting.⁶³²

In the weeks following the meeting with Fong and Sioeng, the Speaker was planning a series of fundraisers in California.⁶³³ Due to that planned fundraising trip, Joseph R. Gaylord, “a political liaison to the Speaker,”⁶³⁴ approached Kinney and asked him to “raise some money”⁶³⁵ for the National Policy Forum.⁶³⁶

Following his conversation with Gaylord, Kinney asked Fong for “permission [as to] whether he could approach our donors to invite them to any of the Gingrich events.”⁶³⁷ Fong told the Committee that his discussion with Kinney involved possible solicitations of “all my donors.”⁶³⁸ He also testified that Kinney specifically “asked me whether the Sioeng family would be interested in supporting any of the Speaker’s activities.”⁶³⁹ Whatever the case, Fong grant-

⁶²⁵ House Fong Depo., vol. I, at 67.

⁶²⁶ Id. at 66.

⁶²⁷ Id. at 71. See also Deposition of Stephen M. Kinney before the U.S. Senate Committee on Governmental Affairs, Special Investigation, Sept. 23, 1997, at 7.

⁶²⁸ House Fong Depo., vol. I, at 66.

⁶²⁹ Id.

⁶³⁰ Id. at 73 et seq. See also Deposition of Haddi Kurniawan, Apr. 14, 1998, at 64, 66.

⁶³¹ House Fong Depo., vol. I, at 73. Also, the Senate minority reported that: “As described by Fong, the resulting meeting in Representative Gingrich’s office on July 12 was brief and inconsequential.” P. 5579.

⁶³² House Fong Depo., vol. I, at 72–74.

⁶³³ Id. at 75.

⁶³⁴ Senate Fong Depo. at 56.

⁶³⁵ Deposition of Steven M. Kinney before the Senate Governmental Affairs Committee, Special Investigation, Sept. 23, 1997, at 10. See also Deposition of Joseph R. Gaylord before the Senate Governmental Affairs Committee, Special Investigation, Sept. 16, 1997, at 36.

⁶³⁶ Id.

⁶³⁷ House Fong Depo., vol. I, at 75.

⁶³⁸ Id.

⁶³⁹ Senate Fong Depo. at 50.

ed Kinney permission to seek contributions from his donors for organizations supported by the Speaker.⁶⁴⁰

Kinney subsequently solicited a contribution from Jessica Elnitiarta,⁶⁴¹ telling her the NPF “was a foundation that Mr. Gingrich was supportive of and we’d like to have a contribution.”⁶⁴² Following that conversation, Fong was contacted by members of the Sioeng family,⁶⁴³ who stated that they had been approached by Kinney “to help Speaker Gingrich,”⁶⁴⁴ and asked Fong his opinion of Kinney’s solicitation.⁶⁴⁵

Fong told them, “Speaker Gingrich is my friend. That’s a good idea.”⁶⁴⁶ In his testimony before the Committee, Fong emphasized that he did not know for what organization the solicitation was made, as Fong was aware that Speaker Gingrich raises money for several different organizations.⁶⁴⁷

On July 18, 1995, Panda Industries wrote a \$50,000 check to the National Policy Forum, against a bank balance of \$46,402.⁶⁴⁸ Kinney stated that he “didn’t solicit Panda [Industries],” but instead, “solicited a donation directly from Jessica Elnitiarta.”⁶⁴⁹

Information developed by the Committee indicates that the Panda Industries contribution came from domestic funds. The investigation specifically reveals that the contribution was funded by a \$50,000 check Sioeng had written to Panda Industries a day before the company contributed to the NPF.⁶⁵⁰

Sioeng’s check, in turn, was funded by a \$70,000 check written on July 17, 1995 by Vinh B. La, a Canadian national and associate of Kent La.⁶⁵¹ The \$70,000 check was partially funded by a July 14, 1995 withdrawal of \$50,000 by Kent La from a Loh Sun International, Inc. business savings account,⁶⁵² which was opened on January 4, 1995 with a \$200,000 transfer from Loh Sun’s business checking account.⁶⁵³ Hence, the NPF contribution appears to have been funded with domestic business receipts from Loh Sun International. The Senate minority report traced the NPF funding only back to the \$50,000 check from Ted Sioeng.⁶⁵⁴

The NPF counsel has made a similar representation: “There is no evidence anywhere that we are aware of which establishes that the

⁶⁴⁰ House Fong Depo., vol. I, at 75.

⁶⁴¹ Deposition of Steven M. Kinney before the Senate Governmental Affairs Committee, Special Investigation, Sept. 23, 1997, at 12.

⁶⁴² Id at 20.

⁶⁴³ Mr. Fong could not recall whether he spoke with Ms. Elnitiarta or Mr. Sioeng. See Id. at 77.

⁶⁴⁴ Id at 77.

⁶⁴⁵ Id.

⁶⁴⁶ Id.

⁶⁴⁷ Id.

⁶⁴⁸ Check No. 1060 from panda Industries to the National Policy Forum in the amount of \$50,000, July 18, 1995. Grand National Bank statement for Panda Industries, July 1995. Exhibit 233.

⁶⁴⁹ Deposition of Steven M. Kinney before the U.S. Senate Governmental Affairs Committee, Special Investigation, Sept. 23, 1997, at 12.

⁶⁵⁰ Check No. 590 from Sioeng San Wong to Panda Industries in the amount of \$50,000, July 17, 1995. Exhibit 234.

⁶⁵¹ Check No. 239 from Vinh B. La to Cash in the amount of \$70,000, July 17, 1995. Exhibit 235.

⁶⁵² Savings withdrawal from Loh Sun International in the amount of \$50,000, July 14, 1995; Deposit slip from La Vinh Binh in the amount of \$50,000, July 14, 1995. Exhibit 236.

⁶⁵³ Counter check to Loh Sun International in the amount of \$200,000, Jan. 4, 1995. Exhibit 237.

⁶⁵⁴ Exhibit 234. See also Senate Campaign Finance Report at 5580.

funds used in connection with the Panda Industries, Inc./NPF contribution were foreign funds.”⁶⁵⁵

Fong’s wife, Paula, played a role in the Panda Industries contribution to the NPF. Matt Fong testified that during 1995, Kinney “hired her [Paula Fong] to help raise money for [the] Speaker.”⁶⁵⁶ On July 28, 1995, Paula Fong submitted an invoice requesting \$6,500 in fundraising commissions⁶⁵⁷ to Joseph Gaylord at office space he rented from the Republican National Committee.⁶⁵⁸ The commissions purported to be related to “Speaker Newt Gingrich’s California visit on July 20, 1995 to July 23, 1995.”⁶⁵⁹ The invoice also included a request for compensation for the Panda Industries contribution to the NPF.⁶⁶⁰

Gaylord forwarded the invoice from Paula Fong to Stephen Walker, the NPF comptroller, who was puzzled upon receiving the bill.⁶⁶¹ Walker specifically said that he “asked . . . why did this woman send us a bill and who is she?”⁶⁶² While Walker cannot recall to whom he spoke, he testified that, after performing appropriate “due diligence,”⁶⁶³ he was “satisfied as to the point [that Paula Fong was entitled to compensation from the NPF],”⁶⁶⁴ and paid the bill.⁶⁶⁵

Walker acknowledged that it was “out of the ordinary”⁶⁶⁶ for Gaylord to receive invoices for commissions from NPF fundraisers. Walker said that he could not recall any other instance where Gaylord forwarded another person’s invoice to the NPF.⁶⁶⁷ He also stated that he could not recall receiving bills from other fundraisers and not having been aware that they had solicited money for the NPF.⁶⁶⁸

Fong testified that the first time he knew that his wife was paid for the Panda Industries contribution to the NPF was in March 1996, while preparing to file his state financial disclosure forms.⁶⁶⁹ Matt Fong stated that he has no personal knowledge of the \$50,000 contribution from Panda Industries.⁶⁷⁰ He testified as follows to his understanding of his wife’s fundraising and the payment to her from the NPF:

My wife was retained by Steve Kinney to raise money for the Speaker. My wife is a CPA. She for two years helped me raise money for my treasurer’s campaign. She raised over a million dollars by herself, and Steve Kinney hired her to help raise money for the Speaker. In March of the

⁶⁵⁵ Letter from Thomas E. Wilson, NPF counsel, to Michael D. Bopp, senior investigative counsel, House Government Reform and Oversight Committee, June 17, 1998, Exhibit 238.

⁶⁵⁶ House Fong Depo., vol. I, at 89.

⁶⁵⁷ Invoice submitted by Paula Fong to Joseph Gaylord, July 28, 1995. [hereinafter Fong invoice] Exhibit 239.

⁶⁵⁸ House Fong Depo., vol. I, at 89; Deposition of Joseph Robert Gaylord before the Senate Governmental Affairs Committee, Special Investigation, Sept. 16, 1997, at 9.

⁶⁵⁹ See Exhibit 239.

⁶⁶⁰ Deposition of Steven S. Walker, Jr., July 1, 1998 at 36.

⁶⁶¹ Id.

⁶⁶² Id.

⁶⁶³ Id.

⁶⁶⁴ Id.

⁶⁶⁵ Id.

⁶⁶⁶ Id. at 78.

⁶⁶⁷ Id.

⁶⁶⁸ Id. at 37.

⁶⁶⁹ House Fong Depo. vol. I, at 87.

⁶⁷⁰ Id. at 89.

following year, we reported [on our state financial disclosure forms] that my wife was paid from the National Policy Forum, the National Republican Congressional Committee, Friends of Newt Gingrich and the Monday Morning PAC. She received a total of \$11,000 for her effort.

It was always my understanding that she was getting compensated by Steve Kinney for raising money for Speaker Gingrich for many of [her] fundraising activities; and for me, whether it was the National Policy Forum or the Friends of Newt Gingrich, it was all, to me, under the same umbrella.⁶⁷¹

In July 1995, the Speaker sponsored a reception for Asian-American leaders at the Peninsula Beverly Hills Hotel.⁶⁷² Prior to the event, Kinney asked Matt Fong for the names of some community, business and elected leaders who should be invited.⁶⁷³ Among the names supplied by Fong were that of Sioeng and his family.⁶⁷⁴

Sioeng attended the reception and, along with four to five other guests, met with the Speaker for approximately 15 minutes.⁶⁷⁵ Simon Chen, who sold the International Daily News to Ted Sioeng and acted as an interpreter during the meeting between the Speaker and Sioeng, stated that the two talked generally about the relationship between the United States and the PRC.⁶⁷⁶ A photograph of the Speaker with Sioeng and Chen appeared in the July 21, 1995 issue of the International Daily News.⁶⁷⁷

In December 1995, Jessica Elnitiarta approached Fong and asked him to secure a congratulatory letter from the Speaker in connection with a badminton tournament sponsored by one of Sioeng's businesses.⁶⁷⁸ Fong secured the requested letter.⁶⁷⁹ Fong said that he also helped Jessica Elnitiarta obtain a congratulatory letter from California Governor Wilson, from whom a letter appears in a brochure promoting the tournament.⁶⁸⁰ A congratulatory letter from Fong is also published in the brochure.⁶⁸¹

3. Conclusions

Based on the information developed during the course of its investigation, the Committee concludes that there is no evidence of improper or illegal activities on behalf of Fong, or anyone else, regarding the Panda Industries contribution to the NPF.

The Committee also concludes there is no evidence that the source of the moneys used for Panda Industries' contribution to the NPF was from foreign funds. The Committee notes that, in any

⁶⁷¹ Id.

⁶⁷² House Fong Depo., vol. I, at 81; Senate Fong Depo. at 50-53; Deposition of Joseph R. Gaylord before the Senate Governmental Affairs Committee, Special Investigation, Sept. 16, 1997, at 33-35.

⁶⁷³ Senate Fong Depo. at 51.

⁶⁷⁴ Id.

⁶⁷⁵ Chen Interview.

⁶⁷⁶ Id.

⁶⁷⁷ Photograph in the International Daily News, July 21, 1995. Exhibit 240.

⁶⁷⁸ Senate Fong Depo. at 62-65.

⁶⁷⁹ Id. at 106. Letter from Speaker Gingrich to Hong Ta Shan International Badminton Championship Cup Participants and Supporters. Exhibit 241.

⁶⁸⁰ Id. at 106. Letter from Governor Wilson to Hongtashan International Badminton Championship Cup Participants, Dec. 18, 1995. Exhibit 242.

⁶⁸¹ Letter from Matt Fong, California State Treasurer, to Ted Sioeng, Hong Ta Shan Cup, Dec. 18, 1995. Exhibit 243.

event, as a 501(c)(4) corporation, the NPF could legally accept foreign donations.

C. CONTRIBUTION TO DANIEL WONG

1. Summary

Dr. Daniel Wong, a Republican who was elected to local offices in Cerritos, California, met Ted Sioeng when they were both attending a 1992 banquet in the People's Republic of China. At the time, Sioeng, who had little knowledge of U.S. politics, offered to help finance future political campaigns undertaken by Wong.

Following that conversation, Wong unsuccessfully solicited Sioeng for campaign contributions. In 1996, Sioeng finally agreed to contribute \$10,000 to one of Wong's political races. That contribution came in the form of two \$5,000 checks from female employees of a Sioeng-affiliated travel agency. Both checks were post-dated, and Wong was instructed to deposit them on specific dates.

The checks were never deposited, primarily because Wong knew that Sioeng received most of his money from overseas in the form of wire transfers. As a result of that knowledge, Wong called the bank to determine whether there were sufficient funds to cover the checks.

When informed that there was not enough money to pay the checks, Wong telephoned Sioeng, who provided a single \$5,000 replacement check. That check, ostensibly from Jessica Elnitiarta, was drawn on an account held by Sioeng's wife and other two daughters over which Jessica Elnitiarta held power of attorney.

The Committee concludes that Sioeng's contribution to Wong was improper because the source of the funds was wire transfers from an overseas corporation controlled by Sioeng.

2. Findings

Daniel K. Wong is an obstetrician and gynecologist.⁶⁸² Born in Hong Kong,⁶⁸³ Wong also sings and acts as a self-styled goodwill ambassador between the people of the United States and the People's Republic of China ("PRC").⁶⁸⁴ Due to his singing career and his unofficial activities, Wong is a "celebrity in China,"⁶⁸⁵ has traveled extensively in the PRC and has had repeated meetings with senior communist party officials.⁶⁸⁶

In addition to the activities listed above, Wong also has served as a Republican elected official. In 1978, Dr. Wong was elected to the Cerritos, California, City Council.⁶⁸⁷ He subsequently served two terms as the Mayor of Cerritos, and ran three unsuccessful campaigns for state assembly.⁶⁸⁸

Wong first met Ted Sioeng "out of the blue"⁶⁸⁹ in 1992, while both were attending a banquet in Kunming, PRC.⁶⁹⁰ At that initial meeting, Wong testified that Sioeng "knew nothing about U.S. poli-

⁶⁸² Deposition of Daniel K. Wong, Mar. 12, 1998, at 21 [hereinafter Wong Depo].

⁶⁸³ Id.

⁶⁸⁴ Id. at 23.

⁶⁸⁵ Id.

⁶⁸⁶ Id. at 24.

⁶⁸⁷ Id. at 21.

⁶⁸⁸ Id. at 21-22.

⁶⁸⁹ Id. at 31.

⁶⁹⁰ Id. at 27.

tics.”⁶⁹¹ Despite his political ignorance, Sioeng said he knew of Wong through his political career,⁶⁹² and went on to tell Wong that:

. . . I should be his friend, and he can help me [financially] in future campaigns and that actually [Sioeng made] the promise and the commitment to support any of my future campaigns without any condition mentioned . . . I remember he even ask me how much does it take to start to win any election and primary. I mention to him about \$250,000 for some assembly or congressional [campaign], just to begin with. He said, “No problem.”⁶⁹³

According to Wong, the purpose behind the conversation was that Sioeng wanted “to make a friend with me. He wanted to be friends, and he also wanted me to move higher up in the political area.”⁶⁹⁴

A year or two later, Wong once again had a conversation with Ted Sioeng about local politics. During that discussion, Wong suggested that Sioeng become more politically active in the Asian-American community.⁶⁹⁵ At the time, Wong was running for office and asked Sioeng for a campaign contribution.⁶⁹⁶ No such donation was forthcoming, because Sioeng “was seldom in the United States,”⁶⁹⁷ and it was “[V]ery difficult to get hold of him.”⁶⁹⁸

Following those discussions, Wong continued to unsuccessfully pursue Sioeng for campaign contributions. In 1996, 4 years after his offer of financial support, Ted Sioeng agreed to support Wong’s state assembly campaign. Wong testified that this agreement came only after he told Sioeng in late 1995, “You didn’t keep your word. Are you going to help me?”⁶⁹⁹

As a result of that comment, Wong went to Sioeng’s office in Hollywood, California, and picked up two checks.⁷⁰⁰ Wong stated that “each check was [for] \$5,000, and those checks were from his affiliated travel agency, from a lady he called up to his office and she wrote two checks to me. But they both were postdated.”⁷⁰¹

Wong further stated that Sioeng instructed him to deposit the two checks on specific dates.⁷⁰² However, the checks were never deposited. Wong explained that most of Sioeng’s funds comes from overseas, rather than the United States, and Sioeng “will wire them from Hong Kong or somewhere.”⁷⁰³ As a result of that knowledge, Wong decided to see if the account had money in it before depositing the first check, and was told—presumably by the bank—to “hold on and wait for a long time.”⁷⁰⁴

⁶⁹¹ Id. at 31.

⁶⁹² Id. at 28.

⁶⁹³ Id.

⁶⁹⁴ Id. at 31.

⁶⁹⁵ Id. at 33.

⁶⁹⁶ Id.

⁶⁹⁷ Id.

⁶⁹⁸ Id.

⁶⁹⁹ Id. at 99.

⁷⁰⁰ Id. at 101–102.

⁷⁰¹ Id. The Committee presumes the checks were written on an account held by either Supertrip Travel or Guangdong China Travel Service. Both firms were located in Sioeng’s Hollywood Metropolitan Hotel complex and were owned or managed by the Sioeng family. See “Sioeng U.S. Business Interests” this chapter.

⁷⁰² Id.

⁷⁰³ Id. at 102.

⁷⁰⁴ Id.

When Wong called Sioeng to discuss the fact that there were not sufficient funds to cover the checks, Sioeng already knew about it,⁷⁰⁵ and offered to take back the checks and have his daughter, Jessica Elnitiarta, write another check.⁷⁰⁶ Wong subsequently received “a replacement check”⁷⁰⁷ for \$5,000 from the account of Sioeng’s wife and two daughters.⁷⁰⁸ Wong apparently did not seek a replacement for the second \$5,000 check. During his deposition, he did not explain the circumstances surrounding the delivery of the replacement check, nor did Wong offer an explanation for not seeking a replacement for the second \$5,000 check.

At the time the “replacement” check was written, the bank account held by Sundari, Sandra and Laureen Elnitiarta held \$13,378.⁷⁰⁹ This balance was funded by a \$50,000 telephone transfer 3 days earlier from Yanti Ardi.⁷¹⁰ The same day, Yanti Ardi received a nearly \$519,000 wire transfer from Pristine Investments.⁷¹¹

3. Conclusions

The evidence suggests that the contribution to Wong’s campaign may have come from an eligible U.S. resident. However, the Committee concludes that the donation was funded by foreign money. As a result, the Committee concludes that the contribution was improper and possibly illegal.

D. CONTRIBUTION TO JULIA WU

1. Summary

During 1995, Julia Wu, a Republican, was campaigning for her third 4-year term on the Los Angeles Community College District Board of Trustees. Her husband, Alfred Wu, served as her campaign Treasurer. The Committee identified two \$10,000 conduit payments from Sioeng associates Kent La and Bun Tsun Lai to Alfred Wu. The Committee concluded that these contributions were ultimately funded from Pristine Investments in Hong Kong, which is affiliated with Sioeng.

2. Findings

On February 21, 1995, Sioeng associate Kent La wrote a \$10,000 check payable to Alfred Wu.⁷¹² The Committee notes that Julia Wu’s campaign reported that La made only one donation of \$1,000, and that it was received on February 23, 1995.⁷¹³ The \$10,000 check to Alfred Wu was funded by a \$50,000 telephone transfer

⁷⁰⁵ Id. at 103.

⁷⁰⁶ Id.

⁷⁰⁷ Id. at 101.

⁷⁰⁸ Check No. 1094 from Sundari, Sandra & Laureen Elnitiarta to Dr. Daniel Wong in the amount of \$5,000, Feb. 15, 1996. The Committee notes that the signature on the checks matches that of Jessica Elnitiarta and that she holds power of attorney over the check account of her mother and sisters, Sundari, Sandra and Laureen, respectively. Exhibit 244.

⁷⁰⁹ Grand National Bank statements, Sundari, Sandra & Laureen Elnitiarta, Feb. 1–29, 1996. Exhibit 245.

⁷¹⁰ Wire transfer from Yanti Ardi to Sundari Elnitiarta in the amount of \$50,000, Feb. 12, 1996. Exhibit 246.

⁷¹¹ See Exhibit 166.

⁷¹² Check No. 122 from Kent La to Alfred Wu in the amount of \$10,000, Feb. 21, 1995. Exhibit 247.

⁷¹³ “Officeholder, Candidate and Controlled Campaign Committee Statement,” Feb. 1–29, 1995. Contributions to Julia Wu. Exhibit 248.

made the same day from Sioeng's wife and two daughters to La.⁷¹⁴ That transfer was funded in turn by \$50,000 from a bank loan account held by the Sioeng family.⁷¹⁵ The bulk of that loan was repaid by Jessica Elnitiarta through a November 3, 1996 wire transfer of \$928,432 from Pristine Investments.⁷¹⁶ Glenville Stuart testified that Pristine Investments is "associated with Ted Sioeng."⁷¹⁷

On May 29, 1995, Bun Tsun Lai wrote a \$10,000 check payable to Alfred Wu⁷¹⁸ against a bank balance of only \$95.⁷¹⁹ To cover the check, Lai deposited a \$10,000 check from Glenville Stuart on May 31, 1995.⁷²⁰ Stuart, in turn, funded this check through a \$55,000 wire transfer received from Pristine Investments in Hong Kong.⁷²¹

The Committee notes that during the relevant time period, the Julia Wu campaign does not report any listing of a contribution from Bun Tsun Lai during this time period.⁷²² The Committee further notes it is awaiting bank account records documenting these transactions.

3. Conclusions

The Committee concludes that the funding source for the Wu contributions was overseas businesses owned and/or controlled by Sioeng. In addition, the Committee concludes that the contributions were disguised by using Kent La and Bun Tsun Lai as conduits to transact the donations. As a result, the donations are improper and/or illegal.

E. CONTRIBUTION TO NORMAN HSU

Another local Republican candidate to whom Ted Sioeng contributed is Norman Hsu, a member of the Hacienda-La Peunta School Board. Hsu, who like Sioeng hails from Indonesia, told Committee investigators that he first met Sioeng in May 1994, at an Indonesian festival held at Sioeng's Hollywood Metropolitan Hotel.⁷²³ A year later, Hsu and Sioeng formed an Indonesian-Chinese Benevolent Association.⁷²⁴ Around the time the association was formed in early 1995, Hsu asked Sioeng for financial support in his re-election campaign for the local school board.⁷²⁵

Sioeng subsequently served as finance chairman for a Hsu fundraiser,⁷²⁶ and donated \$7,500 to the campaign.⁷²⁷ The Committee

⁷¹⁴Telephone transfer from Sundari, Sandra, and Laureen Elnitiarta to Kent La in the amount of \$50,000, Feb. 21, 1995. Exhibit 249.

⁷¹⁵Wire transfer from Sandra & Laureen Elnitiarta TCD Loan in the amount of \$50,000 to Sundari, Sandra & Laureen Elnitiarta, Feb. 21, 1995. Exhibit 250. Committee notes that on Nov. 3, 1995, the entire bank loan balance was paid off by Elnitiarta using foreign funds from Pristine Investments in Hong Kong. Exhibit 223.

⁷¹⁶See Exhibit 223.

⁷¹⁷Stuart Depo. at 65.

⁷¹⁸Check No. 5045 from Bun Tsun Lai to Alfred Wu in the amount of \$10,000, May 29, 1995. Exhibit 251.

⁷¹⁹Grand National Bank statement, Bun Tsun Lai, May 1996. Exhibit 252.

⁷²⁰Deposit slip for Bun Tsun Lai, May 31, 1995; Check No. 240 from Glenville Stuart to Bun Tsun Lai in the amount of \$10,000, May 30, 1995. Exhibit 253.

⁷²¹See Exhibit 225.

⁷²²"Officeholder, Candidate and Controlled Campaign Committee Statement," Mar. 26-June 30, 1995. Exhibit 254.

⁷²³Interview with Norman Hsu, Mar. 13, 1998 [hereinafter Hsu Interview].

⁷²⁴Id.

⁷²⁵Id.

⁷²⁶Id.

⁷²⁷Check No. 654 from Sioeng San Wong to Friends of Norman Hsu in the amount of \$7,500, Mar. 11, 1995. Exhibit 255.

notes that Hsu did not know that Sioeng was a foreign national, and that Hsu subsequently became disassociated with Sioeng over political differences.⁷²⁸

Sioeng signed a personal check payable to the Friends of Norman Hsu on March 11, 1995,⁷²⁹ against an account balance of only \$2,159.⁷³⁰ To cover the check 2 days later, Jessica Elnitiarta transferred \$30,000 from a family loan account to Sioeng's personal account.⁷³¹ As previously stated, Jessica Elnitiarta repaid the bank loan primarily from a wire transfer from Pristine Investments in Hong Kong.⁷³²

IX. ACCESS TO PRESIDENT CLINTON, VICE PRESIDENT GORE, & SPEAKER GINGRICH

1. Summary

Political contributions totalling \$450,000 made by Ted Sioeng, his family, and his associates opened the gates of political access to the three highest officials of the U.S. Government. The Committee believes Sioeng used this access to gain influence with the governments of China and Cambodia, and to increase his business opportunities both overseas and within the United States.⁷³³ Sioeng's affiliation with high level political leaders also helped him to increase his influence in the California Asian community.⁷³⁴

2. Findings

A. ACCESS TO PRESIDENT CLINTON AND VICE PRESIDENT GORE

The Hay-Adams Dinner with President Clinton

On February 19, 1996, the DNC hosted an Asian Pacific American Leadership Council Presidential Dinner at the Hay-Adams Hotel in Washington, DC. This is the first major Asian fundraiser organized by John Huang.

Sioeng and seven guests attended the event, and had their pictures taken with President Clinton.⁷³⁵ The Sioeng attendees included: Sandra Elnitiarta and Didi Kurniawan, Sioeng's daughter and son-in-law; Li Kwai Fai, a Chinese businessman with factories located in Guangdong Province, China;⁷³⁶ Jimmy Tsang and his wife Jean Lim Tsang;⁷³⁷ Bruce Cheung, a Singapore permanent resident, and President of Chinois Tobacco, a Singapore company controlled by Sioeng; and Chu Yibin, an apparent business associ-

⁷²⁸ Hsu Interview.

⁷²⁹ See Exhibit 255.

⁷³⁰ Grand National Bank statements, Sioeng San Wong, Feb. 1–Mar. 31, 1995. Exhibit 256.

⁷³¹ Telephone transfer from Laureen and Sandra Elnitiarta TCD loan account to Sioeng San Wong in the amount of \$30,000, Mar. 13, 1995. Exhibit 257.

⁷³² See Exhibit 223.

⁷³³ Wong Depo. at 35.

⁷³⁴ Elnitiarta Interview.

⁷³⁵ Photographs of Ted Sioeng and his guests with President Clinton, Feb. 19, 1996. Exhibit 258.

⁷³⁶ The Committee has unsuccessfully attempted to contact Li on several occasions. The Committee notes that Li currently uses a picture of himself and President Clinton, taken at the event, on his company's Web site. See Exhibit 137.

⁷³⁷ As stated previously, Jimmy Tsang is President of Sioeng's Goldlion International, and son of Tsang Hin Chi, Chairman of Goldlion Holding Group, which controls one of Sioeng's Chinese tobacco ventures and is also a member of the National People's Congress which controls the Communist party within the PRC. See Exhibit 130. Tsang, his wife, and father have all refused to cooperate with the Committee.

ate of Cheung who may be related to Chu Shijian, Chairman of Yuxi Hongta Tobacco Group.

Jessica Elnitiarta stated that she and Huang has previously negotiated a contribution of \$12,500 per person for all eight attendees.⁷³⁸ Huang collected Elnitiarta's personal check of \$100,000 from her sister, Sandra Elnitiarta, at the dinner.⁷³⁹

The Committee notes that Sioeng and Li sat at the head table in close proximity to President Clinton which also included notable figures Pauline Kanchanalak, Charlie Trie, and Ng Lap Seng.⁷⁴⁰ The Committee also notes that John Huang claimed to have raised \$1 million at this event.⁷⁴¹ However, DNC records for the event indicated it raised \$716,000 from 50 individuals or corporations.⁷⁴²

The Breakfast with Vice President Gore

The next morning, the DNC hosted the same attendees for a White House tour and breakfast with Vice President Gore. Ted Sioeng and six guests attended the event, and had photographs taken with the Vice President.⁷⁴³ In fact, Sioeng and Li sat at the head table with Vice President Gore.⁷⁴⁴

The Hsi Lai Temple Luncheon with Vice President Gore

On April 29, 1996, the DNC hosted a fund-raising luncheon at the Hsi Lai Temple in Los Angeles, California. This event, organized by John Huang and Maria Hsia, was attended by Sioeng and four guests.⁷⁴⁵ Vice President Gore sat at the head table with Ted Sioeng to his left and Master Hsing Yun, the Temple's spiritual leader.⁷⁴⁶ Besides his wife and two daughters, Sioeng brought Sioeng Fei Man Hung, a Chinese/Hong Kong national, who was then the general manager of the International Daily News. Jessica Elnitiarta stated that the family made no contribution for this event because the family was "comped" by John Huang who cited the family's poor seating at the Hay-Adams dinner.⁷⁴⁷ This explanation is highly questionable given what the Committee has learned of Sioeng's seats at the Hay-Adams event.

The Sheraton Carlton Dinner with President Clinton

Two weeks later, on May 13, 1996, the DNC hosted a fund-raising dinner at the Sheraton Carlton Hotel in Washington, DC. Jessica Elnitiarta stated that John Huang invited the Sioeng's family, noting that her father was very excited about the invitation because he viewed it as a good opportunity to bring some of his overseas business partners.⁷⁴⁸

⁷³⁸ Elnitiarta Interview.

⁷³⁹ Id.

⁷⁴⁰ Photograph of Hay-Adams head table, Feb. 19, 1996, Exhibit 259.

⁷⁴¹ Photograph of John Huang presenting check to Donald Fowler. Exhibit 260.

⁷⁴² DNC Finance Systems, detail report for Asian Dinner, documents D0000968 to 973. Feb. 19, 1996.

⁷⁴³ Photographs of Ted Sioeng and his guests with Vice President Gore, Feb. 20, 1996. Exhibit 261.

⁷⁴⁴ See Exhibit 131.

⁷⁴⁵ See Exhibit 160.

⁷⁴⁶ Photograph of head table at Hsi Lai Temple event. Exhibit 262.

⁷⁴⁷ Elnitiarta Interview.

⁷⁴⁸ Id.

This event was attended by Ted Sioeng and seven guests, all of whom had photographs taken with the President.⁷⁴⁹ Committee investigators have been able to identify photographs of five of Sioeng's six guests: Macau legislator and casino operator, Chio Ho Cheong (aka Chen Kai Kit, aka Tommy Chio), who according to his business card, operates businesses in Thailand, Hong Kong, China, and Macau;⁷⁵⁰ Chan Elsie Y.Z., Chio's business partner and former Hong Kong movie star; Guo Zhong Jian, the Deputy General Manager of the China Construction Bank; Kent La, President of Loh Sun International; and either Lin Fu Qiang of Everbrite Asia, Ltd in Hong Kong, or He Jian Shan, occupation unknown.⁷⁵¹ According to a DNC document of the event, Sioeng, Chio, and Chan sat with President Clinton at the head table.⁷⁵²

According to Jessica Elnitiarta, Huang did not immediately solicit a contribution for this event, as he wanted them to attend an upcoming Los Angeles fundraiser.⁷⁵³ Instead, Jessica Elnitiarta paid for the event with a \$100,000 Panda Estates Investment check written on July 12, 1996.⁷⁵⁴ She said she arrived at the figure using the same \$12,500-per-seat rate that she applied to the Hay-Adams event.⁷⁵⁵

The Century Plaza Dinner with President Clinton

On July 22, 1996, Sioeng attended a Presidential dinner at the Century Plaza Hotel in Los Angeles, along with 48 family members and business associates,⁷⁵⁶ including Kent La.⁷⁵⁷ Sioeng sat at the head table with President Clinton and James Riady, a top Lippo Group executive.⁷⁵⁸

Jessica Elnitiarta said that she paid for the event with a \$50,000 check from Panda Estates Investment to the DNC.⁷⁵⁹ She stated that she arrived at the amount after determining the event was less significant than earlier ones, which averaged about \$1,000 a plate.⁷⁶⁰ DNC documents attribute this contribution to a July 30, 1996 Presidential Trustee dinner at the Jefferson Hotel in Washington, DC.⁷⁶¹ However, there is no evidence that the Sioeng family or business associates attended this event.

The same day as Jessica Elnitiarta wrote the Panda Estates check to the DNC, Kent La also signed a \$50,000 Loh Sun International check to the DNC.⁷⁶² Committee investigators believe the Loh Sun contribution is connected to the Century Plaza fundraiser, which La attended.⁷⁶³ DNC documents attributed this donation to

⁷⁴⁹ Photographs of Ted Sioeng and his guests with President Clinton, May 13, 1996. Exhibit 263.

⁷⁵⁰ Tommy Chio business card. Exhibit 264.

⁷⁵¹ See Exhibit 263.

⁷⁵² See Exhibit 133.

⁷⁵³ Elnitiarta interview.

⁷⁵⁴ Id.

⁷⁵⁵ Id.

⁷⁵⁶ Elnitiarta Interview.

⁷⁵⁷ Ma Interview.

⁷⁵⁸ See Exhibit 163.

⁷⁵⁹ Elnitiarta Interview.

⁷⁶⁰ Id.

⁷⁶¹ See Exhibit 153.

⁷⁶² See Exhibit 154.

⁷⁶³ Ma Interview.

a July 30, 1996 Presidential Trustee dinner at the Jefferson Hotel in Washington, DC,⁷⁶⁴ which La almost certainly did not attend.

B. THE TANUWIDJAJA CONTRIBUTIONS

In September 1996, the Tanuwidjaja family made three contributions totaling \$100,000 to the DNC. According to conflicting DNC documents, the same September 9, 1996 contribution for \$60,000 by Subandi Tanuwidjaja was attributed to both a September 18, 1996 Vice Presidential Asia Dinner at the Hilton Hotel in San Francisco, and the Jefferson Hotel Trustee dinner.⁷⁶⁵ DNC documents also attributed a September 19, 1996 contribution in the amount of \$20,000 by Subandi Tanuwidjaja to the San Francisco dinner⁷⁶⁶ and a September 26, 1996 contribution in the amount of \$20,000 by Suryanti Tanuwidjaja to an African-American Presidential Dinner at the Sheraton Carlton Hotel in Washington, DC.⁷⁶⁷ The documents all listed John Huang as the DNC solicitor or contact person for these contributions.⁷⁶⁸ The Committee notes that has found no evidence that the Tanuwidjajas attended any of these events.

C. ACCESS TO HOUSE SPEAKER GINGRICH⁷⁶⁹

After receiving \$50,000 in contributions from Ted Sioeng, California State Treasurer Matt Fong's introduced Sioeng and his son-in-law, Didi Kurniawan, to Speaker Gingrich on July 12, 1995.⁷⁷⁰ Shortly thereafter, the Sioeng family was approached by Steven Kinney, Fong's campaign consultant and a fundraiser for the Speaker, who asked for contributions to organizations supported by the Speaker.⁷⁷¹ After a conversation between a member of the Sioeng family and Fong, Panda Industries donated \$50,000 to the National Policy Forum on July 18, 1995. The next day, Sioeng sat next to the Speaker at an outreach event for Asian-American community leaders at the Beverly Hills Hotel, and had his photograph taken with the Speaker.⁷⁷² During that second meeting, the Speaker and Sioeng discussed U.S.-China relations.⁷⁷³

Sometime in December 1995, Jessica Elnitiarta approached Fong to have him obtain a congratulatory letter from the Speaker for a badminton tournament sponsored by one of Sioeng's businesses.⁷⁷⁴ Fong secured the requested letter, which appeared in a promotional brochure for the tournament.⁷⁷⁵

The Committee notes that the subject of fundraising or donations did not come up in the July 1995 meeting between the Speaker and Sioeng. In fact, the two had a "very cordial surface" conversation, and made no mention of political contributions.⁷⁷⁶

⁷⁶⁴ See Exhibit 154.

⁷⁶⁵ See Exhibit 155.

⁷⁶⁶ See Exhibit 156.

⁷⁶⁷ See Exhibit 157.

⁷⁶⁸ See "John Huang's Role."

⁷⁶⁹ See "Contributions to Matt Fong," and "Contributions to the National Policy Forum."

⁷⁷⁰ Senate Fong Depo. at 65-66.

⁷⁷¹ Id.

⁷⁷² See Exhibit 240.

⁷⁷³ Chen Interview.

⁷⁷⁴ Senate Fong Depo. at 62-65.

⁷⁷⁵ Id. at 63; See Exhibit 241.

⁷⁷⁶ Fong Depo, vol. I, at 72-74.

X. CONCLUSIONS

The Committee makes the following conclusions:

1. Ted Sioeng controls 20 businesses within the United States, most of which are run by his daughter, Jessica Elnitiarta.

2. Sioeng also owns or controls 16 businesses in seven foreign countries, the vast majority of which are located in the People's Republic of China/Hong Kong and which involve a partnership with the Chinese government.

3. Sioeng's has close personal, political, and financial ties to high level Chinese officials, including Premier Jiang Zemin, whom Sioeng met in October 1995.

4. The Senate Campaign Finance Report concluded that \$5,000 in political contributions was funded by the PRC consulate. The PRC or its officials may also have funded other contributions which Ted Sioeng, his family, and associates made to American political campaigns, candidates, and pro-PRC groups. However, 28 witnesses have refused to talk and the Chinese government refused to cooperate in this investigation to follow the source of money funding Sioeng's Chinese and Hong Kong bank accounts.

5. Sioeng also has close personal and financial ties to high level officials of the Cambodian government, including the current leader, Hun Sen.

6. The Sioeng family used foreign money to make improper and/or illegal contributions to a variety of political candidates and campaigns, including the Democratic National Committee; Gary Locke, the Governor of Washington State; Matt Fong, the California State Treasurer; Daniel Wong, former City Council Member and mayor of Cerritos, California; Julia Wu, a member of the Los Angeles Community College District Board of Trustees; and Norman Hsu, a member of the Hacienda-La Peunta School Board in California.

7. Sioeng also used conduits to make improper and/or illegal contributions to other political candidates and entities, including the Democratic National Committee, Governor Gary Locke, and Trustee Julia Wu.

8. Neither Gov. Locke nor Treasurer Fong appears to have knowingly accepted improper contributions from Sioeng's, his family and/or business associates. Fong stated that he informed Sioeng of appropriate state laws.

9. The DNC should return the \$400,000 in contributions associated with the Sioeng's family because the donations were directed by a foreign national and/or made using foreign money.

10. The donations made by Sioeng, his family and business associates provided access to the three highest level officials of the U.S. Government: President Clinton, Vice President Gore, and House Speaker Gingrich. Sioeng used this access to gain influence with foreign government opportunities for himself, and obtain a leadership position in the southern California Asian Community.

[Supporting documentation follows:]

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Offset Folios 2495 to 3209 Insert here